E-MARKET SDIR CERTIFIED

UnipolSai ASSICURAZIONI

2021
Consolidated Financial Statements

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UnipolSai Assicurazioni
Consolidated Financial Statements
2021

The official document containing the 2021 Consolidated Financial Statements, accompanied by the Management Report, prepared according to the technical requirements of Regulation (EU) 815/2019 (European Single Electronic Reporting Format - ESEF), will be available, within the terms provided by art. 154-ter of Legislative Decree 58/1998, on the company's website (www.unipolsai.com).
This document in PDF format provides the text of the 2021 Consolidated Financial Statements, accompanied by the related Management Report, for ease of reading.

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

LOOK TO THE FUTURE, FORGING INNOVATIVE PATHS

2021 saw the conclusion of our three-year Strategic Plan "Mission Evolve", with UnipolSai and the Unipol Group outperforming all the financial, development and capital strength targets it had set.

In these three years we have consolidated strategic intangible assets, such as the brand's reputation which, despite the unpredictability experienced during the pandemic, allowed us to be a point of reference not only for our stakeholders but also for Italy.

We have defined new and important standards in the field of product and service innovation, digitalisation and telematics, as factors in continuous improvement of the quality of life and sustainable development.

Our future is built in the here and now, and today, with a broad vision that encompasses the three major ecosystems of mobility, welfare and property, not only do we seize upon the challenges posed by the market with greater determination, but above all upon the opportunities arising from new needs.

Thanks to all our people and to the quality of everyday commitment, we aim to continue to express our leadership by targeting development that is in harmony with that of all our customers and the community. Casting our vision towards the future and forging increasingly innovative paths.

Contents

Company bodies

BOARD OF DIRECTORS	CHAIRMAN	Carlo Cimbri	
	VICE CHAIRMEN	Fabio Cerchiai	
		Pierluigi Stefanini	
	DIRECTORS	Fabrizio Chiodini	Nicla Picchi
		Mario Cifiello	Roberto Pittalis
		Lorenzo Cottignoli	Giuseppe Recchi
		Ernesto Dalle Rive	Elisabetta Righini
		Cristina De Benetti	Antonio Rizzi
		Massimo Masotti	Barbara Tadolini
		Maria Paola Merloni	Francesco Vella
		Maria Lillà Montagnani	
	SECRETARY OF THE BOARD OF DIRECTORS	Alessandro Nerdi	
GENERAL MANAGER		Matteo Laterza	
BOARD OF STATUTORY AUDITORS	CHAIRMAN	Cesare Conti	
	STATUTORY AUDITORS	Silvia Bocci	
		Angelo Mario Giudici	
	ALTERNATE AUDITORS	Sara Fornasiero	
		Luciana Ravicini	
		Roberto Tieghi	
MANAGER IN CHARGE OF FINANCIAL REPORTING		Maurizio Castellina	
INDEPENDENT AUDITORS		EY SpA	

Introduction

Macroeconomic background and market performance

Macroeconomic background

Globally, 2021 was characterised as a year of economic recovery, with global GDP forecast to rise by 5.9% (after falling by 3.5% in 2020). The economic recovery was particularly strong in the second quarter of the year, due to the removal of widescale restrictions and gradual expansion of the vaccination campaigns. On the other hand, in the third and fourth quarter, growth slowed as a result of increasing downside risks due, on the one hand, to the spread of new variants of COVID-19 and, on the other, to the emergence of more sustained inflationary risks arising in particular from procurement difficulties and the increase in commodity and energy prices.

In the **United States**, GDP increased by 5.7% in 2021 (-3.4% in 2020). The recovery was particularly strong in the first and second quarter (+1.5% and +1.6% over the previous quarter) and then continued in the third and fourth quarter (+0.6% and +1.7% over the previous quarter). Economic growth was supported especially by an increase in consumption and private investments, and allowed for an improvement in the job market, with the unemployment rate falling from an average of 8.1% in 2020 to 5.4% in 2021. Monetary policy remained expansionary, with the Fed continuing with its bond buying programme and keeping the Fed Funds rate at 0.125%. These factors helped to drive the inflation rate, which reached an average of 4.7% in 2021 compared to 1.2% in 2020.

In **China**, GDP increased by 8.1% in 2021 (+2.2% in 2020). Chinese growth was especially driven by robust expansion in industrial production, which offset less brilliant growth in domestic demand. In this context, the unemployment rate averaged 5.1% in 2021, while the annual average inflation rate was 0.9%. Also in this phase, the Chinese economy drove the growth of the emerging countries bloc, which was forecast at 6.9%, compared to the 1.6% decline in 2020.

In **Japan**, average estimated GDP growth for 2021 was 1.7%. Japanese growth was negatively affected (especially in the first and third quarter) by uncertain epidemic trends and particular procurement difficulties due to strong integration within global value chains. In this context, the unemployment rate remained steady at an annual average of 2.8%. Despite the very accommodative monetary policy (the policy rate was an average -0.03%), the inflation rate was negative on average compared to 2020, recording deflation of 0.2%.

In the **Euro Area**, GDP rose by 5.2% in 2021 (-6.5% in 2020). After a negative first quarter (-0.2% compared to the previous quarter), the economic recovery gained strength, marking 2.2% growth in the second and 2.3% growth in the third quarter. As a consequence of a new wave of the pandemic, growth slowed in the fourth quarter to 0.3% compared to the previous quarter. The average unemployment rate in 2021 was 7.7%, with the December 2021 rate at 7.0%. In this context, monetary policy maintained an expansionary tone throughout the year, with the ECB's main refinancing rate and the rate on deposits remaining unchanged (at 0.0% and -0.5%, respectively) and the implementation of the bond purchase programmes announced during the pandemic emergency (PEPP and APP). These measures allowed a recovery of the inflation rate, which in 2021 averaged 2.6%.

After a 9.1% decline in 2020, **Italian GDP** rose by 6.6% in 2021. After a weak first quarter (+0.3% over the previous quarter), growth strengthened during the year, buoyed by the recovery of industry and services, reaching 2.7% and 2.5% in the second and third quarter, to then close the final quarter of the year with 0.6% growth over the previous quarter. In this context, the average unemployment rate was 9.5%, with the December 2021 rate at 9.0%. The annual inflation rate was 1.9% (-0.1% in 2020).

Financial markets

The **ECB**'s announcements in December regarding suspension of the PEPP from March 2022 and expectations of a more austere monetary policy drove a partial upturn in all the European interest rate curves, especially for the longer maturities. The **3-month Euribor** rate closed 2021 at a stable -0.57%, only 3 basis points down on the figures at the end of 2020, while the **10-year Swap** rate increased in the same period by 56 basis points, closing 2021 at 0.30%.

The gradual return to normal of the expansionary monetary policies also contributed to forcing up government interest rates in the main Euro Area countries. In Germany, the **10-year Bund** closed 2021 at -0.16%, up 39 basis points on the values at the end of 2020, whilst in Italy the **10-year BTP** closed 2021 at 1.19%, up 66 basis points. The **10-year spread** between Italian and German rates was therefore 133 basis points at the end of 2021, up by 24 basis points compared to the end of 2020.

The year 2021 closed positively for the European stock markets which, after overcoming the most acute phase of the pandemic crisis, closed the year with strong increases. The **Eurostoxx 50** index, referring to the Euro Area prices, showed a 21% increase in 2021 compared to the values at the end of 2020, whilst the **FTSE Mib**, referring to Italian listed companies, rose by 14.30% in the same period. The **DAX**, referring to German listed companies, instead closed 2021 up by +15.79% compared to December 2020.

Unemployment and inflation forecasts, along with the analysis of recent job market trends, underlie the change in rhetoric in the more restrictive sense on the part of the **Fed** in recent weeks. At its December meeting, inflationary risks and the progress made in the job market in the direction of full employment caused the **Fed** to announce that it would more quickly taper the rhythm of net purchases in its bond purchase programme. In any event, the first three quarters of 2021 were characterised by expansionary monetary policies and these measures supported the US stock indexes, allowing the **S&P 500** to close 2021 up 26.89% compared to the end of 2020. The US dollar appreciated compared to the euro, with the **EUR/USD exchange rate** closing 2021 at 1.14, marking a 7.06% appreciation of the dollar compared to the end of 2020.
The year 2021 instead closed in an uneven manner across the international stock indexes: the **Nikkei**, referring to listed companies in Japan, closed 2021 up by 4.91%, while the **Morgan Stanley Emerging Markets** index, focusing on emerging markets, declined by 4.59% in 2021.

Insurance Sector

In 2021, due to the expected evolution of the last part of the year, taking into consideration the final data at the third quarter of 2021, Italian insurance premiums should reach €143.4bn, up 6.3% compared to 2020.

Total premiums of the Italian direct portfolio in the **Non-Life** business (only direct business) are expected to increase in 2021 by 2.2% compared to 2020. In the **MV** sector, consisting of MV TPL, Marine Vessels TPL and Land Vehicle Hulls, premiums should be down compared to 2020 (-2.3%). In the same period, total premiums in the MV TPL + Marine Vessels TPL business should decline by 4.7%, while Land Vehicle Hulls should be up by 7.2%. According to ANIA data, in 2021 the average premium in the MV TPL business saw a decrease of 4.0% compared to 2020, to €322. The ISTAT index of the MV TPL prices, the value of which reflects the price lists and not those actually applied by companies, instead recorded a 1.5% decline in 2021.
Non-MV Non-Life premiums should increase by 6.2% in 2021 compared to 2020. The Healthcare segment should rise by 5.7%, due to the strong growth in Health (+7.4%) and the more limited increase in Accident (+4.1%). The Property class should be up by 5.9% thanks to the good performance of Other Damage to Property (+6.3%) and the Fire class (+5.5%). Other Non-Life premiums should instead rise by 5.7% thanks to the increase in Bonds (+10.5%), Legal Expenses (+8.3%) and Credit (+6.3%), while General TPL is expected to grow by 7.8%.

In the **MV** sector, the negative trend for the **agency channel** should continue in 2021, with premiums down by 2.6% compared to 2020 and an overall weight of 82.5% on total premiums, against a strong increase in premiums in the **banking channel** (+22.4%), a decline in the **Brokers** channel (-15.5%) and essential stability in the **Direct channel**.
Non-MV premiums in the **agency channel** should increase by **4.2%**, in the **banking channel** and **Direct channel** they should rise by 22.7% and 15.8% respectively, while premiums from Brokers are expected to decrease by -3.2%.

Premiums in the **Life segment** (only direct business) are forecast to increase by 7.7% in 2021 compared to 2020, mainly as a result of the strong growth in Class III premiums (+41.4%). On the other hand, growth is expected to be down for Class I (-4.6%), Class IV (-1.8%), Class V (-19.2%) and Class VI (-28.5%).
In 2021, the **agency channel** in the Life segment should be up by 3.1%, with an overall weight of 14.0% on total premiums. The **Consultants and Banks channels** should also be up, by 31.1% and 5.2%, respectively, compared to 2020, accounting for 74.4% of total premiums, whilst the **Direct** and **Brokers** channels are expected to decline by 0.6%.

Pension funds

In 2021, net deposits of **assets under management** (mutual funds, individual asset management, collective and individual pension plans) amounted to around €91.7bn, of which €71.4bn referring to collective management (open and closed funds).
Pension asset management, with net income of roughly €2.9bn in the third quarter of 2021, already broadly surpassed total net premiums from the previous year, equal to €1.5bn. It consistently recorded positive values throughout the year, with +€716.5bn in the first quarter, +€467bn in the second and +€981.1 in the third. Asset management referring to pension funds (pension funds and individual pension plans) therefore amounted to €113bn at the end of the third quarter of 2021, equal to 4.5% of total assets under management, up 4.6% on the end of 2020.
In 2021, existing positions with pension funds increased by 403k compared to the end of 2020. The annual increase of 4.3% was higher than the 2.6% recorded in 2020 and slightly lower than the 4.4% of 2019. In December 2021, there were therefore 9.745m existing positions, of which 72.4% held by employees.
In line with aggregate trends, in 2021 there was an expansion in **open funds** which recorded an increase of 6.6% in existing positions, corresponding to 14.2% growth in funds assigned to services. For **occupational funds** (also inclusive of welfare funds), funds assigned to services increased by 8.2%. There was also an increase in existing positions of 2.9% for "**new PIPs**", for which the resources allocated to services were up by 13%. Lastly, for **pre-existing pension funds**, for which the available data date back to September 2021, the number of positions is basically unchanged compared to December of the previous year (-0.3%).
Thanks to the sustained growth in the equity markets during the year, in 2021 **average 1-year returns** of supplementary pension schemes linked to equities improved compared to the previous year. Indeed, in 2020 the returns of those lines were between -1.3% recorded for "new" PIPs and +5.6% for occupational pension funds, while in 2021 the values were between +11.1% for occupational funds and +18.9% for "new" PIPs. In general, the return observed for occupational pension funds went from +3.1% in 2020 to +4.9% in 2021, on the other hand in open pension funds it rose from +2.9% in 2020 to +6.4% in 2021, while in the "new" PIP unit-linked lines, it went from -0.2% in 2021 to +11.1% in 2021. On the segregated funds of "new" PIPs, the return dropped slightly, from 1.4% in 2020 to 1.3% in 2021, a figure which for this year is significantly lower than the revaluation of post-employment benefits (3.6%), which rose significantly compared to 1.2% in 2020 due to inflation.

Real Estate market

According to the Real Estate Market Observatory of the Tax Authorities, after the 7.7% decline recorded in 2020, in 2021 **home sales in the residential sector** rose by 29.5%, exceeding 2019 levels by a wide margin (+19.6%). The expansion was more significant in small urban centres, while in major cities the greatest growth compared to 2019 was seen in Genoa (+19.6%). The strong expansion in sales was stimulated by tax incentives for renovations as well as easy access to credit.
The strong expansion in housing investments was also reflected in **home prices** for the 13 major cities, which in 2021 saw a 1.0% increase compared to 2020, confirming the expansionary phase that began in the second half of 2020. Therefore, the market appears to be strongly expanding, also on the basis of the decline to historically very low values, as well as the average time between the assignment of the engagement and the sale, and the average discount requested. The **home price** growth rate however is still lower than inflation (the consumption deflator increased on average by 1.5%), again entailing a decline in home values in real terms. Furthermore, growth is widespread amongst the major cities, with Milan (+2.5%) and Bologna (+2.4%) confirmed as the most attractive markets, while decreases were seen in Palermo (-2.0%), Venice (-0.8%) and Florence (-0.1%) compared to 2020.

In the major cities, residential **rent** also increased over 2020 (+0.9%), although at a rate lower than the prices of existing homes (+1.0%) and with a stable cap rate. As for prices, the increase in rent involved nearly all of the major cities, except for Venice (-1.8%) and Rome (-0.8%), with Milan marking the best performance (+1.8%).
After the 13.3% decrease recorded in 2020, in 2021 **sales in the non-residential sector** were up by 37.9% on 2020, significantly exceeding 2019 levels, similar to the trend for homes. The growth was more marked for offices (+53.5%) and stores (+38.8%), but more modest for the production sector (+20.5%).

As observed for homes, the recovery also had positive impacts on **non-residential property prices**, although the decline in prices for stores and offices, which has now persisted over 28 half-years, continued in 2021, albeit at lower rates than those observed in 2020. Prices of offices declined by 0.5%, while those of stores were down by 1.1%. Positive growth rates were observed only in Rome and Milan for both segments.
Rent, down as regards stores (-1.1%), increased for offices (+0.3%), entailing an increase in the cap rates in this segment.

Main regulatory developments

In 2021, the reference regulatory framework for the sectors in which the Group carries on business saw numerous actions from the policy makers.

Relevant regulations for the insurance sector

As regards prudential insurance regulations, on 23 September 2021, the European Commission published a **proposal** (COM/2021/581) **to amend the Solvency II Directive** (Directive 2009/138/EC). The changes of most interest to the Italian insurance market regard the functioning of the Volatility Adjustment, the new formulation of which should guarantee a stronger potential for mitigation of excess financial market volatility at EU and domestic levels. In addition, the Commission proposes a significant review of **group supervision** rules, both in reference to identification of the "group" scope and as regards the group solvency calculation and corporate governance requirements at group level. In the proposal, in order to mitigate the spread of systemic risk, the assignment of **new macroprudential supervisory powers** to the competent authorities is also envisaged. These include the option of forbidding dividend distributions and freezing policy surrender rights of contracting parties for a limited period of time and in exceptional crisis situations. Furthermore, the Authorities can ask insurance companies to adopt systemic risk management plans as well as an enhanced system for monitoring liquidity risk.

Other significant changes will be contained in the **Solvency II Delegated Acts**, for which the Commission, even if the legislative text has not yet been presented, has clarified its political guidelines. Particularly important among these is the proposal to ease the eligibility requirements for long-term equity investments, which could benefit from more favourable prudential treatment, and the proposal to correct the function of the Risk Margin which, according to the Commission, will allow an aggregate level reduction in capital requirements of more than €50bn.

In addition, on 23 September 2021, the European Commission presented a **proposal for an Insurance Recovery and Resolution Directive (IRRD)** (COM/2021/582) which follows the same lines as for banking sector regulations (BRRD) but without introducing additional capital requirements similar to those envisaged for banks ("Minimum Requirement for own funds and Eligible Liabilities" - MREL). The Commission's proposal envisages the obligation for insurance companies to prepare a "Pre-emptive recovery plan" (in effect similar to the "Pre-emptive recovery plan" already envisaged in Italian regulations) and the obligation for Resolution Authorities to prepare a "Resolution plan" (it envisages that at least 80% and 70%, respectively, of the insurance market in each Member State will be subject to recovery planning and resolution planning). In the preparation and updating phases of the "Resolution plan", the Resolution Authority will need to assess "resolvability" of the insurance company and, if significant impediments are found to the resolution option (and it considers action proposed by the company to remove the impediments to be insufficient), it can ask the insurance company to adopt highly incisive alternative measures, such as the closure of certain lines of business, limitations on intercompany loans and a reorganisation of operations.

Lastly, note that 22 December 2021 saw the entry into force of Directive (EU) 2021/2018, **amending the Motor Insurance Directive** (Directive 2009/103/EC), which must be adopted by Member States by 23 December 2023. The purpose of the Directive is to encourage alternative and sustainable mobility and strengthen the protection of injured parties in respect of damage resulting from accidents. The Directive amends the definition of "vehicle" and, consequently, extends civil liability policy obligations to include any motor vehicle propelled exclusively by mechanical power on land (but not running on rails), with: i) a maximum design speed of more than 25 km/h, regardless of net weight and their trailers; ii) a maximum design speed of more than 14 km/h and a maximum net weight of more than 25 kg. The new definition therefore excludes most electric scooters, segways and e-bikes in circulation. In addition, the activities of the Compensation Bodies is expanded, envisaging their involvement also if an insurance company defaults due to insolvency (i.e. the insurance company is subject to collective insolvency proceedings or to winding-up proceedings pursuant to Art. 268, letter d) of the Solvency II Directive). This latter situation guarantees the injured party in the event of a cross-border accident involving a foreign vehicle, the insurance company of which is no longer solvent. The onus upon Member States to guarantee that the Bodies reach compensation agreements, up to now mainly devolved to bilateral negotiation, is also extended, thereby facilitating recourse to the Compensation Bodies in all cases of cross-border claims. Furthermore, the Directive introduces the "claims-history statement" for policyholders to guarantee EU residents from all forms of contractual discrimination based on their nationality or based on their previous home Member State.

On 27 April 2021 in Italy, **IVASS Regulation no. 47 containing provisions on restructuring and financing plans** was issued. The Private Insurance Code (CAP) requires that insurance companies submit a restructuring plan to IVASS in the event of non-compliance with the Solvency Capital Requirement and a financing plan in a case of non-compliance with the Minimum Capital Requirement. IVASS Regulation no. 47/2021 provides detailed instructions regarding the contents of individual and group restructuring and financing plans, as well as implementing rules on the preparation and authorisation process for the aforementioned plans.

Lastly, note that **IVASS Regulation no. 48 containing capital add-on provisions** was issued on 3 November 2021. The Private Insurance Code (CAP) envisages the option for Supervisory Authorities to require a capital add-on from insurance companies if, following a prudential control procedure pursuant to Art. 47-*quinquies* of the CAP, significant shortcomings are detected, among other things, in the corporate governance system. IVASS Regulation no. 48/2021 clarifies the justifying conditions for IVASS to trigger such power and which parameters are used to determine the amount of the capital add-on.

Tax regulations

Various legal measures were issued in 2021 in the wake of the urgent legislation in 2020, starting with Decree Law no. 18 of 17 March 2020, the "Cure Italy Decree" (and subsequent Liquidity, Relaunch, August and Relief decrees), with the aim of extending or strengthening the support and relaunch measures for the economy that was hit hard by the COVID-19 epidemiological emergency.
These refer in particular to the following Decrees, later converted to law:
- <u>Decree Law no. 41 of 22 March 2021</u>, "*Urgent measures on support for businesses and economic, employment, health and local services operators, in relation to the COVID-19 emergency*" (Support Decree)
- <u>Decree Law no. 73 of 25 May 2021</u>, "*Urgent measures relating to the COVID-19 emergency, for businesses, employment, young people, health and local services*" (Support-bis Decree)
- <u>Decree Law no. 146 of 21 October 2021</u>, "*Urgent measures on economic and tax matters, job protection and needs that cannot be postponed*", the Tax and Jobs Decree associated with the 2022 Budget Law.

The provisions of interest to the Group include:
- the regulation in the Support-bis Decree which, with the aim of incentivising the capitalisation of businesses in economic difficulty as a result of COVID, upgraded the ACE benefit (Aid to Economic Growth), in particular increasing the extent of this benefit only for capital increases in the 2021 tax period and with a limit of €5m, raising the related notional yield to be deducted from the tax to 15% of the total - instead of 1.3% - and allowing businesses to make use of the benefit by alternatively transforming it into a tax credit;
- the regulation in Decree 146 (later incorporated into the 2022 Budget Law), which rewrites the operating methods for the "Patent Box" benefit, repealing previous provisions which made the benefit commensurate with income from intangible assets, now replaced by a benefit that consists in increasing by 110% the costs incurred for research and development (R&D) relating to those same assets, used directly or indirectly in a company's business activities, excluding trademarks and know-how.

Also note the issue of the <u>2022 Budget Law - Law no. 234 of 30 December 2021</u>, containing the State budget forecast for 2022 and the long-term budget for the three-year period 2022-2024, of which the following provisions are of particular interest to the Group:

- amendment of the revaluation and realignment rules for business assets contained in the August Decree (Decree Law 104/2020), trademarks and goodwill in particular, envisaging the tax deductibility of higher values recognised over 50 years instead of the 18 years indicated previously. Alternatively, the original amortisation schedule can be maintained, with the payment of a substitute tax at a variable rate (12.5% to 16%), as an additional option allowing the cancellation of all or part of a revaluation already applied or a realignment with offsetting or reimbursement of the substitute tax paid up to 3%. As an exception to the Taxpayers' Charter rules governing the effectiveness of tax laws over time, the regulations introduced become effective from the year after that in reference to which the revaluation or realignment were carried out;
- extension of the "Superbonus 110%" deduction, introduced by the Relaunch Decree (Decree Law 34/2020), with different maturities depending on the type of beneficiary and/or year in which the expense is incurred, and gradual reduction of the current 110% percentage to 70% in 2024 and 65% in 2025, the last year of the benefit. With a view to combating credit fraud, on 25 February 2022 the Decree Law no. 13 (Fraud Decree) was issued, which definitively sanctioned the prohibition of further transfer of the tax credit, already introduced by the Decree Law no. 4 of 27 January 2022 (Support-ter Decree), however giving the possibility of making two further transfers in favor of qualified subjects, such as banks and financial intermediaries, companies belonging to a banking group, or insurance companies authorized to operate in Italy;
- extension of the tax deductions on energy renovation works, recovery of building assets and the "facades bonus", and the introduction of new relief measures in reference to works for the direct purpose of overcoming and eliminating physical access barriers from existing buildings;
- raising of the annual investment allowance for PIRs (long-term savings plans), from the current €30,000 to €40,000 for PIRs implemented up to 31 December 2019. The overall limit is also revised upwards, from €150,000 to €200,000. For alternative PIRs, implemented from 1 January 2020 onwards, the annual investment cap of €300k and total of €1,500,000 remain, at the same time removing the restriction that allowed only one "ordinary" PIR and one "alternative" PIR to be held by each natural person.

Other regulations

As regards **sustainable finance**, 9 December 2021 saw the publication in the EU Official Journal of **Delegated Regulation (EU) 2021/2139, supplementing the Taxonomy Regulation (Regulation (EU) 2020/852) by establishing the technical screening criteria** for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (*Climate Delegated Act*). The Delegated Regulation in question applies from 1 January 2022. Then on 10 December 2021 the **Delegated Regulation (EU) 2021/2178 was published, supplementing Article 8 of the Taxonomy Regulation**, by specifying the content and presentation of information to be disclosed by financial and non-financial companies, subject to non-financial reporting obligations, in relation to the extent to which their associated economic activities are sustainable pursuant to the EU Taxonomy. Delegated Regulation (EU) 2021/2178 will be applied gradually, with the first phase relating to reporting of Taxonomy-eligible economic activities (for financial companies from 1 January 2022 to 31 December 2023) and a second phase relating to the reporting of Taxonomy-aligned economic activities (for financial companies from 1 January 2024, in reference to 2023).

Lastly, **Regulation (EU) 2019/2088 of 27 November 2019** (the **Disclosure Regulation**) will apply from 10 March 2021, imposing transparency obligations on financial market operators in relation to the methods for integrating ESG factors into investment activities and internal processes. In order to comply with the Regulation's obligations, insurance companies have supplemented the precontractual and periodic disclosures on insurance-based investment products (IBIPs), specifying the potential impacts of environmental or social changes on product yields (sustainability risks). In addition, further transparency obligations apply to sustainable investment products, i.e. products whose investments can promote environmental or social characteristics or are designed to finance sustainable economic activities. Lastly, the insurance companies have published a statement on their websites regarding measurement methods for the effects of corporate investment decisions on environmental and social factors, as well as the remuneration policies of the company in relation to the integration of sustainability risks. Additional transparency obligations will be introduced after the adoption of the Delegated Acts to the Regulation in question (2019/2088), due for application from 1 January 2023.

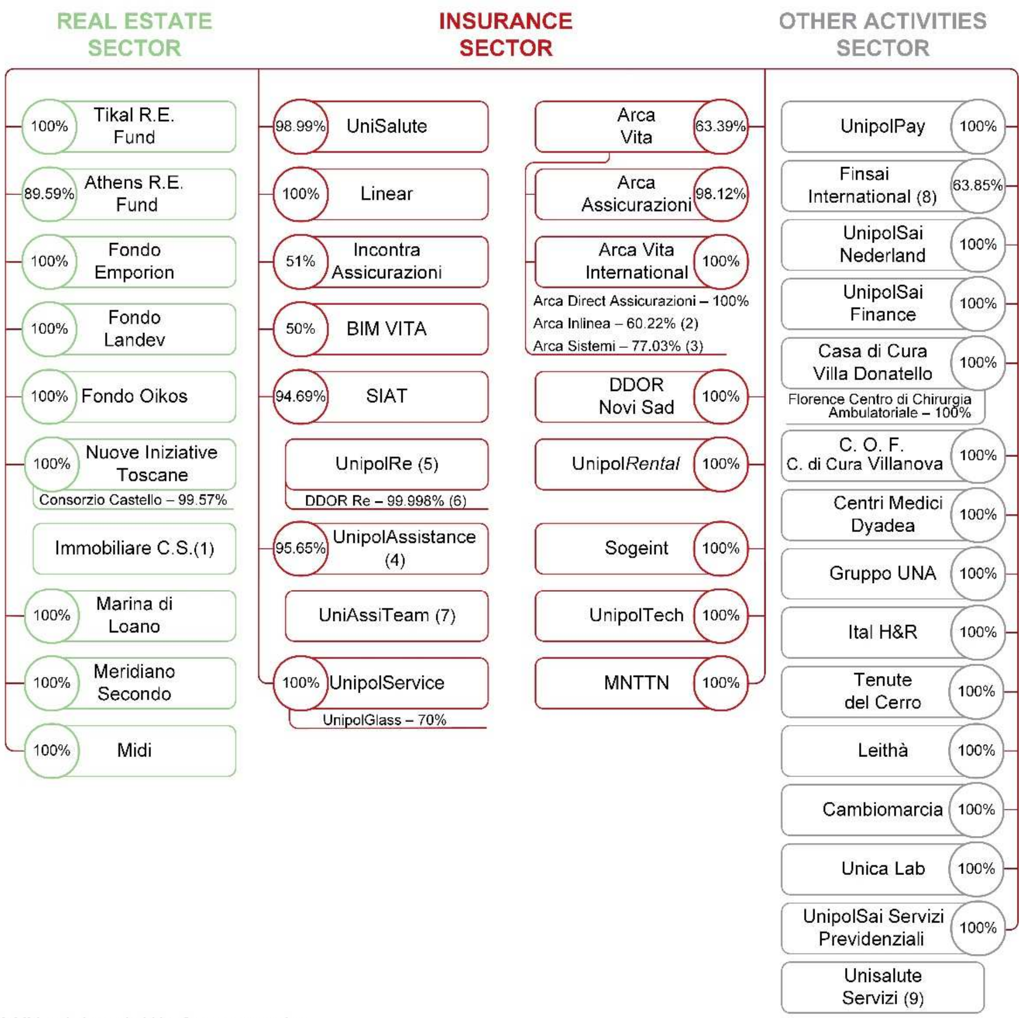
The Consolidated financial statements of UnipolSai Assicurazioni SpA are subject to an audit by independent auditors EY SpA, the company tasked with performing the legally-required audit of the consolidated financial statements for the 2021/2029 period.

With respect to the obligations laid out by Italian Legislative Decree no. 254 of 30 December 2016, on the communication of non-financial and diversity information by certain large undertakings and groups, please note that the UnipolSai Group is not subject to this obligation as one of the cases of exemption and equivalence laid out in Art. 6, paragraph 2 applies to it, given that it is a subsidiary company included within the Consolidated Non-Financial Statement prepared by the Unipol Group.

Consolidation Scope at 31 December 2021

(direct holding out of total share capital)

For more details see the table appended to the Notes "Consolidation Scope"



Additional shares held by Group companies:

(1) 100% share held by Unipol*Rental*

(2) 39.78% share held by Arca Assicurazioni

(3) 16.97% share held by Arca Assicurazioni, 5% share held by Arca Vita International and 1% share held by Arca Inlinea

(4) 4.35% share held by other subsidiaries

(5) Indirect share of 100% held through UnipolSai Nederland

(6) 0.002% share held by DDOR Novi Sad

(7) Indirect share of 65% held through UnipolSai Finance

(8) 36.15% share held by UnipolSai Finance

(9) 100% share held by UniSalute

1 MANAGEMENT REPORT

Group highlights

Amounts in €m	31/12/2021	31/12/2020
Non-Life direct insurance premiums	7,943	7,882
% variation	*0.8*	*(3.5)*
Life direct insurance premiums	5,386	4,328
% variation	*24.4*	*(26.0)*
of which Life investment products	1,272	569
% variation	*123.4*	*45.0*
Direct insurance premiums	13,329	12,210
% variation	*9.2*	*(12.9)*
Net gains on financial instruments (*)	1,496	1,371
% variation	*9.1*	*(14.6)*
Consolidated profit (loss)	723	853
% variation	*(15.2)*	*30.3*
Balance on the statement of comprehensive income	678	1,001
% variation	*(32.3)*	*(42.7)*
Investments and cash and cash equivalents	69,339	68,769
% variation	*0.8*	*3.6*
Technical provisions	57,128	57,707
% variation	*(1.0)*	*0.2*
Financial liabilities	8,411	7,055
% variation	*19.2*	*17.6*
Shareholders' Equity attributable to the owners of the Parent	7,964	7,881
% variation	*1.1*	*14.6*
UnipolSai Assicurazioni SpA Solvency ratio - Partial Internal Model	326%	318%
No. Staff	11,881	11,770

(*) excluding net gains and losses on financial instruments at fair value through profit or loss for which investment risk is borne by customers (index- and unit-linked) and arising from pension fund management

Alternative performance indicators[1]

	classes	31/12/2021	31/12/2020
Loss ratio - direct business (including OTI ratio)	Non-Life	64.0%	57.3%
Expense ratio (calculated on written premiums) - direct business	Non-Life	28.5%	28.1%
Combined ratio - direct business (including OTI ratio)	Non-Life	92.5%	85.4%
Loss ratio - net of reinsurance	Non-Life	67.1%	58.8%
Expense ratio (calculated on premiums earned) - net of reinsurance	Non-Life	27.9%	28.2%
Combined ratio - net of reinsurance (*)	Non-Life	95.0%	87.0%
Premium retention ratio	Non-Life	94.4%	94.6%
Premium retention ratio	Life	99.6%	99.6%
Premium retention ratio	Total	96.1%	96.2%
Group pro-rata APE (amounts in €m)	Life	548	467
Expense ratio - direct business	Life	5.1%	5.0%
Expense ratio - net of reinsurance	Life	5.0%	5.0%

(*) with expense ratio calculated on premiums earned

[1] These indicators are not defined by accounting rules; rather, they are calculated based on economic-financial procedures used in the sector.
Loss ratio: primary indicator of the cost-effectiveness of operations of an insurance company in the Non-Life sector. This is the ratio of the cost of claims for the period to premiums for the period.
OTI (Other Technical Items) ratio: ratio of the sum of the balance of other technical charges/income and the change in other technical provisions to net premiums for the period.
Expense ratio: percentage indicator of the ratio of total operating expenses to premiums written as far as direct business is concerned, and the premiums as far as retained business, net of reinsurance, is concerned.
Combined ratio: indicator that measures the balance of Non-Life technical management, represented by the sum of the loss ratio and the expense ratio.
APE – Annual Premium Equivalent: the new Life business expressed in APE is a measurement of the volume of business relating to new policies and corresponds to the sum of periodic premiums of new products and one tenth of single premiums. This indicator is used to assess the business along with the in force value and the Life new business value of the Group.
The premium retention ratio is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.

1 Management Report

Management Report

Significant events during the year

COVID-19 - Impacts and initiatives of the Group

The spread of the COVID-19 pandemic, which began at the end of February 2020, also affected 2021 though with a lower impact on Group operations compared to the previous year.

In particular, the first part of 2021 saw the continuation of certain travel restrictions for individuals through selective lockdowns, mainly on a regional scale, which gradually eased with the arrival of summer and improvement in the pandemic situation. In the second part of the year, despite rising infections, the growing success of the vaccination campaign meant that severe travel restrictions on individuals were no longer necessary and allowed businesses to reopen, for example the winter tourism industry, after a long halt.

In operating terms for the insurance sector, the MV TPL class was, as already mentioned, still affected by a limited claims frequency, though up on the previous year, and this strongly boosted competition as regards rates, which continued to decline. An effect on UnipolSai also came from continuation of the #UnMesePerTe initiative, which from April 2020 and throughout 2021, for customers who had not already made use of it on first renewal of the policy, offered its customers a 1/12 discount (one month) in the premium previously paid.
In the Non-Life insurance business other than MV TPL, on the other hand, the strong economic recovery during the year and the action of our production networks allowed a considerable recovery in production with a level of 2021 premiums that, overall, exceeded the pre-pandemic values.

In a context still influenced by the effects of the pandemic, albeit much improved by the vaccines, the Group maintained strong prudential criteria for its year-end valuations of Non-Life technical provisions as shock absorbers against any future repercussions, not yet known, on the global insurance guarantees provided by the Group.

The performances of premiums and volumes managed were highly positive in the Life sector, where they were favourably impacted by financial market trends which in 2021, aided by the economic recovery, recorded no particular turbulence despite the succession of waves of the pandemic.

With reference to other businesses of the Group in 2021, as in 2020, the only significant repercussions were on the company Gruppo UNA, active in the hotel sector, on which the COVID-19 pandemic had a very significant impact. In order to limit the economic effects, the company kept the majority of its hotels closed also in the first part of 2021, concentrated in major Italian cities and in some tourist areas, and made recourse to the Salary Integrity Fund for employees of the hotels closed.
The other Group companies, active in other types of businesses and moreover with sizes that are not particularly relevant within the Group, saw no significant impacts on the Income Statement for the period.

As in 2020, in drafting the Consolidated Financial Statements at 31 December 2021, appropriate analyses were again conducted to carefully consider the consequences of COVID-19, particularly with regard to the measurement of assets pursuant to IAS 36 and the identification of any impact, as regards COVID-19-related risks and uncertainties, on the going concern assumption and on strategic planning.
In particular, the financial statement measurements to determine the recoverable amount of goodwill as part of the impairment testing procedure are based on long-term economic and financial projections developed to take into account the Budget approved by the Board of Directors for 2022, strategic actions defined also for subsequent years and the related market scenario impacted by the COVID-19 pandemic.

On the basis of the long-term economic and financial projections prepared on information currently available, taking into account the nature and characteristics of the Group's businesses, it is not considered that the effects of COVID-19 can compromise the going concern assumption.

Please refer to paragraph 5.13 "Criteria to determine the value of goodwill with an indefinite useful life (impairment test)" in the notes to the financial statements regarding the calculation method used, the economic and financial assumptions and the sensitivity analysis.

Main initiatives of the Group in response to the health emergency in 2021

At operating level, the Group continued with its actions and initiatives already undertaken in the course of 2020, adapting and adding to them over time as the health emergency and related regulatory measures developed.
In particular, initiatives supporting customers and the agency network activated in the course of 2020 continued, as did the Group's careful and constant monitoring of the liquidity and solvency situation, with a view to allowing for the prompt activation of any risk profile optimisation actions.

In this context, with the aim of accelerating the national COVID-19 vaccination campaign and in coordination with the relevant national and regional institutions, the Unipol Group prepared a vaccination programme for all its employees, their family members, agents and agency personnel, as well as Groups and companies in the main Italian production industries, confirming Unipol's role as a central player in the process of integrating public and private healthcare.
This was the first vaccination programme developed by a company operating anywhere in Italy, with over 200 approved vaccination sites, 4 specialist hubs and over 11 thousand vaccines administered during the year in 8 regions.

For **employees**, the Group extended the strongly precautionary initiatives already implemented in 2020 to contain the risk of infection and guarantee business continuity with maximum protection for personnel. For example, restrictions on travel and all gatherings, intensification of office disinfection activities, expansion of flexible entry and exit times and the protection of people in vulnerable situations were all extended.
Remote working was also envisaged for most of the year, as well as daily monitoring by the internally established Task Force and centralised management of office access authorisations. With a view to restoring normal working lives, from 4 November, in line with the recovery of all business and social activities in Italy, the Group organised a return to in-office activities. After significantly expanding the scope of protections envisaged by law and having agreed to requests for remote working from all personnel considered "vulnerable" (vulnerable health conditions, beneficiaries of protection under Article 3, Law 104/92 or Law 68/99, exempt from the vaccination campaign, pregnant workers or with children up to 1 year of age, and the over-sixties), the return to in-office work involved around 70% of personnel.

In relation to the return to office working, numerous preliminary and control activities were carried out, such as:

- updating of the company COVID-19 Protocol consistent with legal changes and government protocol recommendations, also updating all training and education material and arranging its dissemination to all employees and external suppliers with access to company premises;
- activation of the Green Pass control system, differentiating methods according to the size and characteristics of the offices (automatic readers in offices with turnstiles, through appointed personnel at other offices), as well as verification and monitoring at all offices of the correct application and compliance with the COVID-19 Protocol with the involvement of internal and external personnel;
- prompt and widespread distribution of Personal Protection Equipment based on the plan for return to in-office working;
- management of health supervision consistent with ministerial indications, giving priority to close control requirements, prior to recruitments and returns after long absences;
- specific site inspections of all canteen premises, though managed by external suppliers, and company catering areas.

Aside from the prevention and management actions intended to limit the health emergency, the decision was made to provide a remote counselling service, due to the continuation of the pandemic, called "Parliamone" ("Let's Talk About It"), to support people in managing critical issues in their personal lives, which the extensive pandemic period may have caused to emerge or accentuated.
To support the national health service's management of positive cases, and with the aim of activating suitable preventive measures, a **medical support phone service** was established - managed by UniSalute - available to Group employees.

Completion of the sale of Torre Velasca

In February 2021, the sale of the property in Piazza Velasca, located in Milan (Torre Velasca) was finalised as the condition precedent was met following the Public Administration's failure to exercise pre-emption rights.
The sale price was €160m, resulting in a capital gain of roughly €71m.

Settlement agreement regarding pending legal cases for corporate liability action against former directors and statutory auditors

In March 2021, with reference to the corporate liability action against several former directors and statutory auditors, approved by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni in the year 2013 and the relative pending legal cases, UnipolSai signed a settlement agreement with all defendants which fully defines the two liability actions. This settlement agreement, which came into effect following the approval by the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group and executed in full in 2021, in both its economic and procedural parts, resulted in the recognition of a gain of €42m.
For more information on the terms and conditions of the above-mentioned agreement, please refer to the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution no. 17721 of 12 March 2010 as amended, provided on UnipolSai's institutional website.

Early repayment of UnipolSai subordinated loans maturing in 2021 and 2023

On 15 March and 28 April 2021, after obtaining the authorisation of the Supervisory Authority to exercise the right to early repayment on the part of the issuer, UnipolSai extinguished in full the subordinated loan (ISIN XS0130717134) for a nominal value of €300m, the contractual maturity of which had been scheduled for June 2021 and the subordinated loan (ISIN XS0173649798) in the residual nominal amount of €262m maturing in July 2023. The repayment of these loans is in line with a proactive debt management and aims to decrease the Company's financial leverage as a result of the issue of the RT1 instrument for a nominal value of €500m, finalised in the final quarter of 2020. In relation to the early repayment of the loans by UnipolSai, Unipol extinguished, for a residual nominal value equal to €268m, the outstanding loans previously granted by UnipolSai, when the latter had taken over the role of issuer of the subordinated loans originally issued by Unipol.

Exercise by UnipolSai of the tax realignment option (Decree Law 104/2020)

UnipolSai has taken advantage of the option set forth in Article 110, paragraph 8-bis of Decree Law 104/2020, which makes it possible to realign the values recognised for tax purposes of goodwill and other assets already recognised in the financial statements at 31 December 2019, to the values of such assets as set forth in the financial statements at 31 December 2020, against payment of a substitute tax of 3% of the higher value recognised for tax purposes. The realignment concerned goodwill for a value of €318m and real estate for a value of €24.8m, resulting in a substitute tax expense of €10.3m, to be paid in three annual instalments, the first of which was paid on 30 June 2021 within legal terms.
As a result of the higher values recognised for tax purposes, UnipolSai achieved a benefit in terms of lower future IRES and IRAP taxes quantified at €104.6m and recognised in the income statement as an increase in net deferred tax assets.
The net economic benefit recognised overall at 31 December 2021 therefore amounted to €94.3m.
The realignment of tax values entails the requirement of restricting a reserve subject to suspended taxation for €332.5m, in an amount corresponding to the higher values recognised for tax purposes net of the substitute tax due.

Equity investment in Banca Popolare di Sondrio SpA

In 2021, partly through a reverse accelerated book-building procedure (RABB) and partly through market purchases, UnipolSai purchased 40,289,500 ordinary Banca Popolare di Sondrio SpA ("BPS" or the "Bank") shares, equal to 8.89% of BPS share capital, in June 2021 increasing its equity investment to 43,126,000 BPS shares (9.51% of BPS share capital), taking into account the investment previously held. The transaction falls within the scope of UnipolSai's strategy to contribute to the development plans of the Bank, a business partner of the Unipol Group since 2010 within the Non-Life and Life bancassurance segment.

Fitch increases UnipolSai's rating to "A-"

On 10 June and 13 December 2021, the Fitch Ratings rating agency increased the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA two notches, from "BBB" to "A-". These increases were due to the recognition of the validity of the strategy and results achieved by the Group, particularly with respect to the decrease in investment portfolio concentration risk and the resulting capital strengthening in 2020, as well as the upgrade in Italy's rating (BBB/stable outlook) on 3 December 2021.

As a result, the ratings of the debt issues all improved by two notches as well:
- the subordinated bonds of UnipolSai Assicurazioni SpA are now "BBB-";
- the RT1 perpetual subordinated bond of UnipolSai Assicurazioni SpA is now "BB".

The rating agency maintained the outlook of the above-mentioned ratings at "stable".

Advertising and Sponsorships

<u>Partnership between UnipolSai and Ducati Corse</u>
On 10 February 2021, UnipolSai confirmed its partnership that for the fifth consecutive year saw the company as the official sponsor of Ducati Corse in the MotoGP 2021 World Championship. The partnership with the Ducati Team entailed the UnipolSai brand appearing on the tail of the two red sport bikes of Borgo Panigale and on the team uniforms.

<u>UnipolSai and the European Swimming Championships</u>
At the European Swimming Championships held in May 2021 in Budapest, UnipolSai accompanied the entire Italian swimming team with its brand on the team kits, more precisely on 44 podiums in this edition, where Italy finished in third place on the medals list but was classified first in the total number on the podiums and in the country rankings.

<u>UnipolSai Title Sponsor of the top basketball championship</u>
In September 2021 the Serie A basketball championship began and, for the second season in its three-season sponsorship agreement with the Serie A Basketball League that started in 2020/21, UnipolSai was its Title Sponsor. UnipolSai was also awarded the Presenting Sponsorship for the Final Eight of the Italian Cup and the Supercup. Furthermore, it was also title sponsor for the 2021 LBA Awards presented by UnipolSai.

<u>UnipolSai presents "L'Italia che verrà – storie di aziende che progettano il futuro" (The Italy that will be - stories of companies designing our future)</u>
In the course of 2021, UnipolSai carried out a project to showcase businesses that were able to stand out even during COVID-19 and continued to invest, design and plan, recognising in particular three areas of their activity: the relationship with the community in which they operate, the capacity to perform research and development and investment in young people.
With a view to receiving an ideal and proactive contribution to the project's development, UnipolSai requested the support of three major partners: CONFAPI, NOMISMA and Il Sole 24Ore.
With this project, UnipolSai aimed to strengthen relations with the world of Italian businesses, going beyond the broadly recognised role of insurance player to become an entity capable of accompanying companies on a path to growth and economic enhancement.
All of the companies admitted to "L'Italia che verrà" benefitted from broad visibility on the channels of UnipolSai and the initiative's partners throughout the programme, a free Legal Expenses policy and training courses for their employees, in collaboration with Unica Lab.

Recognitions

<u>MF Insurance Awards 2021</u>
On 20 January 2021, the MF Insurance Awards were streamed online and a number of awards were recognised to UnipolSai, which won in the *Insurance Elite* category for the best growth strategy, due to its capacity to generate organic growth by leveraging innovative services developed from an ecosystems perspective and high-value communications for customers, as well as for the best ESG sustainability rating according to Standard Ethics, and in

the category of *Companies of Value*, for the company which in 2019 earned the top prizes in the Non-Life business and was recognised as the best company for the Legal Expenses business.

Financial Innovation - Italian Awards 2021

The Financial Innovation - Italian Awards 2021, an observatory and annual recognition on Financial Innovation in Italy, were held on 25 February 2021. Incontra Assicurazioni was recognised for two of its insurance solutions: first and second prize in the Insurance category, for the comprehensiveness of its offer and proximity to its customers, even within an exceptional situation like the current health emergency (thanks to the two initiatives carried out in the second half of 2020 in partnership with UniSalute, Videoconsulting service and a new version of the UniCredit My Care Salute policy) and for the Tutela Sisma policy.

UnipolSai App once again first in the insurance sector

The Financial Observatory, a research institute in the field of banks and financial companies, awarded first place to the UnipolSai App as best complete insurance app, for the second consecutive year (already won by UnipolSai in 2020 and 2018, on the podium in 2019 as well). A number of new features were highlighted, such as the possibility to take out UnipolSai Viaggi Protetto (insuring luggage and to obtain reimbursements for medical expenses while travelling), the activation of #Un Mese per Te and the #UniSalute Per Te coverage, offered free of charge to customers for protection if they test positive for COVID-19. The UnipolSai App also offers a series of services unrelated to insurance products: in the mobility section, users can pay for "blue line" parking slips and for fuel by selecting a distributor right from the map.

Milano Marketing Festival Rewards dedicated to excellency

On 18 March 2021 at the Milan Marketing Festival, the Dyadea network of medical centres was recognised for its innovation, with a particular focus on the digital and design, as a result of the high quality of its services dedicated to medicine and therapeutic treatment. Dyadea was confirmed as the point of reference for the entire community, where medical excellence is a valuable cure always at the service of every citizen.

Gruppo UNA hotels and resorts recognised with Travellers' Choice 2021

In June 2021, excellent reviews by TripAdvisor users resulted in the prestigious recognition for 20 Gruppo UNA hotels and resorts, demonstrating the constant efforts made to guarantee comfort, attention to detail and safety to guests, which have always been the points of pride in its offering.

Milano Verticale - UNA Esperienze wins at the Italian Mission Awards 2021

In September 2021, the iconic Milan urban design hotel won the "Best business hotel for business travellers" award at the eighth edition of the Italian Mission Awards, an event dedicated to leading operators in the business travel sector at national and international level.

Unipol and UnipolSai shares amongst the 40 most sustainable in the Italian Stock Exchange

On 18 October 2021, the Milan Stock Exchange launched an index which selects the best Milan-listed companies in terms of environmental, social and governance commitment through the use of 38 sustainability indicators. It is called MIB® ESG and it was developed by Euronext, the group that acquired Borsa Italiana, in collaboration with Vigeo-Eiris. Both Unipol and UnipolSai feature among the 40 companies in this index.

Unipol wins the MF Innovazione award

A 100% digital edition of the Milan Insurance Companies Festival 2021 was held in the period 20-22 October 2021, one of the three days dedicated to the promotion of insurance and organised ethics values. On the evening of 21 October, Unipol won the MF Innovazione Award 2021 in the Mobility category for its *Unibox Safe* product.

Future Bancassurance Awards

On 10 November 2021, Arca Assicurazioni, Arca Vita and Incontra Assicurazioni were winners at the *Future Bancassurance Awards*, an annual EMFgroup event dedicated to celebrating bancassurance excellence. In particular: Arca Assicurazioni was recognised for ACUORE, the innovative solution to protect the value of health, Arca Vita was recognised along with Bper Banca for the development of insurance-financial consulting with INGEGNO, the Arca Vita multi-segment policy that offers customers the possibility of personalising their investment, while Incontra Assicurazioni received two awards, respectively for the *My Care Salute Restyling* (for innovation, product comprehensiveness, focus on well-being and making the offer available to entrepreneurs) and for *Tutela Sisma*, for making the product available for new mortgages and offering the service of the commercial partner.

Health & Medmal Insurance Awards

At the *Health & Medmal Insurance Awards* on 23 November, the annual event rewarding Italian excellence among private healthcare operators, UniSalute received the award for constant support to its policyholders during the pandemic through the COVID-19 Programme.

Insurance Connect Awards

On 30 November 2021, during the *Insurance Connect Awards*, UnipolSai won the following awards: *Innovation Award*, for its innovative use of data and new technologies to develop new products and services for customers (such as the E3CI index for assessing the financial impacts of climate risk); *Leadership Award*, for its ability to guide business model development beyond traditional boundaries over time, to include for example vehicle rental, motorway toll payments and a series of value-added services for customers; Non-MV *Claims Management Award*, for the definition and development of a protocol for managing complex claims; and *Communication Award*, for the activity performed in communicating the group's focus on the values set forth in the Strategic Plan in terms of sustainability, reputation, proximity to customers and the creation of ecosystems.

Operating performance

In 2021, the UnipolSai Group achieved a **consolidated net profit** of €723m, a decrease compared to €853m in the previous year, which was particularly influenced by the reduction in claims due to the lockdowns ordered by the government to handle the COVID-19 pandemic. Although the pandemic continued in 2021, travel restrictions on individuals were less restrictive and the decline in MV TPL tariffs continued, reducing business profitability.

At 31 December 2021, **direct insurance premiums** of the UnipolSai Group, gross of reinsurance, stood at €13,329m (€12,210m at 31/12/2020, +9.2%).

Non-Life direct premiums at 31 December 2021, amounting to €7,943m, were up slightly compared to €7,882m recorded at 31 December 2020 (+0.8%), owing to the good results obtained by the Non-MV sector, which made it possible to absorb the decline seen in the MV sector.
Indeed, there was a 3.7% decrease in the MV sector on the figures recorded at 31 December 2020, with premiums equal to €3,838m, values which still reflected both the strong competition in this market and the measures adopted by the Group to protect customers. These include in particular the #UnMesePerTe initiative, which from April 2020 and throughout 2021, for customers who had not already made use of it on first renewal of the policy, offered UnipolSai customers a 1/12 discount (one month) in the premium previously paid.
Non-MV premiums were up, to €4,105m (+5.3% compared to 2020) due to the country's economic recovery, the commercial drive applied by the sales networks for these products and customers' ongoing interest in health products, a segment in which the Group has a leadership position.
The further decline in average MV TPL premiums reflected in particular on UnipolSai, which recorded €6,721m in Non-Life premiums (-0.7%), and Linear, which had €185m in premiums (+0.1%), around the same values as last year thanks to the increased policy portfolio. On the other hand, UniSalute premiums were up significantly (€519m, +7.5%), with roughly 11m customers and 4.2m claims managed in 2021, through a network of more than 20k approved facilities. The strategic nature of the bancassurance business in which Arca Assicurazioni (€190m; +35.4%) and Incontra (€109m; +29.5%) operate was confirmed, while premiums were down for SIAT (€126m; -2.4%) where the selection of the portfolio in the Marine Vessels business continued to be privileged.
The Group's combined ratio, net of reinsurance, was 95.0% compared to 87.0% at 31 December 2020 which, as already mentioned, was particularly impacted by the severe lockdown in force in March and April, with a loss ratio of 67.1% (58.8% at 31/12/2020) and an expense ratio at 27.9% (28.2% at 31/12/2020).
Unipol*Rental*, the Group's long-term rental company, closed the year 2021 with strong business development. Total vehicles registered at 31 December 2021 came to 14,438 compared to 9,562 last year, also thanks to the business push from the agency channel, which brokered more than 20% of the company's contract portfolio.
The pre-tax profit in the Non-Life segment was €752m (€1,105m in 2020), reflecting the technical performance trends recorded.

The Group recorded a 24.4% increase in turnover in the **Life sector**, with direct premiums amounting to €5,386m at 31 December 2021. The premium mix was oriented primarily towards multi-segment and class III products, which marked significant growth.
UnipolSai achieved direct premiums of €2,870m (-7.4% due to the comparison with 2020 which was influenced by several non-recurring contracts of significant amounts), while in the bancassurance channel Arca Vita, along with its subsidiary Arca Vita International, had direct premiums of €2,423m (+112.6% compared to €1,140m in 2020), also benefitting from the expansion of the BPER Banca network following the acquisition of former UBI Banca and Intesa Sanpaolo branches.
The Life pre-tax profit was €218m, compared to €73m in 2020, which was negatively influenced by capital losses on disposals of securities in the portfolio.

As far as **financial investment management** is concerned, in 2021 the gross profitability of the Group's insurance financial investment portfolio continued to be influenced by market interest rates that remain at low values, but in any event obtained a yield of 3.1% of the invested assets (3.0% at 31/12/2020), of which 3.0% relating to the coupons and dividends component.

As concerns the **other sectors** in which the Group operates, the continuation of the COVID-19 emergency in the first half and last part of the year had particularly negative repercussions on the hotel sector, only partially attenuated by the good results achieved in the summer.
The pre-tax result of the Real Estate and Other Businesses sectors was a €75m loss (-€60m at 31/12/2020).

At 31 December 2021, **consolidated shareholders' equity** amounted to €8,234m (€8,144m at 31/12/2020). Shareholders' equity attributable to the owners of the Parent amounted to €7,964m (€7,881m at 31/12/2020).

The **individual Solvency ratio** of UnipolSai, determined in application of the Partial Internal Model, at 31 December 2021 came to 326%, an improvement compared to 318% at the end of 2020. The consolidated Solvency ratio based on economic capital was 284% (281% at 31/12/2020).

Salient aspects of business operations

The UnipolSai Group's Consolidated Financial Statements at 31 December 2021 closed with a **net profit of €723m** (€853m at 31/12/2020), net of taxation for the year 2021 of €172m.

The **Insurance sector** contributed €793m to consolidated net profit (€903m at 31/12/2020), of which €618m related to Non-Life business (€826m at 31/12/2020), and €175m related to Life business (€77m at 31/12/2020).
The results of the other sectors in which the Group carries out business are as follows:
- the **Other Businesses sector** recorded a -€7m loss (-€17m at 31/12/2020);
- the **Real Estate sector** recorded a -€63m loss (-€33m at 31/12/2020).

Among the other important factors that marked the performance of the Group, note the following:

- **direct insurance premiums**, gross of reinsurance, totalled €13,329m (€12,210m in 2020, +9.2%). Non-Life direct premiums amounted to €7,943m (€7,882m in 2020, +0.8%) and Life direct premiums €5,386m (€4,328m in 2020, +24.4%), €1,272m of which related to investment products (€569m in 2020);

- **premiums earned**, net of reinsurance, were €11,879m (€11,349m in 2020, +4.7%), of which €7,780m from the Non-Life business (€7,605m in 2020, +2.3%) and €4,098m from the Life business (€3,744m in 2020, +9.4%);

- **net charges relating to claims**, net of reinsurance, were €9,737m (€8,763m in 2020, +11.1%), of which €5,095m in the Non-Life business (€4,324m in 2020, +17.8%) and €4,642m in the Life business (€4,438m in 2020, +4.6%), including €72m of net gains on financial assets and liabilities at fair value (net gains of €82m in 2020);

- the **loss ratio** of direct Non-Life business was 64.0% (57.3% in 2020);

- **operating expenses** were €2,611m (€2,542m in 2020). In the Non-Life business they amounted to €2,222m (€2,202m in 2020), in the Life business €254m (€232m in 2020), in the Other Businesses sector €111m (€87m in 2020) and in the Real Estate sector €35m (€31m in 2020);

- the **combined ratio** of direct Non-Life business was 92.5% (85.4% in 2020);

- **net gains on investments and financial income** from financial assets and liabilities (excluding net gains on financial assets and liabilities at fair value relating to Life business) amounted to €1,496m (€1,371m in 2020);

- **taxes** for the year represented a net expense of €172m (€265m in 2020). The tax rate for 2021 was 19.2% (23.7% in 2020);

- net of the €35m profit attributable to non-controlling interests, the **profit attributable to the owners of the Parent** at 31 December 2021 was €688m (€820m at 31/12/2020);

- **comprehensive income** amounted to €678m (€1,001m in 2020), contributing to which was the decrease in the reserve for gains or losses on available-for-sale financial assets for €12m (an increase of €159m in 2020);

- **investments and cash and cash equivalents** amounted to €69,339m (€68,769m at 31/12/2020) after reclassifying, pursuant to IFRS 5, under assets held for sale €133m primarily related to properties for which the owner Companies have started disposal activities or for which the related preliminary sales contracts have already been signed (€203m at 31/12/2020);

- **technical provisions** and **financial liabilities** amounted to €65,540m (€64,762m in 2020).

A summary of the Consolidated Operating Income Statement at 31 December 2021 is illustrated below, broken down by business segment: Insurance (Non-Life and Life), Other Businesses and Real Estate, compared with the data at 31 December 2020.

Condensed Consolidated Operating Income Statement broken down by business segment

Amounts in €m	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE SECTOR		
	Dec-2021	Dec-2020	% var.	Dec-2021	Dec-2020	% var.	Dec-2021	Dec-2020	% var.
Net premiums	7,780	7,605	*2.3*	4,098	3,744	*9.4*	11,879	11,349	*4.7*
Net commission income	(1)	(2)	*31.0*	11	17	*(38.2)*	9	15	*(39.2)*
Financial income/expenses (**)	458	291	*57.4*	1,072	1,080	*(0.8)*	1,530	1,371	*11.6*
Net interest income	*288*	*255*		*1,000*	*1,003*		*1,288*	*1,258*	
Other income and charges	*86*	*65*		*58*	*101*		*145*	*166*	
Realised gains and losses	*89*	*38*		*(6)*	*(50)*		*83*	*(12)*	
Unrealised gains and losses	*(5)*	*(67)*		*20*	*27*		*15*	*(40)*	
Net charges relating to claims	(5,095)	(4,324)	*17.8*	(4,642)	(4,438)	*4.6*	(9,737)	(8,763)	*11.1*
Operating expenses	(2,222)	(2,202)	*0.9*	(254)	(232)	*9.5*	(2,476)	(2,435)	*1.7*
Commissions and other acquisition expenses	*(1,741)*	*(1,744)*	*(0.2)*	*(116)*	*(101)*	*15.2*	*(1,857)*	*(1,845)*	*0.7*
Other expenses	*(481)*	*(458)*	*5.0*	*(139)*	*(132)*	*5.2*	*(620)*	*(590)*	*5.1*
Other income/charges	(168)	(262)	*35.9*	(67)	(98)	*32.0*	(234)	(360)	*34.9*
Pre-tax profit (loss)	**752**	**1,105**	*(31.9)*	**218**	**73**	*197.3*	**970**	**1,179**	*(17.7)*
Income taxes	(134)	(279)	*(51.9)*	(43)	4	*n.s.*	(177)	(275)	*(35.8)*
Profit (loss) from discontinued operations									
Consolidated profit (loss)	**618**	**826**	*(25.2)*	**175**	**77**	*127.7*	**793**	**903**	*(12.2)*
Profit (loss) attributable to the Group									
Profit (loss) attributable to non-controlling interests									

(*) The Real Estate sector only includes real estate companies controlled by UnipolSai.
(**) Excluding assets and liabilities at fair value relating to insurance contracts issued by insurance companies where the investment risk is borne by policyholders and arising from pension fund management

OTHER BUSINESSES SECTOR			REAL ESTATE SECTOR (*)			Inter-segment eliminations		TOTAL CONSOLIDATED		
Dec-2021	Dec-2020	% var.	Dec-2021	Dec-2020	% var.	Dec-2021	Dec-2020	Dec-2021	Dec-2020	% var.
								11,879	11,349	4.7
								9	15	(39.3)
8	5	77.5	(29)	5	n.s.	(14)	(10)	1,496	1,371	9.1
3	1		(2)	(2)				1,289	1,257	
6	5		49	26		(14)	(10)	186	187	
				6				83	(6)	
	(1)		(76)	(25)				(62)	(67)	
								(9,737)	(8,763)	11.1
(111)	(87)	27.4	(35)	(31)	12.5	11	11	(2,611)	(2,542)	2.7
								(1,857)	(1,845)	0.6
(111)	(87)	27.4	(35)	(31)	12.5	11	11	(754)	(697)	8.2
91	57	60.1		(9)	97.7	3	(1)	(140)	(312)	55.0
(11)	(25)	55.6	(64)	(35)	(84.2)			895	1,119	(20.0)
4	8	(48.1)	1	2	(39.9)			(172)	(265)	(35.3)
(7)	(17)	59.2	(63)	(33)	(90.3)			723	853	(15.2)
								688	820	
								35	33	

Insurance Sector

The Group's insurance business closed the period with a **profit of €793m** (€903m at 31/12/2020), of which €618m relating to the Non-Life sector (€826m at 31/12/2020) and €175m relating to the Life sector (€77m at 31/12/2020).

Investments and cash and cash equivalents of the Insurance sector, including properties for own use, at 31 December 2021 totalled €66,676m (€66,119m at 31/12/2020), of which €16,363m in the Non-Life business (€16,490m at 31/12/2020) and €50,313m in the Life business (€49,629m at 31/12/2020).

Financial liabilities amounted to €8,372m (€7,029m at 31/12/2020), of which €1,429m in the Non-Life business (€1,947m at 31/12/2020) and €6,943m in the Life business (€5,082m at 31/12/2020). The change relates to the increase in liabilities relating to contracts with risk borne by policyholders.

Total premiums (direct and indirect premiums and investment products) at 31 December 2021 amounted to €13,600m (€12,436m at 31/12/2020, +9.4%).
Life premiums amounted to €5,386m (€4,328m at 31/12/2020, +24.4%) and Non-Life premiums totalled €8,214m (€8,107m at 31/12/2020, +1.3%).

All Non-Life premiums of the Group insurance companies are classified under insurance premiums, as they meet the requirements of the IFRS 4 standard (presence of significant insurance risk).
As for Life premiums, investment products at 31 December 2021, for €1,272m, related to Class III (Unit- and Index-Linked policies) and Class VI (pension funds).

Total premiums

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Non-Life direct premiums	7,943		7,882		*0.8*
Non-Life indirect premiums	271		226		*20.2*
Total Non-Life premiums	**8,214**	***60.4***	**8,107**	***65.2***	***1.3***
Life direct premiums	4,114		3,759		*9.4*
Life indirect premiums					*(7.2)*
Total Life premiums	**4,114**	***30.3***	**3,759**	***30.2***	***9.4***
Total Life investment products	1,272	*9.4*	569	*4.6*	*123.4*
Total Life business	**5,386**	***39.6***	**4,328**	***34.8***	***24.4***
Overall total	**13,600**	***100.0***	**12,436**	***100.0***	***9.4***

Direct premiums amounted to €13,329m (€12,210m at 31/12/2020, +9.2%), of which Non-Life premiums totalled €7,943m and Life premiums €5,386m.

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Non-Life direct premiums	7,943	*59.6*	7,882	*64.6*	*0.8*
Life direct premiums	5,386	*40.4*	4,328	*35.4*	*24.4*
Total direct premiums	**13,329**	***100.0***	**12,210**	***100.0***	***9.2***

Non-Life and Life **indirect premiums** totalled €272m at 31 December 2021 (€226m in 2020, +20.2%), €271m of which referred to premiums from Non-Life business (€226m in 2020, +20.2%) and €0.3m to the Life business (€0.3m at 31/12/2020, -7.2%).

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Non-Life indirect premiums	271	*99.9*	226	*99.9*	*20.2*
Life indirect premiums		*0.1*		*0.1*	*(7.2)*
Total indirect premiums	**272**	***100.0***	**226**	***100.0***	*20.2*

Group **premiums ceded** totalled €479m (€454m in 2020, +5.5%), €463m of which from Non-Life premiums ceded (€440m in 2020, +5.3%) and €16m from Life premiums ceded (€15m at 31/12/2020, +9.9%).

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Non-Life premiums ceded	463	*96.7*	440	*96.8*	*5.3*
Retention ratio - Non-Life business (%)	*94.4%*		*94.6%*		
Life premiums ceded	16	*3.3*	15	*3.2*	*9.9*
Retention ratio - Life business (%)	*99.6%*		*99.6%*		
Total premiums ceded	**479**	***100.0***	**454**	***100.0***	***5.5***
Overall retention ratio (%)	*96.1%*		*96.2%*		

The retention ratio is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. In calculating the ratio, investment products are not considered.

At 31 December 2021, the technical result of premiums ceded was positive for reinsurers in the Non-Life as well as the Life business.

Non-Life business

Total Non-Life premiums (direct and indirect) at 31 December 2021 were €8,214m (€8,107m at 31/12/2020, +1.3%).

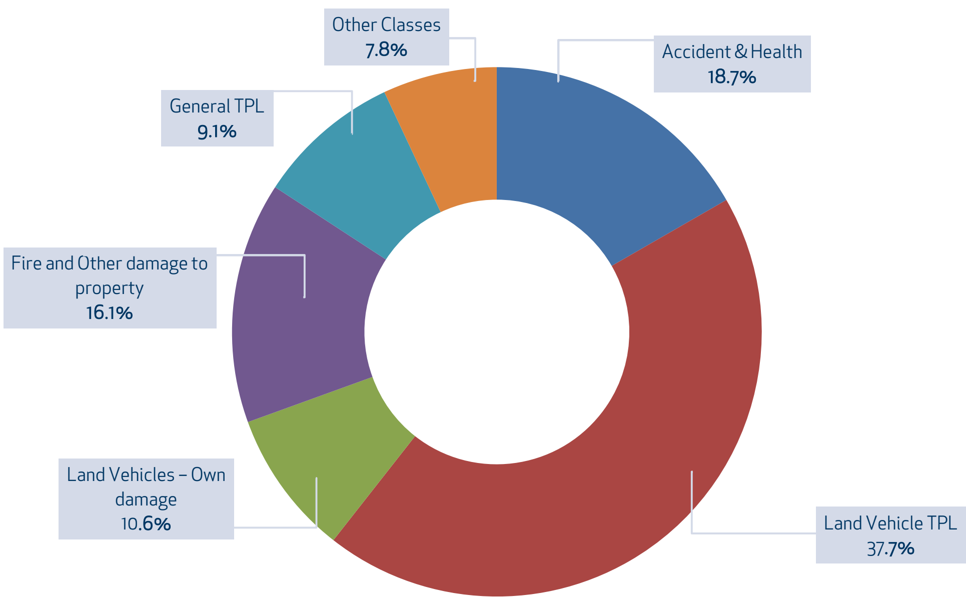
Direct business premiums alone amounted to €7,943m (€7,882m at 31/12/2020, +0.8%). Indirect business premiums were €271m (€226m at 31/12/2020, +20.2%).

The breakdown for the main classes and the changes with respect to 31 December 2020 are shown in the following table:

Non-Life business direct premiums

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Motor vehicles - TPL and sea, lake and river (classes 10 and 12)	2,992		3,188		*(6.1)*
Land Vehicle Hulls (Class 3)	846		797		*6.1*
Total premiums - Motor vehicles	**3,838**	*48.3*	**3,985**	*50.6*	*(3.7)*
Accident & Health (Classes 1 and 2)	1,486		1,403		*5.9*
Fire and Other damage to property (Classes 8 and 9)	1,277		1,209		*5.6*
General TPL (Class 13)	723		704		*2.6*
Other classes	619		580		*6.7*
Total premiums - Non-Motor vehicles	**4,105**	*51.7*	**3,896**	*49.4*	*5.3*
Total Non-Life direct premiums	**7,943**	*100.0*	**7,882**	*100.0*	*0.8*

% breakdown of Non-Life direct business premiums



In the MV TPL segment, premiums totalled €2,992m, down by 6.1% compared to 2020, still influenced by the drop in the average premium. Growth was reported in the Land Vehicle Hulls business with premiums equal to €846m (+6.1%), while premiums in the Non-MV segment were up, totalling €4,105m (+5.3%).

Non-Life claims

In 2021, although the year was still impacted by the pandemic, travel restrictions had a reduced impact on the claims trend compared to the previous year. In this context, from a sound and prudent management perspective, the conservative claims provision valuation policy was further reinforced.

The net profit (loss) of the claims experience for the main businesses is provided in the following table:

Amounts in €m	Net breakdown at 31/12/2021	Net breakdown at 31/12/2020
MV TPL	97	165
Land Vehicle Hulls	6	12
General TPL	76	186
Other Classes	157	187
Total	**336**	**550**

The **claim ratio** (loss ratio of only direct business for the Non-Life business), including the OTI ratio, stood at 64% (57.3% in 2020).

The number of claims reported, without considering the MV TPL business, was up by 18.6%. The table with the changes by class is provided below.

Number of claims reported (excluding MV TPL)

	31/12/2021	31/12/2020	*% var.*
Land Vehicle Hulls (Class 3)	334,746	287,441	*16.5*
Accident (Class 1)	95,738	96,228	*(0.5)*
Health (Class 2)	4,437,135	3,624,701	*22.4*
Fire and Other damage to Property (Classes 8 and 9)	294,333	318,148	*(7.5)*
General TPL (Class 13)	86,384	82,766	*4.4*
Other classes	477,413	417,550	*14.3*
Total	**5,725,749**	**4,826,834**	***18.6***

As regards the MV TPL class, where the CARD[2] agreement is applied, in 2021 cases reported relating to "fault" claims (Non-Card, Debtor Card or Natural Card) totalled 513,079, up by 11.4% (460,553 in 2020). 2021 saw a general rise in the number of claims (compared to 2020, the year marking the start of the COVID-19 pandemic), although it in any event remained at levels lower than in 2019.
Claims reported that present at least a Debtor Card claims handling numbered 297,254, up by 13.4% compared to the same period in the previous year.
Handler Card claims were 373,337 (including 81,531 Natural Card claims, i.e. claims between policyholders at the same company), up by 11.8% compared to the previous year. The settlement rate in 2021 was 79.4%, down from the same period of last year (81.5%).

[2] CARD - Convenzione tra Assicuratori per il Risarcimento Diretto - Agreement between Insurers for Direct Compensation: MV TPL claims may be classified as one of three cases of claims managed:
- Non-Card claims: claims governed by the ordinary regime, to which CARD is not applied;
- Debtor Card claims: claims governed by CARD where "our" policyholder is fully or partially liable, which are settled by the counterparty's insurance companies, to which "our" insurance company must pay a flat rate pay-out ("Debtor Flat Rate");
- Handler Card claims: claims governed by CARD where "our" policyholder is fully or partially not liable, which are settled by "our" insurance company, to which the counterparty's insurance companies must pay a flat rate pay-out ("Handler Flat Rate").
However, it must be noted that this classification is a simplified representation because, in reality, each individual claim may contain damages included in each of the three above-indicated cases.

The weight of cases to which the Card agreement may be applied (both Handler Card and Debtor Card claims) out of total cases (Non-Card + Handler Card + Debtor Card) in 2021 was equal to 83.3% (82.9% in 2020).
The average cost (paid plus reserved) for claims reported (inclusive of claims reported late) decreased by 0.9% in 2021 (+6.8% in 2020), with the average cost of the amount paid down 1.2% (+4.2% in 2020), also due to the lower incidence of claims reported with injuries compared to the previous year.

Expense ratio of the Non-Life direct business was 27.9% (28.1% at 31/12/2020).

The **combined ratio** of direct Non-Life business was 92.5% (85.4% in 2020).

Information about the main insurance companies in the Group - Non-Life business

The performance of the main Group insurance companies at 31 December 2021 is summarised in the following table:

Amounts in €m	Premiums written	*% Var.*	Investments	Gross Technical Provisions	Technical Provisions - Reinsurers' share
NON-LIFE INSURANCE SECTOR					
UNIPOLSAI ASSICURAZIONI SpA	7,004	*(0.4)*	16,173	12,569	491
ARCA ASSICURAZIONI SpA	190	*35.4*	387	262	37
DDOR NOVI SAD ADO	92	*4.3*	99	87	4
INCONTRA ASSICURAZIONI SpA	109	*29.5*	277	342	123
COMPAGNIA ASSICURATRICE LINEAR SpA	185	*0.1*	414	282	4
UNISALUTE SpA	553	*8.5*	516	427	162
SIAT SpA	151	*1.2*	121	241	163

UnipolSai, the Group's main company, had direct premiums of €6,721m (€6,772m at 31/12/2020, -0.7%), of which €3,583m in the MV classes (€3,736m at 31/12/2020, -4.1%) and €3,138m in the Non-MV classes (€3,036m at 31/12/2020, +3.4%). Also considering indirect business, premiums acquired during the year amounted to €7,004m (€7,032m at 31/12/2020).

The results in 2021 were impacted by the continuation of the COVID-19 health emergency in the initial months of the year. The comparison with 2020 is not always representative of current trends, as last year there was a considerable decline in claims on the one hand and a slowdown in premiums on the other, due to the block on production activities and the restrictions adopted to limit infection.
In particular, in the **MV** sector, MV TPL premiums were down, due to the contraction in the average premium, also impacted by the #UnMesePerTe campaign discount, as well as the portfolio reduction. The number of vehicles insured in the single policy segment declined, primarily as a result of a lower contribution of new business. Instead, the growth recorded in the company car fleets segment, consistent with market trends, which reward innovative vehicle use methods (long-term rental and car sharing in particular), made it possible to ensure the overall stability of the portfolio.
On the other hand, the significant growth for Land Vehicle Hulls is confirmed, caused by development in single as well as cumulative policies. The increase in the number of contracts in the portfolio as well as the recovery in the average premium, particularly on several significant guarantees, such as Natural Events, are amongst the main factors impacting premium growth.

Also in 2021, actions were put into place to improve settlement processes for MV claims. For example, the **Black Box** project continued, which was launched in partnership with UnipolTech, aiming to improve the effectiveness of the boxes and increase the available dataset. With a view to developing the telematic settlement process and innovatively using the information provided by black boxes for MV claims, in 2021 the new **Unico 2.0** telematic portal was released, re-engineering the previous application and applying a re-design also with the aim of facilitating the adjuster's decision-making process.
The optimisation of the Real Time 2.0 process continued, which envisages the opening of a claim from the moment of a crash detected in black box data, at the same time triggering initial contact with the policyholder and anticipating the information collection stage.

In 2021, activities continued for the improvement of the criteria adopted to identify fraud, guaranteeing to the Company an adequate system for combatting fraudulent phenomena through the evolution of the new **Anti-fraud Engine** and the platform created for the management of relationship charts, which makes it possible to identify the correlation between events and parties and more easily perform advanced searches in order to support investigations.
As part of the improvement of the current injury management process, in September 2021 the new **Injuries sheet** was released, with the entry of a function associated with the Injuries calculator, also making it possible to perform different calculations for individual damage items.
The process of booking visits at the **Medical Report Centres (Centro Perizia Medica, CPM)** was also optimised, a service offered to injured parties with minor injuries (MV, Accident or General TPL), who are given the possibility of performing medical-legal exams directly at the offices of the Company, to then receive prompt settlement, enhancing the customer contact service and introducing the use of an electronic agenda for the booking of medical visits. In addition to the CPMs located in the Territorial Settlement offices, covering particularly vast areas or with a high incidence of examinations, the Company relies on **Medical Booking Services (Servizi di Prenotazione Medica, SPM)**, for which the service is instead performed directly at the doctor's office of the independent expert, where the adjuster also goes with the required settlement tools. In order to improve the customer experience by offering innovative services, it is now possible to make direct CPM and SPM bookings from the UnipolSai App. At the end of 2021, geographical coverage was guaranteed by 78 CPMs and 332 SPMs.
Aside from continuous adjuster network monitoring, as of April 2021 the **Prompt Settlement** function was introduced, with the separation of damage item costs (estimate, towing, etc.) for increasingly accurate management of claims and the relative costs.
Please also recall that the **Video appraisal** service is also being developed, enabling the independent expert to perform a remote appraisal and collect supporting documents to virtually settle the claim, with a view to significantly reducing appraisal timing, limiting the costs of inspection, geolocation certification and completely eliminating both customer and appraiser travel time.

In the **Non-MV** segment, premium growth was spread across all classes, with the exception of Goods, down slightly, and Accident, stable at 2020 levels.

As regards the General Classes, thanks to the **use of Satellite Data**, the Lorentz advanced weather data collection tool enables the adjuster and the independent expert to use meteorological information, provided by the main weather providers, for the optimal settlement of the claim. The tool has been implemented since June 2021, providing an additional view that integrates weather data with the trips recorded on the black box to verify claim consistency. The on demand use of the Copernicus Satellite Weather Data service is also active for the geolocation and mapping of flood events, helping to identify flooded areas after the event takes place. Thanks to these tools, the Company may achieve quicker investigation times and more precise estimates, in addition to identifying any fraudulent claims.
To offer an innovative service to customers, similarly to what is done for the MV Classes, the **Direct Repair** process is in place for the General Classes (piped water, research and damage repair, weather, plates and electrical) to repair the damage without the customer having to pay anything, and with consequent elimination of the excess, where present.

Arca Assicurazioni achieved a net profit at 31 December 2021 of €30.5m (€35.1m at 31/12/2020), recording direct premiums for €190.1m (+35.4%), with a significant increase in the Non-MV classes (+39.2%) and in the MV segment (+23%). The breakdown of the portfolio among the distribution channels is almost totally focused on the banking channel which, at 31 December 2021, recorded 99% of the total Non-Life premiums (98.5% at 31/12/2020). Overall, the banking channel recorded a 36% increase in premiums compared to the previous year, with premiums written totalling approximately €188.1m.

DDOR Novi Sad recorded a €6m profit (Non-Life and Life businesses) at 31 December 2021 (down from €10.8m at 31/12/2020) following growth in premiums (Non-Life and Life businesses), from €105.4m at the end of 2020 (of which €88.4m in the Non-Life segment) to €110.5m at 31 December 2021 (of which €92.2m in the Non-Life business). Although the pandemic is not over yet, macroeconomic conditions in Serbia in 2021 were better than in 2020, with GDP up by roughly 7% and the insurance market showing positive trends, with the MV TPL, Life and Other Damage to Property lines of business representing roughly 75% of total premiums. In this context, the company continues to be a sector leader, with Non-Life premium growth of 4.3% and Life premium growth of 7.2%.

Incontra Assicurazioni recorded a €15.6m profit at 31 December 2021 (profit of €15m at 31/12/2020), with premiums equal to €109.2m, up compared to the previous year (€84.3m in 2020, +29.5%), mainly concentrated in the Health and Pecuniary Losses classes (54% and 24%, respectively, of the total gross premiums written). The loss ratio in any event remained at rather limited levels (24%, in line with what was recorded in 2020). At 31 December 2021, the volume of total investments reached €277m (€262m at 31/12/2020), almost entirely concentrated in available-for-sale financial assets, while gross technical provisions amounted to €342m (€326m at 31/12/2020).

Linear, a company specialised in direct sales (online and call centre) of MV products, in 2021 generated a profit of €13.2m, down compared to 31 December 2020 (€23.8m) due to the increase in the MV TPL claims frequency and the resulting rise in the loss ratio. Total gross premiums at €185.5m remained in line with 2020 (€185.3m). The partnership for the sale of Home Assistance insurance with Hera, an Italian multiutility based in Bologna, generated premiums written for €2.5m in 2021 (€2.2m at 31/12/2020). The contribution of the product "Poste Guidare Sicuri LN", placed through the Poste Italiane network, was also positive, recording premiums of €3.1m. Contracts in the portfolio at the end of 2021 were close to 674k units (+1.9%), an all-time high for the Company.

SIAT recorded a roughly €4.6m profit in 2021 (€4m at 31/12/2020) with total gross premiums (direct and indirect) at €151.2m (€149.4m in 2020). The increase is primarily attributable to the Goods and Aviation sectors, while for the Hulls segment there was a decrease (primarily ascribable to direct business) correlated with the portfolio reform, following the actions undertaken for the necessary improvement of the technical balance.

UniSalute confirms its leadership in the Healthcare segment, increasing direct premiums by 7.5%. Total premiums (including indirect business) amounted to €553.0m (€509.5m at 31/12/2020), up by 8.5%.
In terms of claims, the number of claims reported rose by 21.2%, from 3,256,143 in 2020 to 3,944,808 in the period under review. The increase can be attributed to the Health class and is due primarily to the extraordinary nature of 2020 figures (particularly following the lockdown) as well as the incidence of the settlement of COVID claims. 2021 posted a profit of €44.7m, in line with the €44.3m at the end of 2020.

New products

In the **MV TPL** and **Land Vehicle Hulls** sectors, in 2021 the new **MV** product "Contratto Base" was released, created following the initiation on 3 May 2021 of a complex online comparison system between insurance companies operating in Italy in the MV business. This is the MV TPL contract relating to vehicles, motorcycles and mopeds for private use developed by the Ministry of Economic Development, which provides the minimum cover required by law for compulsory TPL insurance for the circulation of motor vehicles according to the "standard format" defined by regulations. This cover can be supplemented with "Additional Conditions" freely offered by insurance companies. The consumer can obtain a quote by accessing PreventIvass through the Companies' websites or directly on the website of IVASS or the Ministry of Economic Development.

It is also worth noting:
- the new "Unibox Safe" telematic device designed to guarantee even greater security to customers as it includes an Emergency Call system that provides:
    - speakerphone contact with the support centre, which customers can activate at any time when needed;
    - automatic activation of roadside and medical assistance to guarantee timely support.

  Unibox Safe is recharged by solar energy, so it is also sustainable; furthermore, it continues to meet customer saving expectations, allowing for a reduction in the premium based on the number of kilometres travelled.
- The new "SuperEasy Più" telematic device, part of the self-installing device range, enabling customers to boost the level of protection of their vehicle and the likelihood of finding the vehicle if it is stolen.
- The new "UnipolSai PiùStrade" product, offered as of 1 November 2021 to meet the specific insurance needs of car makers, banks and financial companies that intend to offer their customers insurance guarantees and services to complement their primary business.

In the **Non-MV** segment, the year 2021 was characterised by the following activities:
- The new product "UnipolSai InViaggio", for trips taken for any reason and valid all over the world, which provides standard guarantees as well as the possibility for a reimbursement of travel expenses in the event of pandemics or epidemics and in the case of a medical or administrative block required due to quarantine or document irregularities.

- The new product "UnipolSai Trasporto sicuro e semplice" is dedicated to the world of Goods Transport by Road, which includes Road Carrier TPL cover (Carrier TPL) combined with cover relating to Damages to the Goods transported on behalf of the party entitled (DPC). This is therefore an essentially new product as it includes both guarantees ("dual policy"). The product is intended for small goods transport companies that operate as road carriers.

Activities to impede and prevent insurance fraud relating to civil liability deriving from motor vehicle traffic (MV TPL)

Preventing and impeding insurance fraud are consolidated activities and an integral aspect of the core business. The results of these activities not only make positive impacts directly on the financial statements of the Group companies, but also generate deterrent effects on the proliferation of offences, with consequent benefits for the customers as well.
Decree Law no. 1/2012, converted with amendments by Law no. 27 of 24 March 2012, envisages that insurance companies are required to provide an estimate of the reduced charges for claims arising from verification of fraud in their Management Report or in the Notes to the Financial Statements annexed to the annual financial statements and to publish it on their websites or using another appropriate form of disclosure.
Pursuant to and in accordance with Art. 30, paragraph 2 of Decree Law no. 1/2012, the estimate of the reduction of charges for claims arising from this activity totals approximately €39m.
This estimate consists of the sum of provisions/forecasts of expense for claims to be investigated for antifraud purposes that were settled without follow-up in 2020, regardless of the year when they are generated.

Life business

Total Life premiums (direct and indirect) were €5,386m (€4,328m at 31/12/2020, +24.4%).

The **direct premiums**, which represent almost all of the premiums, are broken down as follows:

Life business direct premiums

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Total premiums					
I – Whole and term Life insurance	3,449	*64.0*	2,732	*63.1*	*26.3*
III - Unit-linked/index-linked policies	1,119	*20.8*	522	*12.1*	*114.6*
IV - Health	9	*0.2*	7	*0.2*	*27.3*
V - Capitalisation insurance	224	*4.1*	361	*8.3*	*(38.0)*
VI - Pension funds	585	*10.9*	707	*16.3*	*(17.2)*
Total Life business direct premiums	5,386	*100.0*	4,328	*100.0*	*24.4*
of which Premiums (IFRS 4) I – Whole and term Life insurance	3,449	*83.8*	2,732	*72.7*	*26.3*
III - Unit-linked/index-linked policies	34	*0.8*	15	*0.4*	*128.9*
IV - Health	9	*0.2*	7	*0.2*	*27.3*
V - Capitalisation insurance	224	*5.5*	361	*9.6*	*(38.0)*
VI - Pension Funds	399	*9.7*	645	*17.2*	*(38.1)*
Total Life business premiums	4,114	*100.0*	3,759	*100.0*	*9.4*
of which Investment products (IAS 39) III - Unit-linked/index-linked policies	1,086	*85.4*	507	*89.0*	*114.2*
VI - Pension funds	186	*14.6*	62	*11.0*	*198.4*
Total Life investment products	1,272	*100.0*	569	*100.0*	*123.4*

New business in terms of APE, net of non-controlling interests, amounted to €548m at 31 December 2021 (€467m at 31/12/2020).

Pension Funds

Even within the current difficult economic context, the UnipolSai Group has maintained its strong position in the supplementary pensions market.

UnipolSai Assicurazioni managed a total of 21 **Occupational Pension Fund** mandates at 31 December 2021 (17 of them for accounts “with guaranteed capital and/or minimum return”). At the same date, resources under management totalled €4,032m (€3,389m of which with guaranteed capital). At 31 December 2020, UnipolSai managed a total of 21 Occupational Pension Fund mandates (17 of which “with guaranteed capital and/or minimum return”); resources under management totalled €4,012m (of which €3,414m with guaranteed capital).

As regards **Open Pension Funds**, at 31 December 2021 the UnipolSai Group managed 2 open pension funds (UnipolSai Previdenza FPA and Fondo Pensione Aperto BIM Vita) that at that date had a total of 41,370 members and total assets of €963m. At 31 December 2020, the Open Pension Funds managed total assets of €914m and a total of 41,427 members.

Information about the main insurance companies in the Group - Life business

The performance of the main Group companies at 31 December 2021 is summarised in the following table:

Amounts in €m	Premiums written (*)	*% Var.*	Investments	Gross Technical Provisions	Technical Provisions - Reinsurers' share
LIFE INSURANCE SECTOR					
UNIPOLSAI ASSICURAZIONI SpA	2,416	*(16.0)*	37,239	30,562	14
ARCA VITA & ARCA VITA INTERNATIONAL	1,629	*98.5*	13,894	11,253	10
BIM VITA SpA	51	*10.1*	704	566	

(*) excluding financial products

UnipolSai collected a total of direct premiums amounting to €2,416m (€2,875m at 31/12/2020, roughly -16%) in addition to financial products amounting to €454m (€224m at 31/12/2020, +103%).

The individual policy sector recorded a 9.2% decrease compared to 31 December 2020, which had benefited from a number of non-recurring contracts for significant amounts.
Please also note that premiums for single-premium revaluable products remained limited to customers reinvesting sums deriving from the benefits due from the Company on the basis of other insurance contracts. Again in the individual sector, Class IV premiums continued to increase (+27.3%), which shows the growing interest in products with long-term care coverage. Class III premiums increased (+64.7%) as a result of the good performance of the Multisegment and Unit-linked products.

The increase in first year premiums compared to the previous year (+20.4%) can be attributed to a general growth in business across all classes: Class I premiums increased by 12.4%, Class III by 52.3% and Class IV by 77.2%.

Premiums on collective policies showed a slight decrease compared with the same period of the previous year (-4.7%), due entirely to Class VI (-17.4%).

In the bancassurance channel, **Arca Vita** and its subsidiary **Arca Vita International** recorded premiums (including investment products) amounting to €2,423m (€1,140m at 31/12/2020). The volume of total investments reached the amount of €13,894m (€12,473m at 31/12/2020). The profit of Arca Vita, net of dividends collected from the subsidiaries, was €39.4m (up compared to €31.4m recognised at 31/12/2020), and that of Arca Vita International was €0.8m (€1.3m at 31/12/2020).

BIM Vita recorded a profit of roughly €1.9m at the end of 2021, up compared to 31 December 2020 (€1.5m). Gross premiums written amounted to around €51m (approximately €46m at 31/12/2020). The volume of total investments reached the amount of €704m (€675m at 31/12/2020).

New products

In 2021, with a view to continuing to optimise the allocation of new business, the Group updated the Segregated Funds of the class I and Multisegment products and, specifically, the Segregated Fund was updated for "Investimento Garantito Fidelity" products, dedicated to policyholders that decide to reinvest the sums deriving from settlements of benefits from other insurance contracts. The new version of the product differs from the previous one only due to the reference Segregated Fund, while the other features of the product have remained the same.
In the second half of 2021, the Company updated the fund underlying the "Multiramo Investimento MixSostenibile" product.

Starting from 10 February 2021, the offer of Protection products was enhanced with a new individual product with long-term care coverage, "UnipolSai Autonomia Costante", which joins the previous one and requires a constant premium throughout the term of the contract. The main new features introduced regard:
- the recognition of an increased initial annuity to handle initial unforeseen needs;
- the increase in the entry age;

- the possibility to obtain reduced benefits in the case of the suspension of premium payments starting from the eighth premium year.

As a further distinctive element, the possibility is provided to those who will subscribe the new Long Term Care product to obtain free of charge the integrated offer of services and benefits provided by UniSalute.

July 2021 saw the marketing launch of the product "TCM Gruppi Easy", which consists in 1-year insurance in the event of death for groups of employees, with fixed premium amounts for all employees and with simplified underwriting. The product offers three premium amounts, each of which envisaging a different level of insured capital that varies according to age bracket.

Reinsurance

UnipolSai Group outwards reinsurance policy

With regard to the risks underwritten in the Non-Life business, the reinsurance strategy proposed the same cover structures in place in 2020, maximising the effectiveness of the most operational of the main non-proportional treaties. Considering the Azzurro REII CAT Bond issued in 2020, the renewal in 2021 took place in continuity with the expiring bond, aside from having acquired Bridge cover to protect from Earthquake events with a view to risk mitigation.

At Group level, the following cover was negotiated and acquired in 2020:

- excess of loss treaties for the protection of MV TPL, General TPL, Fire (by risk and by event), Land Vehicle Hulls weather, Theft, Accident and Transport portfolios;
- stop loss treaty for the Hail class;
- proportional treaties for: Technological risk (C.A.R. - Contractors' All Risks -, Erection all Risks and Decennale Postuma - Ten-year Building Guarantee), Bonds (the retention of which is then protected by a "risk attaching" excess of loss), Aviation (Accident, Aircraft and TPL, the retention of which is protected by a "loss attaching" excess of loss), Legal Expenses, "D&O" and "Cyber" third-party liability.

The risks underwritten in the Life business in 2021 are mainly covered at Group level with two proportional treaties, one for individual risks and one for collective risks in excess of the risk premium. Retention is protected with a non-proportional cover in excess of loss by event that regards the Life and/or Accident classes. There are also three proportional covers for LTC guarantees, one proportional cover for Individual Serious Illnesses and one for Weighted Risks.

To minimise counterparty risk, reinsurance coverage continued to be spread out and placed with the major professional reinsurers that have been given a high credit rating by major rating agencies, in order to provide a comprehensive and competitive service. As regards: Legal Expenses and part of Transport risks, these were instead ceded to specialised reinsurers and/or specialist Group companies.

Real Estate Sector

The main income statement figures for the Real Estate sector are summarised below:

Income Statement - Real Estate Sector

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Gains on other financial instruments and investment property	68	48	*42.9*
Other revenue	37	23	*59.5*
Total revenue and income	**105**	**71**	***48.3***
Losses on other financial instruments and investment property	(97)	(43)	*127.0*
Operating expenses	(35)	(31)	*12.5*
Other costs	(37)	(32)	*16.6*
Total costs and expenses	**(169)**	**(105)**	***60.0***
Pre-tax profit (loss) for the year	**(64)**	**(35)**	***(84.2)***

The pre-tax result at 31 December 2021 was a loss of €64m (-€35m at 31/12/2020). The increase in the pre-tax loss can be attributed primarily to the increased incidence of amortisation, depreciation and write-downs (€93m at 31/12/2021 and €40m at 31/12/2020).

Investments and cash and cash equivalents of the Real Estate sector (including instrumental properties for own use) totalled €2,344m at 31 December 2021 (€2,386m at 31/12/2020), consisting mainly of Investment property and Properties for own use amounting to €2,216m (€2,296m at 31/12/2020).

Financial liabilities, at 31 December 2021, totalled €202m (€207m at 31/12/2020).

Group real estate business[3]

In the course of 2021, within a difficult, albeit recovering, scenario, driven by the logistics and residential and high-value office segments, the UnipolSai Group continued to enhance and develop its real estate assets. Furthermore, its activities aimed at reducing the vacancy rate of the portfolio of real estate for third-party use became more incisive.

As regards sales, aside from the finalisation of the sale of the Piazza Velasca property (Torre Velasca) in Milan for a price of €160m, more than thirty properties or property units deemed non-performing were sold as well. The reduction was facilitated by the support received by the sector from tax incentives promoted by the Italian government, which sustained the market of real estate to be renovated.

Thanks to the context of economic recovery, lease activities are seeing an appreciable resumption, which will reduce vacant spaces, generating an increase in rent. In particular, the entire Milan via De Castillia property has now been rented as, thanks to its location and the redevelopment performed in recent years, it encountered an excellent response from the market.

Investment geographical diversification continued with the selective acquisition of pan-European core funds, for €100m, with a view to optimising the portfolio's risk/return profile, while real estate investment activity focused on real estate assets rented out in the logistics sector, with an initial acquisition of a property of that type located in Desio, on via Oslavia for roughly €5m.

[3] The scope of the disclosure on Group real estate business also includes properties owned by the companies in sectors other than the Real Estate sector.

The requalification and development of real estate assets continued, regarding over 130 properties for an amount in excess of €90m, a trend which in Italy was accentuated by the tax incentives promoted by the government, despite the difficulty in obtaining raw materials and the resulting international increase in prices.
The main projects developed over the course of the period regard office real estate located in the areas of Milan and Turin.
In particular, please note that continuation of the construction of a new multi-storey headquarters building in Piazza Gae Aulenti (Porta Nuova Garibaldi area). The project calls for constructing a building in an elliptical shape, roughly 100 metres tall, with 23 floors above ground and 3 floors underground, for a total surface area of 31,000 m2. The tower was designed to receive the best certification in terms of energy and water saving and ecological quality of the spaces (Leed Platinum certification).
In this context, please note that three properties owned by the UnipolSai Group located in Milan at Corso di Porta Romana 19, Via De Castillia 23 and via Fara 39 (Torre Galfa) obtained the BREEAM Certification with a level of Excellent in February 2021. The three buildings were recently renovated and upgraded with high quality standards, combining respect for sustainability and energy efficiency parameters to make it possible to obtain the BREEAM Certification, currently recognised as the top Sustainability Assessment Method for buildings, demonstrating - along with the recognition of the Leed Gold Certification for Torre di Via Larga in Bologna - the Group's continuous commitment to making real estate investments enhancing its assets in compliance with the highest sustainability standards.

Other Businesses Sector

The key income statement figures regarding the Other Businesses sector are provided below:

Income Statement - Other Businesses Sector

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Income from investments in subsidiaries, associates and interests in joint ventures	6	4	*35.6*
Gains on other financial instruments and investment property	4	2	*59.7*
Other revenue	155	107	*45.1*
Total revenue and income	**164**	**113**	***45.1***
Losses on other financial instruments and investment property	(1)	(2)	*(41.7)*
Operating expenses	(111)	(87)	*27.4*
Other costs	(64)	(50)	*27.8*
Total costs and expenses	**(176)**	**(139)**	***26.6***
Pre-tax profit (loss) for the year	**(11)**	**(25)**	***55.6***

The pre-tax result at 31 December 2021 was a loss of €11m (-€25m at 31/12/2020).

The items Other revenue and Other costs include revenue and costs for secondment of personnel and for services provided to and received from companies of the Group belonging to other sectors, eliminated during the consolidation process.

At 31 December 2021, Investments and cash and cash equivalents of the Other Businesses sector (including properties for own use of €155m) totalled €519m (€464m at 31/12/2020).

Financial liabilities amounted to €37m (€19m at 31/12/2020).

In 2021, sector companies continued to face the COVID-19 emergency which, particularly for Gruppo UNA, heavily impacted turnover, directing significant efforts towards the systematic reduction of the cost structure, although it maintained qualitative leadership over its competitors.

As regards the hotel sector, the revenues of the subsidiary **Gruppo UNA** rose compared to 31 December 2020 by 94% (from around €34.4m to around €66.8m), reflecting the recovery in the tourism market starting from June and until November. In the second half of the year, nearly all facilities reopened, and year-end was reached with just 5 hotels closed (with the exception of 3 seasonal hotels) out of 34. Despite the actions implemented to limit operating costs, the still low business levels entailed a loss of around €14.5m.

As concerns agricultural activities, packaged wine sales of the company **Tenute del Cerro** recorded an increase of 28.9% compared to 31 December 2020 - from €7.3m to €9.4m - while total revenues rose by 26.3%, from €8.5m to €10.7m. This trend, along with the limitation of operating costs, made it possible to close the period with a profit of €0.1m.

Casa di Cura Villa Donatello closed 2021 with revenue of €37.3m, up by around 23.5% compared to 2020 (€30.2m). Revenue trends show a continuation of the positive performance in the core business, for hospitalisation (hospital stays and outpatient surgery) as well as clinic activities (visits and diagnostics). The company earned a profit of €1m, more than double that of 2020.

Asset and financial management

Investments and cash and cash equivalents

At 31 December 2021, Group **Investments and cash and cash equivalents** totalled €69,339m (€68,769m at 31/12/2020), with the following breakdown by business segment:

Investments and cash and cash equivalents - Breakdown by business segment

Amounts in €m	31/12/2021	% comp.	31/12/2020	% comp.	% var.
Insurance	66,676	*96.2*	66,119	*96.1*	*0.8*
Other Businesses	519	*0.7*	464	*0.7*	*11.8*
Real Estate	2,344	*3.4*	2,386	*3.5*	*(1.8)*
Inter-segment eliminations	(200)	*(0.3)*	(200)	*(0.3)*	*(0.4)*
Total Investments and cash and cash equivalents (*)	69,339	*100.0*	68,769	*100.0*	*0.8*

(*) including properties for own use

The breakdown by investment category is as follows:

Amounts in €m	31/12/2021	% comp.	31/12/2020	% comp.	% var.
Property (*)	**3,657**	***5.3***	**3,709**	***5.4***	***(1.4)***
Investments in subsidiaries, associates and interests in joint ventures	**176**	***0.3***	**163**	***0.2***	***8.3***
Held-to-maturity investments	**367**	***0.5***	**421**	***0.6***	***(12.8)***
Loans and receivables	**5,245**	***7.6***	**5,256**	***7.6***	***(0.2)***
Debt securities	4,019	*5.8*	3,936	*5.7*	*2.1*
Deposits with ceding companies	106	*0.2*	86	*0.1*	*22.6*
Other loans and receivables	1,120	*1.6*	1,234	*1.8*	*(9.2)*
Available-for-sale financial assets	**50,435**	***72.7***	**51,102**	***74.3***	***(1.3)***
Financial assets at fair value through profit or loss	**8,574**	***12.4***	**7,436**	***10.8***	***15.3***
held for trading	230	*0.3*	259	*0.4*	*(11.2)*
at fair value through profit or loss	8,345	*12.0*	7,178	*10.4*	*16.3*
Cash and cash equivalents	**885**	***1.3***	**681**	***1.0***	***30.0***
Total Investments and cash and cash equivalents	**69,339**	***100.0***	**68,769**	***100.0***	***0.8***

(*) including properties for own uses

Transactions carried out in 2021[4]

In 2021 the investment policies continued to adhere, in terms of medium/long-term investments, to the general criteria of prudence and of preserving asset quality consistent with the Guidelines defined in the Group Investment Policy.
Specifically, financial operations were geared towards reaching profitability targets consistent with the asset return profile and with the trend in liabilities over the long-term, maintaining a high-quality portfolio through a process of selecting issuers on the basis of their diversification and strength, with a particular focus on the liquidity profile.

Transactions in the **bond segment** concerned Italian government bonds and non-government bonds, applying a medium/long-term investment approach.
During 2021, a prudent approach was maintained with respect to bonds, assuming a positioning consistent with a context of an increase in interest rates and growing inflation. The decision was also made to maintain a consistent amount of liquidity to offset the increase in securities which by their very nature have limited liquidity, such as alternative funds. Throughout 2021, the requalification of exposure to bonds of government issuers continued.
The non-government bond component recorded an increase in exposure in the Life segment (for €327m) while there was a reduction of €64m in the Non-Life segment. Sales concerned primarily financial issuers in the category of subordinated securities and were intended to reduce the portfolio risk profile, also in view of the now upcoming transition to the new accounting standard IFRS 9.

Asset portfolio simplification activities continued during 2021, with a reduction of roughly €20m in exposure to level 2 and 3 structured bonds.

The following table shows the Group's exposure to structured securities:

	31/12/2021			31/12/2020			variation	
Amounts in €m	Carrying amount	Market value	Implied +/-	Carrying amount	Market value	Implied +/-	Carrying amount	Market value
Structured securities - Level 1	40	40	1	40	40			
Structured securities - Level 2	262	262		282	289	7	(20)	(27)
Structured securities - Level 3	2	1	(1)	2	1	(1)		
Total structured securities	**303**	**303**		**323**	**330**	**6**	**(20)**	**(27)**

Share exposure rose in the course of 2021 by around €400m. Acquisitions concerned securities of issuers diversified in terms of both sector criteria and geographical factors, reducing the exposure to ETFs (Exchange Traded Funds) and privileging single stock acquisitions. The equity instruments belong to the main developed country share indexes.
Strategies in options (calls and call spreads) at 3 and 5 years were also carried out, replicating the acquisition of the Eurostoxx50 index, for a total value of roughly €500m. This strategy makes it possible to benefit from any market increase over the next 5 years, limiting negative impacts to only the expense incurred for the acquisition of the premium.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €1,573m, an increase by approximately €408m compared to 31 December 2020.

Currency operations were conducted exclusively to hedge the currency risk of outstanding equity and bond positions.

The overall Group portfolio duration stood at 6.66 years, down compared to the end of 2020 (7.42 years). With reference to the Group insurance portfolio, the Non-Life duration was 3.13 years (*3.64* years at the end of 2020); the Life duration was 7.85 years (8.68 years at the end of 2020). The fixed rate and floating rate components of the bond portfolio amounted to 89.5% and 10.5% respectively. The government component accounted for approximately 62.4% of the bond portfolio whilst the corporate component accounted for the remaining 37.6%, split into 26.6% financial and 11% industrial credit.

[4] The scope of the disclosure on financial transactions, in terms of the breakdown of investments, does not include investments the risk of which is borne by the policyholders and customers and, in terms of companies, does not include the foreign companies DDOR and DDOR Re, the investment values of which are of little significance on the whole within the Group's overall portfolio.

Net gains on investments and financial income

The breakdown of net gains (losses) on investments and financial income is shown in the table below:

Net investment income

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Investment property	25	*1.6*	9	*0.6*	*189.9*
Gains/losses on investments in subsidiaries and associates and interests in joint ventures	11	*0.7*	15	*1.0*	*(24.9)*
Net gains on held-to-maturity investments	17	*1.1*	18	*1.3*	*(5.9)*
Net gains on loans and receivables	135	*8.5*	36	*2.5*	*n.s.*
Net gains on available-for-sale financial assets (*)	1,417	*89.6*	1,423	*97.2*	*(0.4)*
Net gains on held-for-trading financial assets held for trading and at fair value through profit or loss (**)	(24)	*(1.5)*	(38)	*(2.6)*	*37.0*
Balance of cash and cash equivalents	1	*0.1*	1	*0.1*	*(30.6)*
Total net gains on financial assets, cash and cash equivalents	**1,582**	***100.0***	**1,464**	***100.0***	***8.0***
Net losses on other financial liabilities	(86)		(93)		*(7.4)*
Total net losses on financial liabilities	**(86)**		**(93)**		***(7.5)***
Total net gains (***)	**1,496**		**1,371**		***9.1***
Net gains on financial assets at fair value (****)	365		157		
Net losses on financial liabilities at fair value (****)	(293)		(76)		
Total net gains on financial instruments at fair value (****)	**72**		**82**		
Total net gains on investments and net financial income	**1,568**		**1,453**		***7.9***

(*) Excluding the valuations of financial assets available for sale subject to hedge accounting

(**) Excluding net gains and losses on financial instruments at fair value through profit or loss for which investment risk is borne by customers (index- and unit- linked) and arising from pension fund management, including the valuations of financial assets available for sale subject to hedge accounting

(***) Excluding net gains and losses on financial instruments at fair value through profit or loss for which investment risk is borne by customers (index- and unit-linked) and arising from pension fund management

(****) Net gains and losses on financial instruments at fair value through profit or loss with investment risk borne by customers (index-and unit-linked) and arising from pension fund management.

At 31 December 2021, impairment losses were recognised in the Income Statement on financial instruments classified in the Available-for-sale asset category for €7m (€10m at 31/12/2020), in addition to net write-downs on investment property for €43m (net write-backs of €3m at 31/12/2020).

Shareholders' equity

Movements in shareholders' equity recognised during the year with respect to 31 December 2020 are set out in the attached Statement of changes in Shareholders' equity.

Shareholders' equity, excluding non-controlling interests, breaks down as follows:

Amounts in €m	31/12/2021	31/12/2020	*var. in amount*
Share capital	2,031	2,031	
Other equity instruments	496	496	
Capital reserves	347	347	
Income-related and other equity reserves	3,146	2,889	*257*
(Treasury shares)	(1)	(1)	*1*
Reserve for foreign currency translation differences	4	4	
Gains/losses on available-for-sale financial assets	1,285	1,295	*(10)*
Other gains and losses recognised directly in equity	(34)	(1)	*(33)*
Profit (loss) for the year	688	820	*(132)*
Total shareholders' equity attributable to the owners of the Parent	**7,964**	**7,881**	***83***

The main changes in the year in the Group's shareholders' equity were as follows:
- a decrease due to dividend distribution for €538m;
- a decrease due to remuneration, net of the relative tax benefits, of the perpetual regulatory capital instrument, recognised under Other equity instruments, for €25m;
- a decrease as a result of the fall in the reserve for gains and losses on available-for-sale financial assets, net of both the related tax liabilities and the portion attributable to the policyholders and charged to insurance liabilities for €10m;
- a decrease of €42m due to the decrease in the Cash flow hedge reserves;
- an increase of €688m for Group profit for the period.

Shareholders' Equity attributable to non-controlling interests was €270m (€263m at 31/12/2020).

Treasury shares and shares of the holding company

At 31 December 2021, UnipolSai held a total of 336,768 ordinary treasury shares (693,635 at 31/12/2020), of which 118,624 directly and 218,144 indirectly through the following subsidiaries:
- SIAT held 68,044;
- Unipol*Rental* held 56,180;
- UniSalute held 52,885;
- Leithà held 21,451;
- Arca Vita held 12,476;
- UnipolAssistance held 7,108.

The changes concerned the following transactions in execution of the Compensation plans based on financial instruments (performance share type) for the executive staff of UnipolSai and its subsidiaries:
- acquisition of a total of 2,731,000 UnipolSai shares by UnipolSai and its subsidiaries;
- assignment of 3,087,867 UnipolSai shares in execution of the 2016-2018 Compensation plan based on financial instruments, the Short Term Incentive compensation plan relating to the year 2020 and, only for executives categorised as significant risk takers, in execution of the Short Term Incentive compensation plan for the year 2019.

At 31 December 2021, UnipolSai held, directly and through its subsidiaries, a total of 196,248 shares issued by the holding company Unipol Gruppo SpA (396,806 at 31/12/2020).

During the year, 1,445,000 shares were assigned to Company executives and 1,1645,558 shares as part of the compensation plans based on financial instruments (performance share type).

Reconciliation statement for the Group result for the year and shareholders' equity showing the corresponding figures for the Parent

In accordance with Consob Communication 6064293 of 28 July 2006 the statement reconciling the Group result for the year and shareholders' equity, including the corresponding figures for the Parent, is shown below:

Amounts in €m	Share capital and reserves	Profit(loss) for the year	Shareholders' equity at 31/12/2021
Parent balances in accordance with Italian GAAP	5,914	648	6,562
IAS/IFRS adjustments to the Parent's financial statements	1,840	113	1,953
Differences between net carrying amount and shareholders'equity and profit (loss) for the year of consolidated investments, of which:	(636)	106	(530)
- Translation reserve	*4*		*4*
- Gains or losses on available-for-sale financial assets	*86*		*86*
- Other gains or losses recognised directly in equity	*37*		*37*
Consolidation differences	207		207
Companies measured using the equity method	25	11	36
Intercompany elimination of dividends	157	(157)	
Other adjustments	3	2	5
Consolidated Shareholders' equity	7,511	723	8,234
Non-controlling interests	235	35	270
Shareholders' equity attributable to the owners of the Parent	7,275	688	7,964

Technical provisions and financial liabilities

At 31 December 2021, Technical provisions amounted to €57,128m (€57,707m at 31/12/2020) and Financial liabilities amounted to €8,411m (€7,055m at 31/12/2020).

Technical provisions and financial liabilities

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Non-Life technical provisions	14,715	14,388	*2.3*
Life technical provisions	42,413	43,319	*(2.1)*
Total technical provisions	**57,128**	**57,707**	***(1.0)***
Financial liabilities at fair value	**6,356**	**4,379**	***45.1***
Investment contracts - insurance companies	5,911	4,055	*45.8*
Other	445	324	*37.4*
Other financial liabilities	**2,055**	**2,676**	***(23.2)***
Subordinated liabilities	1,446	2,088	*(30.8)*
Other	609	588	*3.6*
Total financial liabilities	**8,411**	**7,055**	***19.2***
Total	**65,540**	**64,762**	***1.2***

UnipolSai Group Debt

For a correct representation of the accounts under examination, information is provided below of financial debt only, which is the total amount of the financial liabilities not strictly associated with normal business operations.

The situation is summarised in the following statement:

Amounts in €m	31/12/2021	31/12/2020	*var. in amount*
Subordinated liabilities	1,446	2,088	*(642)*
Payables to banks and other lenders	478	453	*25*
Total debt	**1,924**	**2,541**	***(617)***

In 2021, UnipolSai Assicurazioni S.p.A., after obtaining the authorisation of the Supervisory Authority on 22 January 2021, exercised its right to call up the 2 subordinated bonds issued in 2001 and 2003, both with a twenty-year maturity, early, for a total nominal value at issue of €300m each.

Payables to banks and other lenders, amounting to €478m (€453m at 31/12/2020), are primarily related to the loan taken out for property purchases and for improvement works, by the Athens R.E. Closed Real Estate Fund for €151m and loans taken out by Unipol*Rental* from banks and other lenders for a total of €236m. The item also includes the financial liabilities deriving from the present value of future lease payments due for lease agreements accounted for on the basis of IFRS 16 for a total of €84m at 31 December 2021.

Other information

Sustainability

The sustainability guidance function is performed by the Board of Directors, which approves Policies that define the Group's ESG (Environmental, Social and Governance) commitments, the Integrated three-year Strategic Plan and the Sustainability Report. The Board is supported by the preliminary screening work performed by the Unipol Gruppo Sustainability Committee. The enactment of strategies is supported by the Sustainability Function, which reports to the Chairman to ensure compliance with values and a comprehensive overview of the activities carried out.

Sustainability is integrated within business activities, pursuing the objective of creating shared value, support for sustainable development and the prevention and mitigation of ESG risks; this approach is developed based on the Unipol Group Charter of Values and Code of Ethics.
The commitments accepted in these documents are firmly expressed in the **Sustainability Policy**, which defines the reference framework for sustainability within the Group and outlines risk management strategies and objectives in terms of ESG topics. One of the main developments of this Policy in 2021 was the definition of a specific commitment to the governance of risks, opportunities and impacts associated with terrestrial, marine and freshwater ecosystems (loss of **biodiversity** and **nature-related risk**).
ESG risk monitoring is then operationally broken down in Business policies, namely:

- the **Risk management policy** specifically identifies the ESG risks to be monitored and managed, including them in the taxonomy of risks common to the entire Group and integrating them within the ERM Framework;
- the **Underwriting policies - Non-Life Business and Life Business** introduce the assessment of the ESG performance of current and potential customers as an element for preventing and mitigating ESG risks; for the application of this approach, in 2021 a "data driven" ESG risk oversight model was finalised, calling for the attribution of an ESG Score to existing and potential customers;
- the **Investment policy** promotes the integration of ESG factors within decision-making processes relating to investments, through screening activity based on international conventions, linked to strategies for the exclusion of companies and countries on the basis of conduct or business sector; with the 2021 update, the Group formalised an approach for the management of climate change-related risks and assumed specific commitments;
- the **Outsourcing and supplier selection policy** requires an assessment of proper and responsible management requirements in supplier selection criteria, asking suppliers to respect the **Supplier Code of Conduct** for responsible procurement.

The integration of sustainability within business processes is a fundamental lever for the UnipolSai Group to develop long-term competitiveness; this is why one of the five areas of Mission Evolve is "**Shared value and sustainable development**". Within this area, the strategies and projects (relating to three ecosystems) have been outlined through which the Group undertakes to contribute to the achievement of Goals 3 (Good health and well-being), 8 (Decent work and economic growth) and 11 (Sustainable cities and communities) of the UN's 2030 Agenda, promotes prevention actions and leverages proprietary assets for the creation of shared value.

The projects carried out during the three-year period of the Strategic Plan include:

- the commitment to drive production system resilience, with a particular focus on the agricultural sector and the risks generated by climate change, with the ADA project, financed through the European Life fund, to define a short- and long-term forecasting model to reduce both catastrophe risk and transition risk. The project, which began in September 2020, will conclude in December 2023;
- the marketing of the UnipolSai Investimento MixSostenibile Multisegment product, designed with a view to integrating ESG factors within investment selection and management, combining yield and risk control objectives with the target of promoting responsible, inclusive and environmentally friendly development;
- the joint adoption of a Green Bond Framework by Unipol Gruppo and UnipolSai Assicurazioni, which received the second party opinion from Sustainalitycs. In the course of 2020, the holding company Unipol issued an unconvertible senior unsecured bond for a nominal amount of €1bn maturing in 10 years.

In order to monitor respect for the commitments assumed, three sustainability indicators have been shared with the market, which measure (i) the increase in premiums for the sale of socially and environmentally impactful products (with a view to reaching 30% of the corresponding product families), (ii) the increase in thematic investments, until

substantially doubling them (from 326m to 600m in the course of the Plan) and (iii) the maintenance of a reputational performance above the financial-insurance sector average. This last parameter has also been introduced as a non-financial factor amongst long-term variable remuneration criteria to support the adoption of this integrated approach within the management structure.
While the second and third objective were fully reached and surpassed, the first suffered from a general contraction in the sale of non-compulsory insurance products, reaching a result of 27.2% at the end of 2021.

During the year, social initiatives continued as well: insurance education through the UnipolEos project and with Feduf (Foundation for Financial Education and Savings) for schools, the campaigns with Legambiente ("Bellezza Italia") and Libera, and the initiatives to support a widespread culture of respect for women. Stakeholder engagement activities and the management of the Unipol Regional Councils continued, and the CreAree project entered the local development phase with the identification and launch of pilot projects, on the one hand, and the training of specific transversal working groups, on the other. These actions advanced and intensified the engagement of the stakeholders and partners involved in the development of internal areas and marginal communities.

At international level, the holding company Unipol has signed on to the United Nations Global Compact, the Principles for Responsible Investing (UN PRI) and, as of 2021, the Principles for Sustainable Insurance (PSI), the global framework on sustainability in the insurance sector promoted by the United Nations Environmental Programme Finance Initiative (UNEP FI).

Human Resources

The total number of Group employees at 31 December 2021 was 11,881 (+111 compared with 2020).

	31/12/2021	31/12/2020	*Variation*
Total number of UnipolSai Group employees	11,881	11,770	*111*
of which on a fixed-term contract	471	420	*51*
Full Time Equivalent - FTE	11,339	11,200	*139*

This includes 53 seasonal staff of Gruppo UNA at 31 December 2021 (18 at 31/12/2020), and foreign company employees (1,396) include 536 agents.

The increase of 111 compared to 31 December 2020 was due, net of transfers to fixed-term contracts or changes due to seasonal work that began and ended during the year, to 791 entries and 681 departures and 1 case of incoming intra-group mobility from a company outside the UnipolSai scope.

Group sales network

At 31 December 2021, 2,442 agencies were in operation, of which 2,213 of UnipolSai (at 31/12/2020, the agencies were 2,532, of which 2,314 of UnipolSai), with 4,093 agents (4,147 at 31/12/2020). Reorganisation and streamlining initiatives continued in 2021 with the aim of promoting dimensional growth and evolution towards a more managerial model for the agencies concerned.

The leading bancassurance companies of the Group placed their products through the following sales networks:
- Arca Assicurazioni, Arca Vita and Arca Vita International primarily through BPER Banca SpA and Banca Popolare di Sondrio SpA;
- BIM Vita through the branches of Banca Intermobiliare and of Banca Consulia (formerly Banca Ipibi) and solely with regard to post-sale activities, of Cassa di Risparmio di Fermo;
- Incontra Assicurazioni through Unicredit Group.

The **Sustainable Agencies** project continued during the year. After the pilot phase, with 4 agencies certified for their virtuous environmental conduct by Legambiente, the possibility to participate was extended to a broader panel of agencies.

In 2021, the Group's commercial actions were characterised by the simplification and **digitalisation of remote sale processes**, on the one hand, and by the development of processes to strengthen the active role of the Agencies in customer relationships, on the other. The Agencies have a new dashboard that keeps them continuously up-to-date on the transactions autonomously carried out by their customers, allowing them to interact with and support them in an effective and integrated manner.

IT services

In the course of 2021, activities concentrated on 3 lines of action:

- **the enhancement of the services offered and the evolution** of Digital Touch Points supporting **Omnichannel interaction with customers**. These include:
  - the creation of a new version of the app that integrates new functions to pay for fuel with API/IP and Tamoil;
  - the management of the new Electronic Toll Payment service;
  - self-service sale of Pet and Travel products and new gamification functions supporting app usage.

  With 3.1m downloads and +32% interactions, the UnipolSai App has once again been confirmed as the best app in the insurance market.
  The upward trend in electronic signatures and payments was also confirmed, with 6m signatures and 3m payments during the year;
- development of **new solutions and architectures** based on technologies and methodologies aligned with the highest market standards, such as the design and creation of the new IT platform for managing Electronic Toll Payments and the sale of Beyond Insurance products, in support of the activities of UnipolTech. Furthermore, the new payment platform is being completed to support the activities of UnipolPay, and the new Digital Workplace platform was released to more than 2,000 colleagues in the Claims Department, while the Univax platform was created and used during the year to support the management of the Group's vaccination campaigns, managed through UniSalute;
- **continuation of the digitalisation and optimisation of processes and evolution of insurance products and systems**. Activities also continued in the areas of Artificial Intelligence, Process Robotics, Data and Cybersecurity.

Transactions with related parties

The Procedure for related-party transactions (the "Procedure") - prepared pursuant to Art. 4 of Consob Regulation no. 17221 of 12 March 2010 as amended (the "Consob Regulation") and updated most recently by the Company's Board of Directors on 24 June 2021, effective as of 1 July 2021, in order to incorporate the amendments made to the Consob Regulation with resolution no. 21624 of 10 December 2020 - defines the rules, methods and principles that ensure the transparency and substantive and procedural fairness of the transactions with related parties carried out by UnipolSai, either directly or through its subsidiaries.

The Procedure is published in the "Corporate Governance/Related Party Transactions" section of UnipolSai 's website (www.unipolsai.com).

With regard to the execution of Transactions with Related Parties qualified as of "Major Significance", please recall that, as specified in the section above "Significant events during the year", in March 2021 UnipolSai entered into a settlement agreement with all of the defendants to settle in full the liability actions lodged, in the course of 2013 and 2014, by the Company and by several Unipol Group companies with respect to some directors and statutory auditors of companies of the former Premafin/Fondiaria-SAI Group. For additional information on this matter, see the Information Document concerning Transactions of "Major Significance" with Related Parties, drawn up by UnipolSai pursuant to Art. 5 of the Consob Regulation and posted on 25 March 2021 on the website www.unipolsai.com, in the "Governance/Related Party Transactions" section.
The Settlement Agreement, which calls for a total payment of roughly €42m, was signed in March 2021 and became effective following its approval by the Shareholders' Meetings of UnipolSai and the other plaintiff companies.

In 2021, UnipolSai did not approve, or carry out, directly or through subsidiaries, any related-party transactions qualified as of "Major Significance", or which significantly influenced the financial position or profit and loss of the companies, pursuant to Art. 5, paragraph 8 of the CONSOB Regulation.
As regards the disclosure required by IAS 24, please refer to paragraph 5.6 - Transactions with related parties in the Notes to the financial statements.

Report on corporate governance and ownership structures pursuant to Art. 123-bis of Italian Legislative Decree 58 of 24 February 1998

The information required by the Art. 123-bis, Italian Legislative Decree 58 of 24 February 1998 as amended is included in the Annual Report on corporate governance and ownership structures, approved by the Board of Directors and published together with the management report.
The Annual Report on Corporate Governance and Ownership Structures is available in the "Governance/Corporate Governance System/Annual Report" Section on the Company's website (www.unipolsai.com).

Statement pursuant to Art. 2.6.2, paragraph 8 of the Regulation governing markets organised and managed by Borsa Italiana SpA

Pursuant to the requirements set forth in Art. 2.6.2, paragraph 8 of the Regulation governing markets organised and managed by Borsa Italiana SpA with reference to subsidiaries subject to the management and coordination of another company, it is hereby stated that the conditions set forth in Art. 16 of Consob Regulation no. 20249/2017 exist for UnipolSai SpA.

Significant events after the reporting period

Acquisition of I.Car Srl

On 13 January 2022, UnipolSai acquired 100% of I.Car Srl share capital at the price of €60m and 100% of Muriana Manuela Srl share capital for €3m. The acquisition of these two companies, operating respectively in the motor vehicle anti-theft and insurance brokerage sectors, is consistent with development of the Mobility Ecosystem undertaken by the Group in recent years. The I.Car price could later be integrated with the payment of two variable tranches of around €10m each, which will be determined after approval of the I.Car financial statements for 2021 and 2022 in accordance with the criteria envisaged in the purchase agreement.

Termination of the agreement with Intesa Sanpaolo SpA

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

UnipolSai and Linear: partnership with Pedius

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

MF Insurance Awards 2022

At the insurance excellence awards night on 24 February 2022, UnipolSai, Unisalute and Arca Vita received several recognitions in the "Companies of Value" category. Added to these was the Special ESG Insurance Elite Award for the best Standard Ethics sustainability rating for an Italian insurance company which went to UnipolSai.

Early repayment of loan disbursed to Unipol maturing in 2024

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

Partnership between UnipolSai and Ducati Corse

8 March 2022 saw the renewal, for the sixth consecutive year, of the partnership between UnipolSai and the Borgo Panigale team for the 2022 MotoGP World Championship.

Business outlook

After the robust economic recovery seen in Europe and in Italy in 2021, a slowdown in growth is forecast for 2022, intensified by the current geopolitical scenario. Having overcome domestic political uncertainties earlier in the year and, thanks to the success of the vaccination campaign and the limitation of the infection curve, reduced concerns relating to pandemic variants, tensions have progressively increased in relation to a number of factors of instability. Indeed, in the initial months of 2022, the international scenario was impacted by the deterioration of the conflict between Russia and Ukraine, which transformed into a large-scale clash of military forces following Russia's invasion of Ukrainian territory. Aside from the heavy price in terms of human life and refugees, the effects of the conflict and the ensuing economic and financial sanctions imposed on Russia by the international community are affecting the global economy. Some of the main impacts are expected to be difficulties in the procurement of raw materials, with additional increases in the relative prices, and the risk of an already stressed supply chain becoming even more compromised.
These situations of uncertainty and fears of the potential impacts are creating financial market tensions, with plummeting international share prices and upward trends in interest rates. All this reflects on the Group's financial investments, which have marked a reduction in their implicit capital gains, and on financial management, which in any event continues to be aimed at the consistency of assets and liabilities and optimising the risk/return profile of the portfolio, also with regard to the maintenance of an adequate level of solvency.
The uncertainty of the current context and, especially, its future evolution, does not make it possible to fully determine its effects on the financial situation and economic results of the Group. However, the Group does not carry out relevant economic activities in the area concerned by the conflict, does not hold, except to an extremely marginal extent, financial investments in securities of Russian or Ukrainian issuers and is not a contractual party to any relevant financial transactions with subjects or entities subject to the international sanctions.

With regard to the trends of the business sectors in which the Group operates, there are no particularly significant events to report with respect to the trends recorded throughout 2021.

Of particular note was the invitation submitted to UnipolSai to become a founding member of two of the five National Centres of Excellence established within the National Recovery and Resilience Plan (the "NRRP"). In particular, one located in Bologna concerns the establishment of the "National Centre for HPC supercomputing and the cloud" and "Quantum Computing", and the other, in Milan, regards the establishment of the "National Centre for sustainable mobility". UnipolSai immediately decided to participate in both initiatives, which moreover involve areas in which the Company is developing technological innovations for some time now.

The Group is completing activities for the preparation of the new 2022-2024 Strategic Plan, which will be presented to the financial markets this May.

Excluding unforeseeable events, also given the uncertainties in the reference context, the operating result for 2022 is expected to remain positive.

Bologna, 24 March 2022

The Board of Directors


Unipol Assistance
ASSISTENZA STRADALE


ipolService
CENTRI RIPARAZIONE AUTO

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CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2021 TABLES OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Financial Position
Assets

	Amounts in €m	31/12/2021	31/12/2020
1	INTANGIBLE ASSETS	962.9	920.6
1.1	Goodwill	513.7	513.7
1.2	Other intangible assets	449.3	407.0
2	PROPERTY, PLANT AND EQUIPMENT	2,431.0	2,279.8
2.1	Property	1,500.8	1,447.5
2.2	Other tangible assets	930.2	832.2
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	831.3	835.3
4	INVESTMENTS	66,953.5	66,640.4
4.1	Investment property	2,155.8	2,261.5
4.2	Investments in subsidiaries, associates and interests in joint ventures	176.5	162.9
4.3	Held-to-maturity investments	366.7	420.8
4.4	Loans and receivables	5,245.1	5,256.4
4.5	Available-for-sale financial assets	50,435.0	51,102.3
4.6	Financial assets at fair value through profit or loss	8,574.3	7,436.5
5	SUNDRY RECEIVABLES	3,424.9	3,209.7
5.1	Receivables relating to direct insurance business	1,398.0	1,482.4
5.2	Receivables relating to reinsurance business	204.5	166.9
5.3	Other receivables	1,822.4	1,560.4
6	OTHER ASSETS	970.8	858.1
6.1	Non-current assets or assets of a disposal group held for sale	132.6	203.4
6.2	Deferred acquisition costs	100.1	99.2
6.3	Deferred tax assets	108.1	2.6
6.4	Current tax assets	9.1	8.6
6.5	Other assets	620.9	544.3
7	CASH AND CASH EQUIVALENTS	884.8	680.6
	TOTAL ASSETS	76,459.3	75,424.5

Statement of Financial Position
Shareholders' Equity and Liabilities

	Amounts in €m	31/12/2021	31/12/2020
1	SHAREHOLDERS' EQUITY	8,233.8	8,144.0
1.1	**attributable to the owners of the Parent**	7,964.0	7,880.8
1.1.1	Share capital	2,031.5	2,031.5
1.1.2	Other equity instruments	496.2	496.2
1.1.3	Capital reserves	346.8	346.8
1.1.4	Income-related and other equity reserves	3,146.1	2,889.2
1.1.5	(Treasury shares)	(0.7)	(1.3)
1.1.6	Reserve for foreign currency translation differences	3.9	4.0
1.1.7	Gains or losses on available-for-sale financial assets	1,285.4	1,295.1
1.1.8	Other gains or losses recognised directly in equity	(33.6)	(0.8)
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	688.5	820.0
1.2	**attributable to non-controlling interests**	269.8	263.3
1.2.1	Share capital and reserves attributable to non-controlling interests	216.8	209.5
1.2.2	Gains or losses recorded directly in equity	18.3	20.6
1.2.3	Profit (loss) for the year attributable to non-controlling interests	34.8	33.1
2	PROVISIONS	422.0	437.8
3	TECHNICAL PROVISIONS	57,128.3	57,707.0
4	FINANCIAL LIABILITIES	8,411.2	7,055.3
4.1	Financial liabilities at fair value through profit or loss	6,356.4	4,379.3
4.2	Other financial liabilities	2,054.8	2,676.0
5	PAYABLES	1,191.5	1,026.0
5.1	Payables arising from direct insurance business	187.6	162.8
5.2	Payables arising from reinsurance business	104.5	77.0
5.3	Other payables	899.5	786.2
6	OTHER LIABILITIES	1,072.4	1,054.5
6.1	Liabilities associated with disposal groups	3.1	3.2
6.2	Deferred tax liabilities	107.6	136.3
6.3	Current tax liabilities	39.4	38.5
6.4	Other liabilities	922.3	876.5
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	76,459.3	75,424.5

Income Statement

		Amounts in €m	31/12/2021	31/12/2020
1.1	Net premiums		11,878.5	11,349.2
1.1.1		Gross premiums earned	12,349.1	11,810.4
1.1.2		Earned premiums ceded to reinsurers	(470.6)	(461.2)
1.2	Commission income		45.3	34.4
1.3	Gains and losses on financial instruments at fair value through profit or loss		188.8	(187.0)
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures		13.0	15.7
1.5	Gains on other financial instruments and investment property		1,860.2	2,228.3
1.5.1		Interest income	1,368.1	1,348.5
1.5.2		Other income	233.6	180.5
1.5.3		Realised gains	238.5	448.6
1.5.4		Unrealised gains	19.9	250.8
1.6	Other revenue		935.1	818.4
1	TOTAL REVENUE AND INCOME		14,921.0	14,259.0
2.1	Net charges relating to claims		(9,809.2)	(8,844.3)
2.1.1		Amounts paid and changes in technical provisions	(9,992.1)	(9,015.2)
2.1.2		Reinsurers' share	183.0	170.9
2.2	Commission expenses		(36.4)	(19.7)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures		(1.6)	(0.5)
2.4	Losses on other financial instruments and investment property		(492.5)	(603.6)
2.4.1		Interest expense	(82.2)	(97.3)
2.4.2		Other charges	(27.8)	(28.3)
2.4.3		Realised losses	(115.8)	(415.1)
2.4.4		Unrealised losses	(266.8)	(62.8)
2.5	Operating expenses		(2,611.0)	(2,541.9)
2.5.1		Commissions and other acquisition costs	(1,856.6)	(1,844.6)
2.5.2		Investment management expenses	(125.3)	(119.9)
2.5.3		Other administrative expenses	(629.1)	(577.4)
2.6	Other costs		(1,075.5)	(1,130.4)
2	TOTAL COSTS AND EXPENSES		(14,026.1)	(13,140.4)
	PRE-TAX PROFIT (LOSS) FOR THE YEAR		894.9	1,118.6
3	Income tax		(171.7)	(265.5)
	PROFIT (LOSS) FOR THE PERIOD AFTER TAXES		723.2	853.1
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS			
	CONSOLIDATED PROFIT (LOSS)		723.2	853.1
	of which attributable to the owners of the Parent		688.5	820.0
	of which attributable to non-controlling interests		34.8	33.1

Comprehensive Income Statement

Amounts in €m	31/12/2021	31/12/2020
CONSOLIDATED PROFIT (LOSS)	723.2	853.1
Other income items net of taxes not reclassified to profit or loss	**(0.8)**	**(26.0)**
Change in the shareholders' equity of the investees	(0.0)	(20.5)
Change in the revaluation reserve for intangible assets		
Change in the revaluation reserve for property, plant and equipment		
Gains and losses on non-current assets or disposal groups held for sale		
Actuarial gains and losses and adjustments relating to defined benefit plans	0.4	(5.4)
Other items	(1.3)	
Other income items net of taxes reclassified to profit or loss	**(44.2)**	**174.0**
Change in the reserve for foreign currency translation differences	(0.1)	(1.1)
Gains or losses on available-for-sale financial assets	(12.1)	158.8
Gains or losses on cash flow hedges	(42.1)	4.2
Gains or losses on hedges of a net investment in foreign operations		
Change in the shareholders' equity of the investees	10.1	12.1
Gains and losses on non-current assets or disposal groups held for sale		
Other items		
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	(45.0)	148.1
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)	678.2	1,001.2
of which attributable to the owners of the Parent	645.8	962.9
of which attributable to non-controlling interests	32.4	38.2

Statement of Changes in Shareholders' Equity

	Amounts in €m	Balance at 31/12/2019	Changes to closing balances	Amounts allocated	Adjustments from reclassif. to profit or loss	Transfers	Changes in investments	Balance at 31/12/2020
Shareholders' Equity attributable to the owners of the Parent	Share capital	2,031.5						2,031.5
	Other equity instruments			496.2				496.2
	Capital reserves	346.8						346.8
	Income-related and other equity reserves	2,718.1		172.9			(1.8)	2,889.2
	(Treasury shares)	(2.0)		0.8				(1.3)
	Profit (loss) for the year	627.8		644.8		(452.5)		820.0
	Other comprehensive income/(expense)	1,155.5		318.7	(175.8)			1,298.4
	Total attributable to the owners of the Parent	**6,877.6**		**1,633.3**	**(175.8)**	**(452.5)**	**(1.8)**	**7,880.8**
Shareholders' Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	232.7		(10.4)			(12.7)	209.5
	Profit (loss) for the year	27.1		31.3		(25.3)		33.1
	Other comprehensive income/(expense)	15.5		15.1	(10.0)			20.6
	Total attributable to non-controlling interests	**275.3**		**35.9**	**(10.0)**	**(25.3)**	**(12.7)**	**263.3**
Total		7,152.9		1,669.2	(185.8)	(477.8)	(14.5)	8,144.0

		Balance at 31/12/2020	Changes to closing balances	Amounts allocated	Adjustments from reclassif. to profit or loss	Transfers	Changes in investments	Balance at 31/12/2021
Shareholders' Equity attributable to the owners of the Parent	Share capital	2,031.5						2,031.5
	Other equity instruments	496.2						496.2
	Capital reserves	346.8						346.8
	Income-related and other equity reserves	2,889.2		256.9				3,146.1
	(Treasury shares)	(1.3)		0.5				(0.7)
	Profit (loss) for the year	820.0		406.0		(537.5)		688.5
	Other comprehensive income/(expense)	1,298.4		(190.5)	147.8			1,255.8
	Total attributable to the owners of the Parent	**7,880.8**		**472.9**	**147.8**	**(537.5)**		**7,964.0**
Shareholders' Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	209.5		7.2				216.8
	Profit (loss) for the year	33.1		27.5		(25.8)		34.8
	Other comprehensive income/(expense)	20.6		(6.3)	3.9			18.3
	Total attributable to non-controlling interests	**263.3**		**28.5**	**3.9**	**(25.8)**		**269.8**
Total		8,144.0		501.4	151.7	(563.4)		8,233.8

Statement of Cash Flows (indirect method)

Amounts in €m	31/12/2021	31/12/2020
Pre-tax profit (loss) for the year	**894.9**	**1,118.6**
Change in non-monetary items	**364.5**	**(1,417.6)**
Change in Non-Life premium provision	(20.2)	62.4
Change in claims provision and other Non-Life technical provisions	347.5	(600.1)
Change in mathematical provisions and other Life technical provisions	(902.0)	831.7
Change in deferred acquisition costs	(0.9)	2.1
Change in provisions	(15.7)	(4.6)
Non-monetary gains and losses on financial instruments, investment property and investments	(202.9)	(844.3)
Other changes	1,158.8	(864.8)
Change in receivables and payables generated by operating activities	**(360.7)**	**(211.3)**
Change in receivables and payables relating to direct insurance and reinsurance	16.3	(50.3)
Change in other receivables and payables	(377.0)	(161.0)
Paid taxes	**(99.6)**	**(83.3)**
Net cash flows generated by/used for monetary items from investing and financing activities	**1,233.1**	**1,618.2**
Liabilities from financial contracts issued by insurance companies	1,723.2	1,360.4
Payables to bank and interbank customers		
Loans and receivables from banks and interbank customers		
Other financial instruments at fair value through profit or loss	(490.1)	257.8
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**2,032.2**	**1,024.6**
Net cash flow generated by/used for investment property	24.2	(399.9)
Net cash flow generated by/used for investments in subsidiaries, associates and interests in joint ventures	0.1	1.9
Net cash flow generated by/used for loans and receivables	(366.4)	(719.3)
Net cash flow generated by/used for held-to-maturity investments	56.7	37.0
Net cash flow generated by/used for available-for-sale financial assets	(184.2)	289.2
Net cash flow generated by/used for property, plant and equipment and intangible assets	(235.1)	(205.0)
Other net cash flows generated by/used for investing activities	96.8	15.8
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES	**(607.9)**	**(980.3)**
Net cash flow generated by/used for equity instruments attributable to the owners of the Parent		500.0
Net cash flow generated by/used for treasury shares	0.8	1.8
Dividends distributed attributable to the owners of the Parent	(537.5)	(452.5)
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests	(25.8)	(25.3)
Net cash flow generated by/used for subordinated liabilities and equity instruments	(641.7)	(80.0)
Net cash flow generated by/used for other financial liabilities	(15.8)	(54.9)
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES	**(1,220.0)**	**(110.9)**
Effect of exchange rate gains/losses on cash and cash equivalents	(0.0)	0.0
CASH AND CASH EQUIVALENTS AT 1 JANUARY (**)	680.7	747.3
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	204.3	(66.6)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (***)	885.0	680.7

(*) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (2021: €0.1m; 2020: €0.2m).
(**) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (2021: €0.2m; 2020: €0.1m).

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NOTES TO THE FINANCIAL STATEMENTS

1. Basis of presentation

The UnipolSai Group, consisting of UnipolSai Assicurazioni ("UnipolSai") and its subsidiaries, operates in all Non-Life and Life insurance and reinsurance and capitalisation business; it may issue investment contracts and may set up and manage open pension funds, in compliance with the provisions of Art. 9 of Italian Legislative Decree 124 of 21 April 1993 and subsequent amendments.
To support the insurance business, it has developed instrumental commercial activities relating in particular to vehicle repair and vehicle glass replacement, the management of black boxes and other telematic devices, the management of payments in mobility and long-term vehicle rental.
It also carries out real estate, and to a lesser extent, hotel, agricultural and healthcare activities.
The UnipolSai Group mainly operates in Italy: outside Italy, the Group operates in Serbia, through the subsidiary DDOR Novi Sad and the dedicated captive reinsurance company Ddor Re, and in Ireland with UnipolRe, a professional reinsurance company.

UnipolSai is a joint-stock company, has its registered office in Bologna, via Stalingrado 45 (Italy) and is listed on the Milan Stock Exchange.
UnipolSai's Consolidated Financial Statements were drawn up in accordance with Art. 154-ter of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and of ISVAP Regulation no. 7 of 13 July 2007, as amended. They conform to the IAS/IFRS standards issued by the IASB and endorsed by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of Regulation (EC) no. 1606/2002 in force on the closing date of the financial statements.

The Consolidated Financial Statements consist of:
- Statement of Financial Position;
- Income Statement and Comprehensive Income Statement;
- Statement of changes in Shareholders' equity;
- Statement of Cash Flows;
- Notes to the financial statements;
- Tables appended to the notes to the financial statements.

The layout conforms to the provisions of ISVAP Regulation no. 7 of 13 July 2007, Part III as amended, relating to the layout of the Consolidated Financial Statements of insurance and reinsurance companies that must adopt international accounting standards.

The information requested by Consob Communications DEM/6064293 of 28 July 2006 and DEM/11070007 of 5 August 2011 is also provided.

The Consolidated Financial Statements are drawn up on the assumption that the company will continue as a going concern, in application of the principles of accrual accounting, materiality and truthfulness of accounting information, in order to provide a true and fair view of the equity-financial position and economic result, in compliance with the principle of the prevalence of the economic substance of transactions over their legal form.
The going concern assumption is considered to be confirmed with reasonable certainty given that companies belonging to the UnipolSai Group have sufficient resources to ensure that they will continue to operate for the foreseeable future. In addition, the liquidity risk is deemed to be very remote.

The layout of the financial statements offers a comparison with the figures of the previous year. Where necessary, in the event of a change to the accounting standards, measurement or classification criteria, the comparative data are re-stated and reclassified in order to provide homogeneous and consistent information.

The presentation currency is the euro and all the amounts shown in the financial statements and these notes are in €m, except when specifically indicated, rounded to one decimal place; therefore the sum of the individual amounts is not always identical to the total.

The Consolidated financial statements of UnipolSai Assicurazioni SpA are subject to an audit by independent auditors EY SpA, the company tasked with performing the legally-required audit of the consolidated financial statements for the 2021/2029 period.

EU ESEF Regulation - Financial statements in the single electronic reporting format

The "Transparency Directive" (2004/109/EC) requires listed companies to publish their annual financial report in the "single electronic reporting format". To this end, Regulation (EU) 2019/815 of 2018 (the "ESEF Regulation") imposed the obligation of drafting such reporting in XHTML format, also marking up certain information in the consolidated financial statements (financial statements and certain identifying data of the issuer) using XBRL specifications. The obligation of applying this preparation method, following an extension adopted at national level, comes into force starting from the 2021 financial year. In the course of 2021, XBRL Italia published "Adaptation to the ESMA taxonomy for Italian insurance companies" in order to reflect the specific characteristics of the insurance sector and to guarantee the uniform application of the marking up rules at national level. This document defines the marking up rules for financial statements required under IVASS Regulation 7, through basic taxonomy items or the creation of specific extensions.
The UnipolSai Group has applied the guidelines set forth in the document published by XBRL Italia for the mark up of numerical data contained in the statement of financial position, the income statement and the comprehensive income statement, the statement of changes in shareholders' equity and the statement of cash flows.

Consolidation scope

The UnipolSai Group's Consolidated Financial Statements at 31 December 2021 were drawn up by combining the figures of UnipolSai and those for the 49 direct and indirect subsidiaries (IFRS 10). At 31 December 2020 a total of 48 companies were consolidated on a line-by-line basis. Subsidiaries deemed to be too small to be of relevance are excluded from line-by-line consolidation.

There are no jointly-controlled interests.

Associates (19 companies), in which the investment percentage ranges between 20% and 50%, and subsidiaries considered immaterial (2 companies), are measured using the equity method (IAS 28) or maintained at the carrying amount. At 31 December 2020, a total of 22 associates and subsidiaries were considered immaterial.

Investments consolidated on a line-by-line basis and those measured using the equity method are listed in the tables showing the Consolidation scope and Details of unconsolidated investments, respectively, which are appended to these Notes.

Changes in the consolidation scope compared with 31 December 2020 and other transactions

Changes in the consolidation scope

On 1 March 2021, UnipolSai Assicurazioni SpA sold its entire holding in Servizi Immobiliari Martinelli SpA consisting of 200 shares, i.e. 20% of the share capital.

On 26 April 2021, the decision to liquidate UnipolSai Servizi Consortili Scrl was entered into the Register of Companies and its name was changed to UnipolSai Servizi Consortili Scrl in liquidazione. To conclude the voluntary liquidation process, on 23 December 2021, the consortium members approved the final liquidation financial statements and the relative distribution plan.

On 22 June 2021, the company MNTTN SpA was established by full payment of the share capital of €120,000 which is held entirely by UnipolSai. The company, after enrolling in the Single Register of Intermediaries at IVASS, will carry out insurance brokerage activities.

On 5 July 2021, after obtaining authorisation to operate on 30 June 2021 from the Bank of Italy, the deed of incorporation of the company UnipolPay SpA was registered with the Register of Companies. The Company's purpose is the issue of electronic money (IMEL) and the provision of operating and accessory services closely connected to the issue of electronic currency, as well as the provision of payment services, also not connected to the issue of electronic currency and the relative accessory activities. At 31 December 2021, the company had not yet started operating.

It should be noted that, as of 1 July 2021, some Group companies have changed their company business name. More specifically, APB Car Service Srl has changed its business name to UnipolGlass Srl, Auto Presto & Bene SpA has changed its business name to UnipolService SpA, Pronto Assistance Service Scrl has changed its business name to UnipolAssistance Scrl and finally Alfaevolution Technology SpA has changed its business name to UnipolTech SpA. These companies are listed in the notes to the financial statements and related annexes under their new business names.

Capital transactions of investee companies

On 19 January 2021, the subsidiary Meridiano Secondo Srl requested a capital account payment for a total of €60m, intended to finance owned real estate initiatives. On 25 January, on 20 April and on 20 December, three tranches - for a total of €45m - were disbursed linked to the construction of the Unipol Tower, the renovation of the Via De Castillia property and the renovation of the Via Sassetti property.

On 4 June 2021, UnipolSai made a capital account payment of €40m in favour of the subsidiary Gruppo UNA SpA in order to replenish its shareholders' equity, which had reduced due to losses during the health emergency. The year 2020, which closed with a loss of €23m, resulted in the reduction by more than one-third of the share capital and tourism industry trends at global level in 2021 did not seem to show signs of a recovery. The capital strengthening aims to allow the subsidiary to relaunch its business and guarantee its proper positioning in the reference market.

The company UnipolPay received two share capital increases (€10m on 7 July 2021 and €17m on 29 December 2021) from the sole shareholder UnipolSai, in order to provide adequate financial resources to launch the activities of the E-Money Institution, expected to begin in the course of 2022.

The financial statements at 31 December 2020 of Ital H&R Srl closed with a negative shareholders' equity of €198.2k due to the consequences of the health emergency on the company's industry, making the subsidiary meet the conditions set forth in Art. 2482-bis and 2482-ter of the Italian Civil Code. At the request of the Board of Directors of Ital H&R, on 30 March 2021, the sole shareholder UnipolSai made a capital account payment of €300k in order to enable the company to bring its shareholders' equity back above the minimum limit established by law.

Information about business combinations

Cambiomarcia Srl

As reported in the consolidated financial statements at 31 December 2020, UnipolSai completed the purchase, on 22 December 2020, of 100% of the share capital of Cambiomarcia Srl for a consideration of €5.9m, which was provisionally accounted for in said financial statements based on the consolidated accounting position of Cambiomarcia at 31 December 2020 reported below.

Amounts in €k	31/12/2020
Other intangible assets	663.4
Property, plant and equipment	18.7
Other receivables	154.1
Deferred tax assets	20.3
Other assets	15.0
Cash and cash equivalents	237.5
Other financial liabilities	(881.7)
Other payables	(98.4)
Other liabilities	(94.5)
Total Net identifiable assets	**34.4**

In June 2021, in application of the terms of the contract for the purchase of Cambiomarcia Srl, the final price of the sale was set at €5.8m, which is €77 thousand lower than the price previously determined on a provisional basis. As a result of this reduction, and in the absence of other adjustments to be made to the identifiable net assets, the goodwill definitively recognised for the acquisition is €5.8m (€5.9m is the value of goodwill provisionally recognised in the consolidated financial statements at 31/12/2020). The final accounting effects of the acquisition have been recognised retrospectively, thus modifying the comparative figures for the previous year reported in these consolidated financial statements compared to the figures originally recognised.

Reporting date

The reporting date of the Consolidated Financial Statements is 31 December 2021, the date the separate financial statements of UnipolSai closed. All the consolidated companies closed their financial statements at 31 December with the exception of the following:

- the associate Pegaso Finanziaria SpA closes its financial year on 30 June and prepares interim financial statements in reference to the reporting date for the consolidated financial statements;
- the associate Fin.Priv Srl closes its financial year on 30 November.

The Consolidated Financial Statements were drawn up using restatements of the separate financial statements of the consolidated companies, adjusted to comply with IAS/IFRS standards, as applied by UnipolSai and approved by the Boards of Directors of the companies concerned.

Basis of consolidation

Companies consolidated on a line-by-line basis

This method provides for the consolidation on a line-by-line basis of the assets, liabilities, gains and losses of the consolidated companies as from the date they were acquired, with the carrying amount of the investment being offset against the corresponding amount of the shareholders' equity of each individual subsidiary and, in the case of investments not wholly owned, the separate recognition of the amount of the equity and the profit or loss for the year attributable to non-controlling interests.

The amount of equity attributable to non-controlling interests is recognised under shareholders' equity as "Share capital and reserves attributable to non-controlling interests", whilst the corresponding share of consolidated profit or loss is shown under "Profit (loss) for the year attributable to non-controlling interests".

The financial statements of the subsidiaries are consolidated on a line-by-line basis with the exception of small subsidiaries, for which the equity method is used.

Goodwill

If the cost of acquiring investments in subsidiaries exceeds the fair value of the identifiable assets, liabilities and contingent liabilities, the excess amount is recognised as goodwill under intangible assets.
This goodwill represents a payment made in the expectation of future economic benefits arising from assets that cannot be identified individually and recognised separately.
In the years after the year of acquisition, goodwill is measured at cost, net of any impairment losses accumulated.
Ancillary acquisition costs are recognised in the income statement during the year in which the costs are incurred or the services provided.

Under IFRS 10.23 changes in investments in subsidiaries that do not lead to a loss of control are recognised as equity transactions. Any positive difference between the proportion of net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary and the fair value of the price paid or received is recognised directly in profit for the period and allocated to the members of the holding company.

Companies measured using the equity method

When this method is used the carrying amount of the investment is adjusted to the corresponding portion of shareholders' equity, including the profit/loss for the year and all the adjustments made when consolidation is on a line-by-line basis. Any difference between the portion of shareholders' equity acquired and the fair value of the price paid (goodwill) is recognised in the carrying amount of the investment. Changes in interests in an associate which do not entail the acquisition of control or the loss of significant influence are treated as purchases or sales of shares, even if due to reasons other than purchases or sales, and therefore result in income or expenses recognised in the income statement and calculated on the basis of the difference between any consideration due or received and the change in the share of the investee's shareholders' equity held by the investor.

Elimination of intragroup transactions

The amounts receivable and payable between companies included in the consolidation scope, the gains and losses relating to transactions carried out between these companies and the profits and losses resulting from transactions carried out between these companies and not yet realised with parties external to the Group are eliminated during the preparation of Consolidated Financial Statements.

Segment reporting

Segment reporting is provided according to the provisions of IFRS 8 and structured on the basis of the major business segments in which the Group operates:
- Non-Life insurance business;
- Life insurance business;
- Real Estate business;
- Other Businesses.

Segment reporting is carried out by separately consolidating the accounting items for the individual subsidiaries and associates that belong to each identified segment, eliminating intragroup balances between companies in the same segment and cancelling, where applicable, the carrying amount of the investments against the corresponding portion of shareholders' equity.
In the column "Intersegment eliminations", the intragroup balances between companies in different sectors are eliminated.

This rule does not apply in the following cases:

- investment relations between companies in different sectors, since the elimination of the investment takes place directly in the sector of the company that holds the investment, while any consolidation difference is attributed to the sector of the investee;
- collected dividends, eliminated in the sector of the company that collects the dividend;
- realised profits and expenses, since the elimination takes place directly in the sector of the company that realises the capital gain or loss.

No segment reporting based on geographical area has been provided since the Group operates mainly at the national level and there appears to be no significant diversification of risks and benefits, for a given type of business activity, based on the economic situation of the individual regions.

The segment reporting layout conforms to the provisions of ISVAP Regulation no. 7/2007.

2. Main accounting standards

New accounting standards

The changes to the accounting standards previously in force are summarised below, whose application took effect from 1 January 2021, for which no accounting impacts worthy of note were recorded.

IBOR interest rate reform

In 2019, at the request of the EU Commission, the IASB launched a project for the replacement of the reference IBOR (Inter Bank Offered Rate) rates, structuring it into two phases:

- Phase 1 "Pre-replacement phase": to limit the accounting effects in the financial statements in the period prior to the replacement of the rates. The changes made to the international accounting standards during this phase became effective on 1 January 2020;
- Phase 2 "Replacement phase": to limit accounting impacts in subsequent periods.

With regard to Phase 2 of the project, on 14 January 2021, Regulation (EU) 2021/25 was published in the Official Journal, which concerned amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases", issued in order to improve accounting disclosures on the effects of the IBOR reform following the introduction of the new benchmark interest rate.

Deferment of IFRS 9 - Amendment of IFRS 4

On 25 June 2020, the IASB Board issued the document "Extension of the Temporary Exemption from Applying IFRS 9" which postpones the expiry of the temporary exemption from application of IFRS 9, established for the insurance sector, to 1 January 2023, in order to align the date of entry into force of the standard with the new IFRS 17 "Insurance Contracts". On 16 December 2020, Regulation (EU) 2020/2097 was published in the Official Journal, amending IFRS 4 and confirming the extension of the exemption previously limited to 31 December 2020.
On 27 January 2021, IVASS also issued Measure no. 109 containing the amendments required to align the terms set forth in ISVAP Regulation 7/2007 with the extension of the exemption from the application of IFRS 9 to 1 January 2023.

Amendments to IFRS 16 – Leases "Effects of COVID-19"

On 31 August 2021, Regulation (EU) 2021/1421 "COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)" was published, which provides for an extension to 30 June 2022 of the period of application of the practical expedient introduced by Regulation (EU) 2020/1434 on "COVID-19-Related Rent Concessions (Amendment to IFRS 16 - Leases)" providing optional and temporary support to entities in view of the negative effects of the pandemic situation. Specifically, by virtue of a specific agreement between the parties, the lessee has the right not to evaluate the rent concession as a substantial change in the lease, and in any event is required to provide a dedicated disclosure in this regard in the financial statements. The Group relied on the right provided by the amendments to IFRS 16, the effects of which are in any event substantially immaterial.

New accounting standards not yet in force

The documents published by the International Accounting Standards Board listed below could be significant for the Group, but are still not applicable since they have not yet been endorsed by the European Union or have not yet entered into force at the reporting date.

Updates to IFRS 17 – Insurance contracts

On 23 November 2021, Regulation (EU) 2021/2036 was published, endorsing at European level the new accounting standard IFRS 17 "Insurance contracts". In the endorsement phase, in line with what is desired by the Italian and European industry, even in the absence of any definitive stance taken by EFRAG, the possibility was introduced of not applying the grouping into annual cohorts of contracts characterised by intergenerational mutualisation and cash flow consistency, unlike what is set forth in the standard issued by the IASB on 18 May 2017, as amended in June 2020. Companies that will rely on the option must specify that they have applied that exemption in the notes to the financial statements, pursuant to IAS 1 "Presentation of financial statements", but will be exempt from providing a quantitative assessment of the relative impact.

The Unipol Group has been strongly committed to planning for the future application of IFRS 17 since 2017, with extensive involvement of the main corporate functions. After a thorough assessment to determine the impact of this standard and measuring the gaps in terms of processes, IT systems, accounting, actuarial calculations, business and risk, at the beginning of 2018 the IFRS 17 transition project was launched which, under the guidance of UnipolSai, has gradually also involved the other insurance companies in the Group, with a view to implementing a single data processing and management model within the Group, leveraging common policies, processes and IT applications. In the second quarter of 2022, once the testing phase is completed, the parallel phase will be progressively initiated, which will involve first of all UnipolSai and thereafter the Group's other insurance companies.

First-time adoption of IFRS 17 and IFRS 9 - Comparative information

On 9 December 2021, the IASB issued its definitive amendments to IFRS 17 "Insurance contracts" regarding a specific transition requirement for the comparative financial statements in the initial application phase ("classification overlay"). This option was introduced in order to prevent potential accounting misalignments between financial assets (subject to IFRS 9) and insurance liabilities (subject to IFRS 17) as, unlike IFRS 17, the IFRS 9 transition rules do not entail the obligation of restating comparative values and introduced an express application prohibition on financial assets disposed of during the comparative year.
In detail, the "classification overlay" enables companies to apply the provisions of IFRS 9, instead of those of IAS 39, in the phase of initial application of IFRS 17 and IFRS 9 and, in the case of a restatement of comparative information pursuant to IFRS 9, to financial assets disposed of during the comparative period.
On 31 January 2022, EFRAG issued its Endorsement Advice in favour of the adoption of the IASB's proposed amendments.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020

Regulation (EU) 2021/1080 of 28 June 2021 endorsed several amendments to IAS/IFRS which will enter into force as of 1 January 2022 and which include some limited amendments to three accounting standards, as well as improvements to certain standards, namely:

- IFRS 3 "Business combinations": the reference present in IFRS 3 was updated to the new revised Conceptual Framework in order to resolve certain issues deriving from the distinction between the acquisition of a business and the acquisition of a group of assets. However, this specification does not make any amendment to the provisions of that standard;
- IAS 16 "Property, plant and equipment": prohibition of deducting from the cost of the asset the amount received from the sale of goods produced prior to when the asset is ready for use. These sales revenues and the relative costs should therefore be recognised in the income statement;
- IAS 37 "Provisions, contingent liabilities and contingent assets": a clarification has been included with respect to the cost items to be considered in order to evaluate whether a contract could be defined as onerous;

- Annual Improvements: minor amendments were made to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and to the illustrative examples accompanying IFRS 16 "Leases".

Amendments to IAS 1 - Classification of liabilities as current or non-current

On 23 January 2020, the IASB published the document "Classification of Liabilities as Current or Non-current (Amendments to IAS 1)" defining a more general approach for the classification of payables - and other liabilities - by providing several criteria for the distinction between "current" and "non-current". Specifically, the classification should be based on the substantial right, existing at the end of the year, to defer (or otherwise) the payment by at least twelve months. These amendments establish 1 January 2022 as the initial entry into force. However, in light of the operational difficulties arising from the COVID-19 pandemic, on 15 July 2020 the IASB decided to postpone it by one year, to provide companies with more time to implement the new classification criteria made necessary by the above-mentioned amendments, which will therefore be applied as of 1 January 2023.
On 19 November 2021, the IASB also published an additional Exposure Draft "Non-current Liabilities with Covenants" proposing several amendments to IAS 1 "Presentation of financial statements", with a view to improving the information that companies provide on long-term debt with covenants.

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 "Making Materiality Judgements" and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

On 12 February 2021, the IASB published amendments to several standards in order to improve the communication of the accounting policies of companies, which should privilege information that is more relevant and effective for investors and users of financial statements. Specifically, the amendments to IAS 1 and IFRS Practice Statement 2 provide guidelines on how to apply the concept of materiality to the disclosure on the accounting policy adopted, while those to IAS 8 have the dual objective of introducing a new definition of "accounting estimate" and clarifying how entities should distinguish between changes in the accounting standards applied and changes in accounting estimates. This differentiation is of fundamental importance as the latter are applied on a prospective basis only to future transactions, while amendments to accounting standards are generally applied retroactively to past events as well. The amendments will be effective as of 1 January 2023, although early application is permitted. On 8 July 2021, EFRAG expressed a positive opinion on the above-mentioned amendments.

Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction

On 7 May 2021, the IASB published several amendments to IAS 12 "Income taxes" to specify how to account for deferred taxes on certain transactions that may generate assets and liabilities of an equal amount, such as leases and decommissioning obligations. These amendments will apply as of 1 January 2023, although early application is permitted. On 1 December 2021, EFRAG published its Final Endorsement Advice, providing a positive opinion on the amendments.

Update on the main activities of the IASB/Authority on accounting matters

IFRS 9 Post Implementation Review
On 30 September 2021, the IASB published its Request for information on IFRS 9 as part of the post-implementation review of IFRS 9, requesting feedback on the provisions regarding the classification and measurement of financial instruments. The review of the provisions relating to impairment and hedge accounting will take place later on. The consultation ended on 28 January 2022. On 8 November 2021, EFRAG also issued a Draft Comment Letter, in consultation until 14 January 2022, highlighting a series of relevant matters it hopes will be reviewed by the IASB, including the absence of recycling for FVOCI equity instruments and the application of the SPPI Test to sustainable financial products.

Non-Financial Reporting Standards and sustainability

In June 2020, as part of the Project for the review of the Non-Financial Reporting Directive (NFRD, Directive 2014/95/EU), the EU Commission requested technical advice from EFRAG in order to initiate its development of possible EU-wide non-financial reporting standards. In this respect, in September 2020, the EFRAG Project Task Force – Non-Financial Reporting Standards (PTF-NFRS) was established. On 8 March 2021, after organising a series of events in January with the main stakeholders on environmental sustainability topics, as well as launching a market survey for preparers and market analysts, the PTF-NFRS presented two reports to the EU Commission concerning several recommendations on the development of "sustainable" reporting standards in the EU.

The accounting standards and the most significant criteria used in drawing up the Consolidated Financial Statements are set out below.

The paragraph numbers are the same as those of the corresponding items in the Statement of Financial Position and Income Statement, which are laid out in accordance with ISVAP Regulation no. 7/2007.

E-MARKET SDIR CERTIFIED

Statement of financial position

Assets

1 Intangible assets - IAS 38

In accordance with the provisions of IAS 38, the only intangible assets that may be capitalised are those that can be identified and controlled by the company and from which the company will derive future financial benefits.

The following assets are recognised as intangible assets with a finite life:

- goodwill paid for the acquisition of Non-Life and Life portfolios: the value of the policies acquired is calculated by estimating the present value of the future cash flows of the existing policies. The Group amortises this value throughout the expected average residual life. This valuation is reviewed annually;
- costs incurred for the acquisition of software licences, amortised over three years;
- trademarks acquired within a business combination;
- costs incurred for consultancy on major projects for developing and implementing IT systems, including personalisation of the relative software, amortised over five or ten years according to their estimated useful life.

Projects under development are not amortised until the year in which they are first used.

Goodwill paid when companies are acquired or merged is also included among intangible assets, as already mentioned in the previous paragraph Basis of consolidation (also provisionally, determined on the basis of IFRS 3). As this goodwill has an indefinite useful life, it is not amortised, but it is tested for impairment at least once a year, or each time there is any indication of impairment; durable impairments are recognised in the Income Statement and cannot be reversed in subsequent years.

2 Property, plant and equipment - IAS 16 and IFRS 16

The item includes properties used for business purposes, plant, other machines and equipment owned by the Group and rights of use acquired through lease contracts for the use of a tangible asset, except for contracts with a duration equal to or less than 12 months or referring to assets of a modest unit value.

For recognising and measuring this category of assets the Group has adopted the cost model, which systematically depreciates the asset's depreciable amount over its useful life. With reference to property, plant and equipment deriving from right of use recognition, as envisaged in IFRS 16, the initial recognition value corresponds with the present value of future payments to the lessor over the contractual duration of the lease, also including amounts due to the lessor for the exercise of any purchase option on the asset if such exercise is considered reasonably certain.
Depreciation, which is carried out each year on a straight-line basis, begins when the asset is available and ready for use and ends when the asset has come to the end of its useful life (which in the case of property is estimated at 33.4 years). In the case of wholly-owned properties (land and buildings) depreciation is carried out only on the building.

Consolidated real estate companies include in the carrying amount the borrowing costs incurred for loans specifically for acquiring and renovating property, if this can be justified.

The costs of improvements and conversions are capitalised if they result in an increase in the useful life or the carrying amount of the assets.

Assets that suffer impairment losses are written down.
The carrying amount of property acquired as a result of business combinations is reassessed on the basis of the current value on the date of acquisition.

3 Technical provisions - Reinsurers' share - IFRS 4

This item includes reinsurers' liabilities arising from reinsurance contracts governed by IFRS 4.

4 Investments

4.1 Investment Property - IAS 40

This item includes property or rights of use (IFRS 16) held either to earn rental income or for capital appreciation or for both.
Investment property is recognised by applying the cost method, as allowed by IAS 40 (an alternative to the fair value method).
If the final recoverable amount of property is estimated to be less than the carrying amount (or zero) it is depreciated annually on a straight-line basis, based on the recoverable amount and the estimated useful life (33.4 years).
If the recoverable amount of the property is estimated to exceed the carrying amount, no depreciation is applied. In the case of wholly-owned properties (land and buildings) depreciation is carried out only on the building.

The costs of improvements and conversions are capitalised if they result in an increase in the carrying amount, the useful life or the profitability of the assets.

Assets that suffer impairment losses are written down. The market value is determined at least once a year by means of expert appraisals conducted by outside companies.

The carrying amount of property acquired as a result of business combinations is reassessed on the basis of the current value on the date of acquisition.

4.2 Investments in subsidiaries, associates and interests in joint ventures – IAS 28

This item includes investments in associates as defined in IAS 28 and investments in subsidiaries that because of their size are considered immaterial, which are measured using the equity method or at cost.

Financial assets – IAS 32 and 39 – IFRS 7 – IFRS 13

IAS 39 provides that debt and equity instruments, receivables, payables and derivatives must be classified according to the purposes for which they are held. The following categories are provided for:
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets;
- Financial assets at fair value through profit or loss.

There is a specific standard for recognising and measuring each of these categories.

It should be mentioned that the Group recognises financial transactions on the value date.

With respect to financial instruments, for the purpose of the drawing up of its consolidated financial statements, starting from the 2018 Financial Statements the UnipolSai Group decided to avail itself of the deferral option in applying IFRS 9, as envisaged by the IASB, based on the deferral approach method.

As a consequence, except for certain financial entities consolidated at equity and for which the application of IFRS 9 is mandatory on a separate basis, all entities consolidated on a line-by-line basis or at equity continued to apply IAS 39 in drawing up their consolidated financial statements.

4.3 Held-to-maturity investments

Investments in securities held to maturity are recognised at amortised cost, net of any impairment losses.

This category includes bonds that the Group intends and is in a financial position to hold to maturity, for example most of the fixed-yield bonds acquired to match special Life tariffs.

If a substantial number of securities in this category are sold early (or reclassified), all the remaining securities must be reclassified as Available-for-sale financial assets and the category cannot be used for the next two financial years.

4.4 Loans and receivables

Receivables in this category consist of agreements for which the Group holds a right to the cash flows arising from the loan agreement. They are characterised by fixed or determinable payments and are not listed on an active market. This category also includes mortgages and loans provided to the insurance companies, reinsurers' deposits, loan repurchase agreements, term deposits exceeding 15 days, receivables for agents' reimbursements, unlisted debt securities not held for sale which the Group intends to hold for the foreseeable future, including bonds reclassified following application of IAS 39 paragraphs 50D and 50E.

In accordance with the provisions of IAS 39, loans and receivables must be initially recognised at their fair value, which corresponds to the amount granted including the transaction costs and the commissions and fees chargeable directly. Following the initial recognition receivables are measured at the amortised cost, which is represented by the initial carrying amount net of repayments, plus or minus any difference between the initial amount and the amount on maturity because of amortisation calculated in accordance with the criterion of effective interest method and less any impairment loss or reduction due to non-recoverability.
Applying the effective interest rate method enables the financial effect of a loan transaction to be spread evenly over its expected life, which makes financial sense. In fact, the effective interest rate is the rate that discounts all the future cash flows of the loan and establishes a present value corresponding to the amount granted including all the transaction costs and income pertaining to it. When the cash flows and the contractual term of the loan are being estimated, all the contractual terms that can affect the amounts and the maturity dates (for instance, early repayments and the various options that may be exercised) are taken into account but not the losses expected on the loan. Following initial recognition, for the whole life of the loan the amortised cost is determined by continuing to apply the effective interest rate fixed at the start of the transaction (original interest rate). This original interest rate does not vary over time and is also used in the case of any contractual amendments to the interest rate or events as a result of which the loan has in practice stopped bearing interest (for instance, due to insolvency proceedings).

The amortised cost method is applied only to loans with an original term of at least eighteen months, on the assumption that in the case of shorter loans the application of this method does not involve significant changes to the financial effect. Loans with a term of less than eighteen months and those that have no fixed maturity date and revocable loans are therefore measured at their historical cost.

On the reporting date for each set of annual or interim financial statements, the loans are assessed to identify those for which there is objective evidence of impairment due to events that have occurred after their initial recognition.

The original value of the loans is reinstated in subsequent years only in the event that the reasons that led to the impairment in question no longer exist. Impairment losses can be reversed up to an amount not exceeding the carrying amount that it would have been recognised if the amortised cost had been applied without prior impairment.

4.5 Available-for-sale financial assets

Investments classified as available-for-sale financial assets are measured at fair value. The differences with respect to the carrying amount must be recognised in the shareholders' equity in a specific reserve for unrealised gains/losses (net of tax). In the event of sale or impairment established as a result of impairment testing, unrealised gains or losses accumulated in shareholders' equity until that time are transferred to the income statement.

Information on how the fair value is determined is provided in the section "Fair value measurement criteria – IFRS 13".

The amortised cost of the debt securities in this category calculated using the effective rate of return is recognised in the income statement. The comparison with the fair value is made after the proportion of the amortised cost for the year has been recognised.

This category includes debt securities, equity securities, UCITS units, and investments deemed to be of strategic importance (less than 20% of the share capital, of commercial or corporate strategic importance).

Impairment policy for financial assets adopted by the Group

IAS 39, paragraph 58, provides for companies to carry out assessments on each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.
In order to determine whether a financial asset or a group of financial assets shows signs of impairment, a regular impairment test must be carried out.
Indicators of a possible impairment are, for instance, the issuer's significant financial difficulties, failure to pay the full amount of interest or principal, the possibility of the beneficiary becoming bankrupt or entering into another insolvency proceeding and the disappearance of an active market for the asset.
Pursuant to paragraph 61 of IAS 39, a "significant or prolonged" decline in the fair value of an equity instrument below its cost must be considered as "objective evidence of impairment".
IAS 39 does not define the two terms "significant" and "prolonged" but implies, partly on the basis of an IFRIC guideline, that their meaning should be left to the directors' judgement, whenever annual or interim financial statements must be prepared under IAS, provided that the meaning is determined in a reasonable manner and complies with paragraph 61 of IAS 39.

Without prejudice to the case of any investments in equity instruments qualified within the consolidated financial statements of the Parent Unipol as an equity investment in an associate, the Group has defined as "significant" a reduction of more than 50% in the market value of equity instruments classified as Available-for-sale (AFS) financial assets with respect to the initial recognised value and as "prolonged" the permanence of market value at levels below the initially recognised amount for more than 36 months.

Therefore, for equity instruments, the impairment test is carried out by selecting all the instruments to which at least one of the following conditions applies:

a) the market price has remained below the initially recognised amount for the last 36 months;
b) the impairment on the reporting date is more than 50% of the initial recognition amount.

The impairment of these instruments is deemed to be confirmed and the total change in fair value is recognised in the income statement, with elimination of gains or losses on the underlying available-for-sale financial assets. With reference to the equity instruments qualified within the consolidated financial statements of the Parent Unipol as an equity investment in an associate, the recognition of any impairment is evaluated on the basis of the economic/capital performance of the investee company, irrespective of the occurrence of the conditions applicable for all equity instruments.

For debt securities, whenever payment of a coupon or repayment of principal is late or missed and this is confirmed by the custodian bank, the Group Finance Department immediately notifies the Risk Management Department, so that the latter can carry out the assessments within its competence on the need to recognise an impairment on these instruments.

4.6 Financial assets at fair value through profit or loss

Investments in this category are recognised at fair value and the differences (positive or negative) between fair value and carrying amount are recognised through profit or loss.
Information on how the fair value is determined is provided in the section "Fair value measurement criteria – IFRS 13".

There are two further sub-items:

- held-for-trading financial assets, which includes debt securities and equity instruments, mainly listed, credit positions in derivative contracts and structured financial instruments where the embedded derivative would have to be separated if they were classified in a different category;

- financial assets to be recognised at fair value through profit or loss, mainly consisting of assets linked to financial liabilities measured at fair value such as investments related to policies issued by insurance companies where the investment risk is borne by the policyholders and those arising from pension fund management.

Derivatives

Derivatives are initially recognised at the purchase cost representing the fair value and subsequently measured at fair value. Information on how the fair value is determined is provided in the section "Fair value measurement criteria – IFRS 13".

Derivatives may be acquired for "trading" or "hedging" purposes. For hedging transactions IAS 39 sets out cumbersome and complex rules to assess, by preparing appropriate documentation, the effectiveness of the hedge from the time it is activated and throughout its entire term (hedge accounting).

All derivatives are placed in the category "Financial assets at fair value through profit or loss".

Reclassifications of financial assets – IAS 39

If an available-for-sale financial asset is transferred to the held-to-maturity investments category, the fair value recognised on the date of transfer becomes its new cost or amortisable cost. Any previous gain or loss on this asset that has been recognised directly in equity is recognised through profit or loss throughout the remaining useful life of the investment held to maturity using the effective interest method.

If a financial asset is no longer held for sale or repurchased in the short term (although the financial asset may have been acquired or held mainly for sale or repurchase in the short term), it may be transferred from fair value through profit or loss if the following requirements are met:
- the circumstances are very unusual (IAS 39, paragraph 50B), or
- the asset to be reclassified would have come under "loans and receivables" (if the financial asset had not had to be classified as held for trading when initially recognised) and the entity has the intention and the ability to hold the financial asset for the foreseeable future or to maturity (IAS 39, paragraph 50D).

A financial asset classified as available for sale that would have come under loans and receivables (if it had not been designated as available for sale) may be transferred from "available for sale" to "loans and receivables" if the entity has the intention and the ability to hold the financial asset for the foreseeable future or to maturity (IAS 39, paragraph 50E).
If an entity reclassifies a financial asset from fair value through profit or loss or from "available for sale", it must reclassify the financial asset at its fair value on the date of reclassification and the gain or loss already recognised in the income statement must not be reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost (IAS 39, paragraphs 50C and 50F).

In the case of a financial asset reclassified from "available for sale", the previous gain or loss on the asset recognised directly in equity must be amortised in the income statement throughout the asset's remaining useful life using the effective interest method.

If the entity has reclassified a financial asset from fair value through profit or loss or from "available for sale", the following is some of the information that must be provided (IFRS 7):
- the amount reclassified from and to each category;
- for each year until it is derecognised, the carrying amount and the fair value of all financial assets reclassified during the current and preceding year;
- whether a financial asset was reclassified in accordance with paragraph 50B of IAS 39, however unusual the situation, and the facts and the circumstances of the unusual situation;
- for the financial year in which the financial asset was reclassified, the fair value gain or loss on the financial asset;

- for each year after reclassification (including the year in which the financial asset was reclassified) until the financial asset is derecognised, the fair value gain or loss that would have been recognised if the financial asset had not been reclassified.

Accounting of structured bonds issued by special purpose vehicles (SPVs)

The Group invests in notes issued by SPVs with rather similar purposes and management methods as those that characterise investments in structured and unstructured bonds, made as part of the ordinary financial management of resources derived from normal business. This financial management is characterised, in relation to the Group's business sector, by a special degree of complexity, which requires, under certain circumstances, the subscription of financial assets with specific characteristics (e.g. in terms of maturity, creditworthiness and payoff) that are not always easy to find on the financial markets. The investment opportunities offered via SPVs also make it possible, owing to their specific nature, to expand the range of financial investments available.

The Group classifies and records the bonds issued by SPVs based on the instructions provided in IAS 39, deeming the circumstance that they have been issued by SPVs irrelevant, in consideration of the fact that the SPV is, in fact, considered merely a technical instrument through which to structure complex financial instruments whose risk/return profile is essentially evaluated by jointly taking into consideration the contracts that govern the notes issued by the SPV, the associated derivative contracts (generally swap agreements) and any other contractual clauses such as financial guarantee or similar clauses, or yet other "ancillary" clauses which may, in theory, make provision, when given conditions are satisfied, for the liquidation of the securities. The SPVs whose bonds are held by the Group in fact, consistently replicate, with the arranger, the positions they assume with noteholders, as the risks or returns of the transaction cannot be retained within it.

Therefore, investments in notes issued by SPVs are accounted for on the basis of IAS 39, with the same criteria applied for the investments in structured and unstructured bonds, with particular regard to the presence of embedded derivatives and valuations regarding any segregation.
In fact, an entity must only consolidate an SPV in the event the entity exercises control over it pursuant to IFRS 10, paragraphs 6 and 7.

The Group, with regard to bonds issued by SPVs in the portfolio at 31 December 2021, does not exercise any form of control over the SPVs, in the sense that it is not able to govern the management process of the SPVs (which, in fact, is defined by the arrangers of the investment transaction in which the Group participates by subscribing the notes and other relevant contracts) and does not obtain any benefits from the SPVs other than those strictly dependent on the formally subscribed financial instrument. The Group holds the notes issued by the SPV and can only dispose of these autonomously, as it does not have the power to dispose of the financial instruments held by the vehicle. It is reasonable to infer, from this, that the Group holds no form of control of the SPVs pursuant to IFRS 10.

In cases where, through the SPV internal segments, which segregate the risks and benefits of issues, the majority of said risks and benefits are transferred to the Group, the consolidation of the segments would lead to the need to replace the debt securities issued by the SPV and subscribed by the Group with a financial asset which, in terms of the associated risks and returns, exactly replicates the financial profile of the notes cancelled as a result of the consolidation.
In fact, the segments consistently replicate, with the arranger, the positions the latter assume with noteholders, as the risks or benefits of the transaction cannot be retained within it. The result is that the financial asset to be recognised due to the consolidation of the segments would have, substantively speaking and therefore for the purposes of classification and measurement pursuant to IAS 39, characteristics identical to those of the notes cancelled as a result of the consolidation of said segment; the result being that, in the case of consolidation of segments in which the risks/benefits of the asset pertain fully to the Group, there would be no substantive effects on the accounting representation of the transaction, essentially confirming the fact that, in effect, the SPVs are technical instruments for realising an investment in financial assets with characteristics which are, for all intents and purposes, equivalent to those of the notes issued by the SPV itself and segregated in the segment.

5 Sundry receivables

Sundry receivables are recognised at their nominal value and subsequently assessed at their estimated realisable value.

The item Sundry receivables includes receivables due within twelve months, in particular Receivables relating to direct insurance business, Receivables relating to reinsurance business and Other receivables, such as trade receivables and tax receivables.

6 Other assets

6.1 Non-current assets or assets of a disposal group held for sale - IFRS 5

This item includes Non-current assets held for sale and any discontinued operations as defined by IFRS 5.

Assets held for sale are recognised at the carrying amount or fair value, whichever is the lower, less costs to sell.

If an investment in a subsidiary consolidated using the line-by-line method is to be sold within the time limit set by IFRS 5, all the assets of the company to be sold are reclassified as "Non-current assets or assets of a disposal group held for sale" in the consolidated statement of financial position (item 6.1 of the Assets) and the liabilities are similarly reclassified under the single item "Liabilities associated with disposal groups" (item 6.1 of the Liabilities).
Both items appear in the Consolidated financial statements net of intragroup transactions with the company to be sold.
If a group continues to operate in the business of the company to be sold, income statement items relating to the assets held for sale or disposal groups are recognised in accordance with the normal rules of consolidation on a line-by-line basis.

6.2 Deferred acquisition costs

This item includes acquisition costs for multiyear insurance contracts, paid in advance and amortised on a straight-line basis over the maximum life of the contracts.

6.3 Deferred tax assets - IAS 12

This item includes deferred tax assets based on the deductible temporary differences between the carrying amounts and the amounts for tax purposes of the assets and liabilities of the individual consolidated companies and on the consolidation adjustments. If there are any tax losses, deferred tax assets are also recognised provided there is a probability that taxable income for which they can be used will be available in future.
Deferred taxes are based on the tax rates applied at the end of the year or on the rates that are expected to be applied in the future according to the information available at the end of the financial year.

If assets are revalued solely for tax purposes and relate neither to a revaluation of the carrying amount for a previous year nor to one that is to be carried out in a subsequent year, the tax effects of the adjustment for tax purposes must be recognised in the income statement.

Deferred tax assets and liabilities, distinguished by type of tax, are offset at the level of single Group company or at the consolidated level, within the limits of the scope of the tax consolidation agreement set up by Unipol Gruppo.

6.4 Current tax assets - IAS 12

This item includes assets related to current taxation.

6.5 Other assets

Among other things, this item includes prepayments and accrued income and deferred commission expense for investment contracts with no discretionary participation feature, as these are additional costs incurred to acquire the contract, amortised on a straight-line basis over the whole life of the contract. As recommended by Bank of Italy/Consob/IVASS document no. 9 of the Coordination Group on the application of IAS/IFRS, this item also includes tax credits relating to tax subsidies (such as the *ecobonus* and the *sismabonus*) acquired from third parties (direct beneficiaries or previous purchasers) and recoverable by offsetting future payments according to methods and timing established in the reference regulation.

7 Cash and cash equivalents - IAS 7

Cash and cash equivalents include cash on hand, cash in current accounts available on demand, and term deposits for periods not exceeding 15 days.

Liabilities

1 Shareholders' equity - IAS 32

1.1.1 Share capital

The item includes the share capital of the consolidating company.

1.1.2 Other equity instruments

This item includes perpetual regulatory capital instruments qualifiable as Restricted Tier 1 issued by the Parent, which do not envisage in any case any obligation on the part of the issuer to reimburse the principal or interest to subscribers (without prejudice to cases of liquidation or the exercise of the right to early redemption by the issuer). These instruments are recognised at the issue value, net of issue expenses and the relative tax benefits. In line with this classification, coupon payments to subscribers are recognised, similar to what takes place for the payment of dividends, as a direct reduction from the equity reserves. Note that similar perpetual capital instruments issued by subsidiaries (if not held by the parent and therefore eliminated in the consolidation process) are recognised in item 1.2.1 Share capital and reserves attributable to non-controlling interests.

1.1.3 Capital reserves

This item includes in particular the share premium reserve of the company that carries out the consolidation. It includes the direct costs of issuing equity instruments, net of tax, and any commission income, net of tax, received for the sale of option rights not exercised by shareholders.

1.1.4 Income-related and other equity reserves

In addition to the income-related and other equity reserves of the consolidating company, this item includes in particular gains or losses arising from the first-time application of IAS/IFRS (IFRS 1), gains or losses resulting from changes in accounting standards or accounting estimates (IAS 8), equalisation and catastrophe provisions eliminated under IFRS 4, provisions arising from equity-settled share-based payment transactions (IFRS 2) and consolidation reserves.

1.1.5 Treasury shares

This item includes the equity instruments of the undertaking that draws up the consolidated financial statements owned by the undertaking itself and the consolidated companies. The item was negative. The gains or losses resulting from their subsequent sale are recognised as changes in shareholders' equity.

1.1.6 Reserve for foreign currency translation differences

The item includes the exchange rate differences to be charged to shareholders' equity pursuant to IAS 21, whether they arise from transactions in foreign currency or from conversion into the currency of presentation of the financial statements stated in foreign currency.

1.1.7 Gains or losses on available-for-sale financial assets

This item includes gains or losses on available-for-sale financial assets, net of tax and amounts pertaining to policyholders as a result of the application of shadow accounting.

1.1.8 Other gains or losses recognised directly in equity

This item includes, inter alia, gains or losses on cash flow hedges and the revaluation reserves of property, plant and equipment and intangible assets.

2 Provisions - IAS 37

Provisions are made for risks and charges only when they are deemed necessary to meet an obligation arising from a past event and when it is likely that the amount of resources required can be reliably estimated.

3 Technical provisions - IFRS 4

Classification of insurance contracts

According to IFRS 4 insurance contracts are contracts that transfer significant insurance risks. Such contracts may also transfer financial risks.
An insurance risk is significant if, and only if, there is a reasonable possibility that the occurrence of the insured event will cause a significant change in the current value of the insurer's net cash flows. Investment contracts are contracts that transfer financial risks but involve no significant insurance risks.
Some insurance and investment contracts may include discretionary participation features.

As for the Non-Life sector, all the policies in the portfolio are classified as insurance contracts.
As regards the Life sector, the principal criteria used for classifying Life products as insurance policies were:

- the presence of a significant insurance risk, i.e. the reasonable possibility that the occurrence of the insured event would give rise to the payment of significant "additional benefits" compared with those that would have been payable if the insured event had not taken place. The criteria for identifying the presence of significant insurance risk are structured as follows:
  - above 10% the contract is an insurance contract;
  - under 5% the contract is a financial contract;
  - between 5% and 10% specific product analyses are carried out.
- the presence of options or guarantees, such as the coefficient of conversion into a guaranteed rate annuity.

Some contracts provide for discretionary participation features (DPF) i.e. the policyholder's right to receive a benefit in addition to the guaranteed minimum. The benefit must fulfil specific contractual terms and represent a significant part of the total payments. In particular, contracts subject to revaluation and linked to segregated funds were classified as investment products with DPF and were therefore measured and recognised as insurance contracts.

A contract classified as an insurance contract continues to be an insurance contract until terminated, whereas under certain circumstances an investment contract may be subsequently classified as an insurance contract.

However, the following types of contract were classified as investment contracts with no DPFs. For this reason, according to paragraph 3 of IFRS 4, contracts of this type do not produce premiums but are measured and recognised in accordance with IAS 39:

- index-linked, where the sum insured in the event of death corresponds to the value of the asset plus a small percentage;
- unit-linked, where the sum insured in the event of death corresponds to the NAV plus a small percentage;
- mixed, where funding is specific and the technical rate is zero;
- capital redemption, where funding is specific and the technical rate is zero;
- pension funds with guaranteed benefit when the policy matures or when certain events occur.

In the case of unit-linked products the loading and the acquisition commissions for the asset management service are recognised and amortised separately over the life of the contract. In the case of index-linked policies, which are not managed over time but only administered, these deferments are not necessary.

Non-Life business technical provisions

Premium provision

The direct insurance premium provision is established analytically for each policy using the pro rata temporis method, as provided by paragraph 5 of Annex no. 15 to ISVAP Regulation no. 22 of 4 April 2008 (former ISVAP Regulation no. 16 of 4 March 2008 as amended), on the basis of the gross premiums written less acquisition commissions and the other acquisition costs that are chargeable directly, with the exception of risks included in the Credit class for contracts stipulated or renewed on or before 31 December 1991, for which the calculation criteria provided in Annex 15-bis to the same Regulation no. 22, as amended, apply. In the case of long-term contracts the amount of amortisation for the year is deducted.
Under certain conditions the premium provision also includes the premium provision for unexpired risks, calculated in accordance with the simplified method laid down in paragraph 6 of Annex no. 15 to ISVAP Regulation no. 22 of 4 April 2008, which is based on the expected loss ratio for the year, adjusted on a prospective basis.
The total amount allocated to this provision is sufficient to meet costs arising from the portion of risk pertaining to subsequent years.
The reinsurers' share of the premium provisions is calculated by applying to the premiums ceded the same criteria as those used for calculating the premium for direct insurance business provision.

Ageing provision

The ageing provision, intended to cover the deterioration of the risk as the age of the policyholders rises, is calculated on the basis of the flat-rate method provided for by Art. 44, paragraph 3 of Annex no. 15 of ISVAP Regulation no. 22 of 4 April 2008 as amended, to the extent of 10% of the gross premiums written of the year pertaining to contracts having the characteristics given under paragraph 43, paragraph 1 of the Annex.

Claims provision

The direct claims provision is ascertained analytically by estimating the presumed cost of all the claims outstanding at the end of the year and on the basis of prudent technical valuations carried out with reference to objective elements, in order to ensure that the total amount set aside is enough to meet the claims to be settled and the relative direct expenses and settlement expenses.
The figures ascertained in this way were analysed and checked by Head Office. Subsequently, in order to take account of all reasonably foreseeable future charges, actuarial-statistical methods are used to determine the final level of the claims provision.
The claims provision also includes the amounts set aside for claims incurred but not reported, based on past experience of IBNR for previous years.
The reinsurers' share of the claims provision reflects the sums recovered from them to meet the reserves, the amounts being laid down in the individual policies or in the contracts.

Provision arising from the adequacy test for Non-Life technical provisions

The Non-Life technical provisions have been subjected to the test provided for by IFRS 4 (Liability Adequacy Test - LAT).

In order to monitor the adequacy of the premium provision, the supplementary provision for Unexpired Risks is calculated for each individual company and class of business using the simplified method provided for in paragraph 6 of Annex no. 15 to ISVAP Regulation no. 22 of 4 April 2008. As claims for the year are measured at final cost and not discounted, future payment flows can be deemed to have implicitly taken place (LAT on the claims provision).

Life business technical provisions

The amount recognised is calculated in accordance with the provisions of Art. 36 of Italian Legislative Decree 209 of 7 September 2005 (Insurance Code) and Annex no. 16 of ISVAP Regulation no. 22 of 4 April 2008 (former ISVAP Regulation no. 21 of 28 March 2008, as amended).

Mathematical provisions

The mathematical provision for direct insurance is calculated analytically for each contract on the basis of pure premiums, with no deductions for policy acquisition costs, and by reference to the actuarial assumptions (technical interest rates, demographic models of death or disability) used to calculate the premiums on existing contracts. The mathematical provision includes the portion of pure premiums related to the premiums accrued during the year. It also includes all the revaluations made under the terms of the policy
and is never less than the surrender value. In accordance with the provisions of Art. 38 of Italian Legislative Decree 173/1997, technical provisions, which are set up to cover liabilities deriving from insurance policies where the yield is based on investments or indices for which the policyholder bears the risk, and provisions arising from pension fund management, are calculated by reference to commitments made under these policies and to the provisions of Art. 41 of Italian Legislative Decree 209 of 7 September 2005.

Under Art. 38, paragraph 3, of Italian Legislative Decree 173/1997, the mathematical provision includes provisions set up to hedge the risk of mortality in insurance contracts in Class III (as laid down in Art. 2, paragraph 1, of Italian Legislative Decree 209 of 7/9/2005), which provide a benefit should the insured party die during the term of the contract.
In the case of insurance contracts in Class III and VI the mathematical provision also includes the provisions set up to fund guaranteed benefits on maturity or when certain events occur (as laid down in Art. 2, paragraph 1, of Italian Legislative Decree 209 of 7/9/2005). The mathematical provision also includes an additional provision for demographic risk. To this regard, it was decided to add to the provisions to be set up to cover commitments undertaken with the policyholders, in compliance with Annex 14, paragraph 36 of ISVAP Regulation no. 22 of 4 April 2008 after having verified a variance between the demographic bases used to calculate the principals forming the annuities and table A62 prepared by ANIA.

Furthermore, an additional provision was set up to cover the possible variance between the expected rates of return on the assets held as a hedge against the technical provisions and commitments by way of levels of financial guarantees and adjustments made to the benefits provided under the policies.

As laid down in Art. 36, paragraph 3, of Italian Legislative Decree 209 of 7 September 2005, the provision for amounts payable includes the total amount needed to cover payment of benefits that have fallen due but not so far been paid, surrendered policies and claims not yet paid.

Other technical provisions consist almost entirely of amounts set aside for operating expenses and are calculated on the basis of the provisions of paragraph 17 of Annex 14 of ISVAP Regulation no. 22 of 4 April 2008.

The liability adequacy test required by IFRS 4 was also carried out to verify that the technical provisions are adequate to cover the present value of future cash flows related to insurance contracts.
The test was performed by projecting the cash flows and taking into account the following elements:
- guaranteed services by guarantee line, projected on the basis of contractual conditions;
- trend in the existing portfolio relating to recurring payment aspects, expiry of contracts, policyholder mortality and propensity to redemption;
- costs and revenues associated with portfolio management and liquidation.

Provision for shadow accounting

The shadow accounting technique set out in IFRS 4 enables the unrealised losses and/or gains on the underlying assets to be recognised as technical provisions for insurance or investment contracts that offer discretionary participation features as if they had been realised. This adjustment is recognised in the shareholders' equity or the income statement depending on whether the losses or gains in question are recognised in the shareholders' equity or the income statement.

Net losses are recognised in the provision for deferred financial liabilities to policyholders only after the guaranteed minimum has been reached, otherwise the company continues to bear them in full. Losses are quantified using a financial prospective method in line with Annex 14, paragraph 32 of ISVAP Regulation no. 22 of 4 April 2008, amended and supplemented by IVASS measure no. 53 of 6 December 2016.

Applying shadow accounting enables the value mismatch between technical provisions and related assets to be mitigated and is therefore deemed to be more representative of the economic substance of the transactions in question.

4 Financial liabilities - IAS 39

This item includes the financial liabilities at fair value through profit or loss and the financial liabilities measured at amortised cost.

4.1 Financial liabilities at fair value through profit or loss

The financial liabilities in this category are subdivided into two further sub-items:

- held-for-trading financial liabilities, which include negative items on derivatives;
- financial liabilities to be measured at fair value through profit or loss, which include the financial liabilities relating to contracts issued by insurance companies where the investment risk is borne by the policyholders, when the insurance risk is not significant, and where there is no discretionary participation feature.

4.2 Other financial liabilities

This item includes deposits received from reinsurers, debt securities issued, financial liabilities for future payments to lessors following the recognition of right of use on property, plant and equipment in application of IFRS 16, other loans obtained and liabilities on Life policies with a financial content where the insurance risk is not significant and there is no discretionary participation feature (some types of product matched by specific funding).

5 Payables

Payables includes Payables arising from direct insurance business, Payables arising from reinsurance business and Other payables, such as trade payables, payables for policyholders' tax due, payables for post-employment benefits, sundry tax payables and social security charges payable.

Payables are recognised at their nominal value.

Employee benefits - IAS 19

Post-employment benefits accrued by 31 December 2006 that were not transferred to external bodies in accordance with the provisions of Italian Legislative Decree 252/05 on supplementary pension schemes come under the category of employee benefits classified as a defined benefit plan. The amount due to employees is therefore calculated using actuarial techniques and discounted at the reporting date, using the "Projected unit credit method" (a method based on benefits accrued in proportion to length of employment).
The same method is used to establish the effects of other defined benefits for employees for the post-employment period.

Actuarial gains and losses relating to obligations deriving from defined benefit plans are recorded under Other comprehensive income (expense).

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.

The service cost and net interest are recognised in the Income statement.

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.

6 Other liabilities

6.1 Liabilities associated with disposal groups - IFRS 5

Please see above for the corresponding asset item.

6.2 Deferred tax liabilities - IAS 12

Deferred tax liabilities are recognised whenever there is a taxable temporary difference, except in the cases provided for in paragraph 15 of IAS 12.
Deferred tax liabilities must be measured using the tax rates that are expected to apply during the year in which the tax liability will be paid off, based on the ruling tax rates (and tax legislation) or those in force at the reporting date.
If tax rates change, despite being prior year items, the deferred taxes recalculated in accordance with the new rates are recognised under Income tax in the income statement or under equity reserves to which the temporary variations in question apply.

With regard to the offsetting of deferred tax assets and liabilities, reference should be made to the previous paragraph "6.3 Deferred tax assets - IAS 12" in the section on Assets.

6.3 Current tax liabilities

This item includes current tax payables.

6.4 Other liabilities

This item includes, inter alia, accrued expense and deferred income, accruals for commissions on premiums under collection and deferred commission income related to investment contracts with no discretionary participation feature required in advance for the contract-administration service or for the investment-management service, amortised on a straight-line basis over the life of the contract or, in the case of whole-life contracts, over the "expected" life of the contract.

Income Statement

1 Revenue and income

1.1 Net premiums

This item includes the premiums related to insurance contracts and financial instruments that include discretionary participation features, net of reinsurance.
Premiums are recognised at the time they are due. The total for the year is obtained by adding the premium provision.

1.2 Commission income

This item includes commission income for financial services provided. It includes fees pertaining to the year related to Life assurance contracts classified as financial liabilities. In the case of unit-linked policies, in particular, acquisition fees for the asset management service provided have been recognised and deferred throughout the term of the contract.

1.3 Gains and losses on financial instruments at fair value through profit or loss

This item includes realised gains and losses, interest, dividends, charges and positive and negative changes in value of financial assets and liabilities at fair value through profit or loss.

1.4 Gains on investments in subsidiaries, associates and interests in joint ventures

This item includes investments in subsidiaries, associates and interests in joint ventures recognised in the corresponding asset item.

1.5 Gains on other financial instruments and investment property

This item includes gains on investments that do not come under the previous two categories. It mainly includes interest income on Loans and receivables and on securities classified as available-for-sale financial assets and held to maturity, other investment income, including dividends and rental income from investment property, and realised gains on the sale of financial assets or liabilities and investment property.

1.6 Other revenue

This item includes income arising from the sale of goods, the provision of services other than those of a financial nature and the use by third parties of the company's property, plant and equipment and other assets. It also includes other net technical income on insurance contracts, exchange rate differences allocated to the income statement as per IAS 21, realised gains and reversals of impairment losses on property, plant and equipment and other assets.

2 Costs and expenses

2.1 Net charges relating to claims

This item includes the amounts paid during the year for claims, matured policies and surrendered policies, as well as the amount of the changes in technical provisions related to contracts that fall within the scope of IFRS 4, net of amounts recovered and outwards reinsurance.

2.2 Commission expense

This item includes commission expense for financial services received. It includes commissions on Life assurance contracts classified as financial liabilities. In particular, acquisition commissions paid for the placement of unit-linked policies are amortised throughout the term of the contract to meet deferred acquisition loadings.

2.3 Losses on investments in subsidiaries, associates and interests in joint ventures

This item includes losses on investments in subsidiaries, associates and interests in joint ventures recognised in the corresponding asset item.

2.4 Losses on other financial instruments and investment property

This item includes losses from investment property and financial instruments other than investments and financial instruments classified as "Assets at fair value through profit or loss". It mainly includes interest expense on financial liabilities, other investment expense, costs relating to investment property such as condominium expenses and maintenance expenses that do not increase the value of the investment property, losses realised as a result of the derecognition of financial assets or liabilities and investment property, depreciation and impairment losses.

2.5 Operating expenses

This item includes commissions and other acquisition costs relating to insurance contracts, investment management expenses, other administrative expenses, and depreciation and amortisation (overheads and personnel expenses that are not allocated to losses relating to claims, insurance contract acquisition expenses or investment management expenses).

2.6 Other costs

This item mainly includes other net technical charges relating to insurance contracts, additional amounts set aside during the year, exchange rate differences to be allocated to the income statement under IAS 21, realised losses and depreciation and amortisation relating to property, plant and equipment and intangible assets, not allocated to other cost items.

3 Income tax for the year

For the 2021-2023 three-year period, UnipolSai has opted for the Group tax regime regulated by Art. 117 et seq. of Italian Presidential Decree no. 917/86, under the tax consolidating company Unipol Gruppo, together with its own subsidiaries that meet the regulatory requirements.
An agreement was signed between the consolidating company and the respective consolidated companies, regulating the financial and procedural aspects governing the option in question.

Tax for the year is calculated according to current tax regulations and recognised among costs for the year. It represents:

- the charges/income for current taxes;
- the amounts of deferred tax assets and liabilities arising during the year and usable in future years;
- for the portion due for the year, the deduction of deferred tax assets and liabilities generated in previous years.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences (arisen or deducted during the year) between the profit (loss) for the year and the taxable income and on the consolidation adjustments.
IRAP for the year is also recognised under Income tax.

Foreign currency transactions - IAS 21

Items expressed in foreign currencies are treated in accordance with the principles of multicurrency accounting.
Monetary elements in foreign currency (units of currency owned and assets or liabilities that must be received or paid in a fixed or ascertainable number of units of currency) are translated using the exchange rate applicable at the end of the year.
Non-monetary elements measured at historical cost in foreign currency are translated using the exchange rate applicable on the date of the transaction.
Non-monetary elements measured at fair value in a foreign currency are translated using the exchange rates applicable on the date on which the fair value is determined.
Exchange rate differences arising from the settlement of monetary elements are recognised in the income statement. Exchange rate differences arising when non-monetary elements are measured are allocated to the profit (or loss) for the year or to other comprehensive income (expense) depending on whether the profit (or loss) to which they relate is recognised in the profit (loss) for the year or in other comprehensive income (expense), respectively.

Share-based payments - IFRS 2

The Group pays additional benefits to senior executives under a closed share-based compensation plan under which Unipol Ordinary shares and UnipolSai Ordinary shares are granted if specific targets are achieved (Performance shares). As laid down by IFRS 2 – Share-based payments, these plans form part of the beneficiaries' remuneration. The charge must be recognised through profit or loss, with a balancing item - for UnipolSai Ordinary shares only - recognised directly in equity (Reserve arising from equity-settled share-based payment), on the basis of the fair value of the instruments allocated on the grant date, the charge being spread over the period provided for in the scheme.

Earnings per share - IAS 33

Basic earnings per share are calculated by dividing the profit allocated to holders of ordinary shares in UnipolSai by the weighted average number of ordinary shares outstanding during the year.
Diluted earnings per share are calculated by dividing the profit allocated to holders of ordinary shares in UnipolSai by the weighted average number of any additional ordinary shares that would be outstanding if all the potential ordinary shares with dilutive effect were converted. If the result is negative, the loss (basic and diluted) per share is calculated.

Use of estimates

The application of certain accounting standards implies significant elements of judgment based on estimates and assumptions which are uncertain at the time they are formulated.
It is believed that the assumptions made are appropriate and, therefore, that the financial statements have been drafted clearly and give a true and fair view of the statement of financial position, income statement and statement of cash flows.
In order to formulate reliable estimates and assumptions, reference has been made to past experience, and to other factors considered reasonable for the case in question, based on all available information. However, we cannot exclude that changes in these estimates and assumptions may have a significant effect on the statement of financial position and income statement as well as on the potential assets and liabilities reported in the financial statements for disclosure purposes, if different elements emerge with respect to those considered originally.

The estimates mainly concern:

- technical Life and Non-Life provisions;
- assets and liabilities measured at fair value (particularly for level 2 and 3 financial instruments);
- the analyses targeted at identifying any impairment of intangible assets (e.g. goodwill) booked to the financial statements (impairment test);
- the quantification of provisions for risks and charges and provisions for employee benefits.

For information on the methods used to determine the items in question and the main risk factors, please refer to the sections containing a description of the measurement criteria.

Fair value measurement criteria - IFRS 13

IFRS 13 provides guidelines to the measurement at fair value of financial instruments and non-financial assets and liabilities already required or permitted by other accounting standards (IFRS). This standard:
a) defines fair value;
b) groups into a single accounting standard the rules for measuring fair value;
c) enriches financial statement information.

The standard defines fair value as the sale price of an asset based on an ordinary transaction or the transfer price of a liability in an ordinary transaction on the main reference market at terms applicable at the measurement date (exit price).
Fair value measurement assumes that the transaction relating to the sale of assets or transfer of liabilities can take place:
- on the main listing market;
- if there is no listing market, on the market most advantageous for the assets and liabilities to be measured.

When a market price is not observable, the measurement methods which maximise the use of observable parameters and minimise the use of non-observable parameters must mainly be used.

IFRS 13 also defines a fair value hierarchy based on the level of observability of the inputs contained in measurement techniques used to measure fair value.

IFRS 13 governs the fair value measurement and the associated disclosure also for assets and liabilities not measured at fair value on a recurring basis in the statement of financial position. For these assets and liabilities, fair value is calculated for financial statement disclosure purposes. It should also be noted that since said assets and liabilities are not generally exchanged, the calculation of their fair value is based primarily on the use of internal parameters not directly observable on the market, with the sole exception of listed securities classified as "Held-to-maturity investments".

Fair value measurement criteria

The table below summarises the methods to calculate the fair value for the different macro categories of financial instruments, receivables and property.

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

In compliance with IFRS 13, the market price is used to determine the fair value of financial instruments, in the case of instruments traded in liquid and active markets (Mark to Market).

"Liquid and active market" means:
a) the regulated market in which the instrument subject to measurement is traded and regularly listed;
b) the multilateral trading system (MTF) in which the instrument subject to measurement is traded or regularly listed;

c) listings and transactions performed on a regular basis, i.e. high-frequency transactions with a low bid/offer spread, by an authorised intermediary (hereinafter "contributor").

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

Mark to Market valuations

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

For bonds, the sources used for the Mark to Market valuation of financial assets and liabilities are as follows:
- the primary source is the CBBT price provided by data provider Bloomberg;
- where the price referred to 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 Group uses valuation methods (Mark to Model) in line with the methods generally used by the market.

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

The list of the main models used within the UnipolSai Group 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 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 derivatives on which a collateralisation agreement is provided (Credit Support Annex) between the companies of the UnipolSai Group 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 31 December 2021, almost all derivative positions represented collateralised contracts for which CSA agreements are in place with the counterparties involved in the trading.

As regards unlisted shares and investments for which a market price or an appraisal by an independent expert is not available, the valuations are performed mainly on the basis of (i) equity methods, (ii) 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) (iii) if applicable, methods based on market multiples.

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

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

Counterparty valuations

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.

Unique characteristics of the fair value measurement for structured bonds and SPV structured bonds

Bond issues that incorporate a derivative contract which modifies the cash flows generated by the host contract are considered structured bonds. The measurement of structured bonds requires the representation and separate valuation of the host contract and of embedded derivative contracts.
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 of the 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 the representation and 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 makes 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.

Criteria for determining the fair value hierarchies

Assets and liabilities measured at fair value are classified on the basis of the hierarchy defined by IFRS 13. This classification establishes a fair value hierarchy based on the degree of discretionary power used, giving priority to the use of observable market parameters, as these are representative of the assumptions that market participants would use in the pricing of assets and liabilities.

Assets and liabilities are classified on the basis of the criterion used to determine fair value (Mark to Market, Mark to Model, Counterparty) and on the basis of the observability of the parameters used, in the case of the Mark to Model valuation.

- Level 1: this category includes assets and liabilities valued on a Mark to Market basis, with CBBT price source and with contributor prices that meet the minimum requirements able to ensure that these prices can be applied to active markets;
- Level 2: this category includes assets and liabilities valued on a Mark to Market basis, but which cannot be classified in the previous category, and assets the fair value of which is obtained with a consistent pricing model with observable market parameter inputs;
- Level 3: this category includes assets and liabilities for which the variability of the estimate of the pricing model may be significant due to the complexity of the pay-off or, if a consistent and validated model is available, the parameters needed for the valuation are not observable. This category also includes bonds which do not meet the requirements defined in the scoring test (see the paragraph "Mark to Market valuations") and for which a Mark to Model valuation is not possible. Lastly, this category also includes loans and investment property.

Fair value measurement on a recurring basis

Process for fair value measurement on a recurring basis

The measurement of financial instruments is a preliminary activity for risk monitoring, integrated asset and liability management and the drafting of the financial statements for the year.
The fair value measurement of financial instruments on a recurring basis is structured into different stages and is carried out, in compliance with the principles of separateness, independence and responsibility of the departments, at the same time, and independently, by the Finance Department and the Risk Management Department of Unipol Gruppo, using the measurement criteria defined in the previous paragraph.

When the independent valuations of financial assets and liabilities have been carried out by the two Departments involved in the pricing process, a check is performed for significant deviations, which refer to deviations of more than 3% in terms of absolute value. In the event of deviations of more than 3%, the reasons for the differences identified are analysed and, when the outcomes of the comparison are known, the price to be used for financial statement valuation purposes is determined.

Fair value measurement on a recurring basis through non-observable parameters (Level 3)

The classification of financial assets and liabilities at Level 3 adheres to a prudential approach; this category mainly includes the following types of financial instruments:

- unlisted equity instruments or investments for which a market price or an appraisal drafted by an independent expert is not available; valuations are performed on the basis of the methods indicated previously;
- shares in private equity funds, hedge funds and unlisted UCITS units for which information on the financial instruments held in the relative portfolios is not available and which could, as such, include financial instruments valued on a Mark to Model basis using non-observable parameters;
- bonds valued on a Mark to Model basis using non-observable parameters (correlations, benchmark spread curves, recovery rate);
- bonds valued with a counterparty price on a Mark to Model basis using non-observable parameters;
- ABS type bonds for which a Mark to Market valuation is not available;
- derivative instruments valued on a Mark to Model basis using non-observable parameters (correlations, volatility, dividend estimates);
- bonds which do not meet the requirements defined in the scoring test (see the paragraph "Mark to Market valuations") and for which a Mark to Model valuation is not possible.

Fair value measurement on a non-recurring basis in compliance with the disclosure requirements of other standards

Consistent with the provisions of IFRS 13, fair value is measured also for assets and liabilities not measured at fair value on a recurring basis in the statement of financial position and when the disclosure on fair value has to be provided in the Notes to the financial statements in compliance with other international accounting standards. Since these assets and liabilities are usually not exchanged, the calculation of their fair value is based primarily on the use of internal parameters not directly observable on the market. This category mainly includes the following types of financial instruments:

- bond issues valued on a Mark to Market basis (level 1);
- bond issues and loans valued on a Mark to Model basis using non-observable parameters (benchmark spread curves) (level 3);
- short-term payables with a duration of less than 18 months and Certificates of Deposit at amortised cost (level 3);
- impaired loans and receivables from bank customers at amortised cost, net of analytical valuations (level 3);
- other receivables valued at carrying amount (level 3);
- investment property valued on the basis of the appraisal value determined by independent experts in compliance with the provisions of the applicable legislation. The approach to assigning appraisal mandates is based on the non-exclusive assignment of assets; there is usually a three-year rotation in the assignment of experts.

3. Notes to the Statement of Financial Position

Comments and further information on the items in the statement of financial position and the changes that took place compared to balances at 31 December of the previous year are given below (the numbering of the notes relates to the mandatory layout for the preparation of the statement of financial position).

In application of IFRS 5, assets and liabilities held for sale are shown respectively under items 6.1 in Assets and 6.1 under Liabilities. As regards Non-current assets or assets of a disposal group held for sale, please refer to Chapter 5 Other information, paragraph 5.5, for more information on their composition and measurement criteria.

ASSETS

1. Intangible assets

Amounts in €m	31/12/2021	31/12/2020	*var. in amount*
Goodwill	513.7	513.7	
resulting from business combinations	513.5	513.5	
resulting from other	0.2	0.2	
Other intangible assets	449.3	407.0	*42.3*
portfolios acquired under business combinations	38.2	61.3	*(23.1)*
software and licenses	391.3	325.2	*66.1*
other intangible assets	19.7	20.4	*(0.7)*
Total intangible assets	962.9	920.6	*42.3*

1.1 Goodwill

This item, amounting to €513.7m (of which €309.2m relating to Non-Life business and €204.5m to Life business), consists entirely of goodwill deriving from business combinations in previous years.

Goodwill with an indefinite useful life recorded in the financial statements was tested for impairment in accordance with the procedure specifically approved by UnipolSai's Board of Directors. For information on the criteria used for the tests, please refer to paragraph 5.13 of Chapter 5 of this document, "Other information".

1.2 Other intangible assets

This item amounted to €449.3m (€407.0m in 2020) and consisted of:
- the residual value of the Life and Non-Life portfolios acquired from business combinations amounting to €38.2m (€61.3m in 2020), whose net change of -€23.1m was due to the reduction caused by amortisation recognised on the values of the Non-Life (€13.6m) and Life (€9.6m) portfolios;
- costs incurred for purchasing software, licences, consultancy and the customisation of software programs for €391.3m (€325.2m in 2020);
- other intangible assets amounting to €19.7m (€20.4m at 31/12/2020).

2. Property, plant and equipment

At 31 December 2021 Property, plant and equipment, net of accumulated depreciation, amounted to €2,431m (€2,279.8m in 2020), of which €1,500.8m in Properties for own use (€1,447.5m in 2020) and €930.2m in Other tangible assets (€832.2m in 2020).

Properties for own use

Amounts in €m	Gross carrying amount	Accumulated depreciation	Net carrying amount
Balance at 31/12/2020	**1,825.6**	**(378.1)**	**1,447.5**
Increases	100.3		100.3
Decreases	(2.3)		(2.3)
Depreciation for the year		(42.0)	(42.0)
Other changes in provisions		(2.7)	(2.7)
Balance at 31/12/2021	**1,923.6**	**(422.8)**	**1,500.8**

The increases refer to incremental expenses and to property leases recognised using the financial method pursuant to IFRS 16.
The decreases mainly refer to write-downs.

The current value of properties for own use, determined based on independent expert appraisals, was €1,649.9m.

Other tangible assets

Amounts in €m	Office furniture and machines	Movable assets entered in public registers	Plant and equipment	Other	Total
Balance at 31/12/2020	**393.3**	**1,029.8**	**372.7**	**25.8**	**1,821.6**
Increases	25.6	295.8	71.8	6.1	399.2
Decreases	(1.4)	(147.1)	(43.1)	(10.8)	(202.3)
Balance at 31/12/2021	**417.5**	**1,178.5**	**401.4**	**21.0**	**2,018.5**
Accumulated depreciation at 31/12/2020	**320.9**	**459.7**	**208.6**	**0.2**	**989.4**
Increases	20.7	155.4	17.7	0.0	193.8
Decreases	(1.2)	(112.9)	19.4	(0.1)	(94.9)
Accumulated depreciation at 31/12/2021	**340.3**	**502.2**	**245.7**	**0.1**	**1,088.3**
Net amount at 31/12/2020	**72.4**	**570.2**	**164.1**	**25.6**	**832.2**
Net amount at 31/12/2021	**77.2**	**676.3**	**155.7**	**20.9**	**930.2**

The main increase in property, plant and equipment is due to the item Movable assets entered in public registers, in relation to the significant development of Unipol*Rental* activities during the year.

3. Technical provisions - Reinsurers' share

The balance of this item was €831.3m, in line with 2020 (€835.3m). Details are set out in the appropriate appendix.

4. Investments

At 31 December 2021, total Investments (Investment property, Equity investments and Financial assets) amounted to €66,953.5m (€66,640.4m in 2020).

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Investment property	2,155.8	*3.2*	2,261.5	*3.4*	*(4.7)*
Investments in subsidiaries, associates and interests in joint ventures	176.5	*0.3*	162.9	*0.2*	*8.3*
Financial assets (excluding those at fair value through profit or loss)	56,276.7	*84.1*	57,038.2	*85.6*	*(1.3)*
Held-to-maturity investments	366.7	*0.5*	420.8	*0.6*	*(12.8)*
Loans and receivables	5,245.1	*7.8*	5,256.4	*7.9*	*(0.2)*
Available-for-sale financial assets	50,435.0	*75.3*	51,102.3	*76.7*	*(1.3)*
Held-for-trading financial assets	229.8	*0.3*	258.7	*0.4*	*(11.2)*
Financial assets at fair value through profit or loss	8,344.5	*12.5*	7,177.8	*10.8*	*16.3*
Total Investments	66,953.5	*100.0*	66,640.4	*100.0*	*0.5*

4.1 Investment property

Amounts in €m	Gross carrying amount	Accumulated depreciation	Net carrying amount
Balance at 31/12/2020	2,616.3	(354.8)	2,261.5
Increases	34.6		34.6
Decreases	(60.0)		(60.0)
Trasfers to other categories	(45.6)		(45.6)
Depreciation for the year		(52.4)	(52.4)
Other changes in provisions		17.7	17.7
Balance at 31/12/2021	2,545.4	(389.5)	2,155.8

The increases refer primarily to purchases and incremental expenses. The decreases include write-downs for €42.5m.

The current value of Investment property, €2,475.5m, was based on independent expert appraisals.

4.2 Investments in subsidiaries, associates and interests in joint ventures

At 31 December 2021, investments in subsidiaries, associates and interests in joint ventures amounted to €176.5m (€162.9m in 2020).

Financial assets - items 4.3, 4.4, 4.5 and 4.6 (excluding Financial assets at fair value through profit or loss)

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Held-to-maturity investments	**366.7**	***0.7***	**420.8**	***0.7***	***(12.8)***
Listed debt securities	366.7		420.8		*(12.8)*
Loans and receivables	**5,245.1**	***9.3***	**5,256.4**	***9.2***	***(0.2)***
Unlisted debt securities	4,018.9		3,936.4		*2.1*
Deposits with ceding companies	105.8		86.3		*22.6*
Other loans and receivables	1,120.4		1,233.7		*(9.2)*
Available-for-sale financial assets	**50,435.0**	***89.6***	**51,102.3**	***89.6***	***(1.3)***
Equity instruments at cost	4.4		4.8		*(7.8)*
Listed equity instruments at fair value	1,484.9		645.8		*129.9*
Unlisted equity instruments at fair value	201.5		195.0		*3.3*
Listed debt securities	44,315.2		46,396.0		*(4.5)*
Unlisted debt securities	462.0		647.2		*(28.6)*
UCITS units	3,967.0		3,213.4		*23.5*
Held-for-trading financial assets	**229.8**	***0.4***	**258.7**	***0.5***	***(11.2)***
Listed equity instruments at fair value	0.9		1.5		*(41.9)*
Listed debt securities	80.5		141.1		*(42.9)*
Unlisted debt securities	0.2		1.3		*(84.1)*
UCITS units	1.9		1.8		*6.1*
Derivatives	146.3		113.1		*29.4*
Total financial assets	**56,276.7**	***100.0***	**57,038.2**	***100.0***	***(1.3)***

Details of Financial assets at fair value through profit or loss by investment type:

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Financial assets at fair value through profit or loss	**8,344.5**	***100.0***	**7,177.8**	***100.0***	***16.3***
Listed equity instruments at fair value	155.0	*1.9*	138.8	*1.9*	*11.6*
Listed debt securities	3,206.1	*38.4*	2,986.7	*41.6*	*7.3*
Unlisted debt securities	0.3	*0.0*	0.4	*0.0*	*(14.9)*
UCITS units	4,266.5	*51.1*	3,015.2	*42.0*	*41.5*
Other financial assets	716.6	*8.6*	1,036.6	*14.4*	*(30.9)*

For information on fair value, reference should be made to paragraph 5.7 of Section 5 “Other information” of these Notes to the financial statements.

5. Sundry receivables

Amounts in €m	31/12/2021	% comp.	31/12/2020	% comp.	% var.
Receivables relating to direct insurance business	1,398.0	40.8	1,482.4	46.2	(5.7)
Receivables relating to reinsurance business	204.5	6.0	166.9	5.2	22.5
Other receivables	1,822.4	53.2	1,560.4	48.6	16.8
Total sundry receivables	**3,424.9**	**100.0**	**3,209.7**	**100.0**	**6.7**

The item Other receivables included:
- tax receivables amounting to €724.5m (€659.6m at 31/12/2020);
- payments made as cash collateral against derivative payables totalling €387.7m (€257.5m at 31/12/2020);
- substitute tax receivables on the mathematical provisions totalling €350.6m (€346.9m at 31/12/2020);
- trade receivables amounting to €224.7m (€185.6m at 31/12/2020).

6. Other assets

Amounts in €m	31/12/2021	% comp.	31/12/2020	% comp.	% var.
Non-current assets or assets of a disposal group held for sale	132.6	13.7	203.4	23.7	(34.8)
Deferred acquisition costs	100.1	10.3	99.2	11.6	0.9
Deferred tax assets	108.1	11.1	2.6	0.3	n.s.
Current tax assets	9.1	0.9	8.6	1.0	6.3
Other assets	620.9	64.0	544.3	63.4	14.1
Total other assets	**970.8**	**100.0**	**858.1**	**100.0**	**13.1**

Deferred tax assets are shown net of the offetting carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in Deferred tax liabilities, as described in Chapter 2 Main accounting standards.
The item Other assets includes €226.5m in "Ecobonus" and "Sismabonus" tax credits, purchased from direct beneficiaries or their assignees, which can be recovered by offsetting them against future payments for a total amount recognised by the Tax Authorities of €242.1m. Other assets also include, inter alia, deferred commission expense on contracts not included in the scope of application of IFRS 4 and other accruals and deferrals.

7. Cash and cash equivalents

At 31 December 2021, Cash and cash equivalents amounted to €884.8m (€680.6m at 31/12/2020).

LIABILITIES

1. Shareholders' equity

Movements in shareholders' equity recognised during the year with respect to 31 December 2020 are set out in the attached Statement of changes in Shareholders' equity.

1.1. Shareholders' Equity attributable to the owners of the Parent

Shareholders' equity, excluding non-controlling interests, is composed as follows:

Amounts in €m	31/12/2021	31/12/2020	*var. in amount*
Share capital	2,031.5	2,031.5	
Other equity instruments	496.2	496.2	
Capital reserves	346.8	346.8	
Income-related and other equity reserves	3,146.1	2,889.2	*256.9*
(Treasury shares)	(0.7)	(1.3)	*0.5*
Reserve for foreign currency translation differences	3.9	4.0	*(0.1)*
Gains/losses on available-for-sale financial assets	1,285.4	1,295.1	*(9.7)*
Other gains and losses recognised directly in equity	(33.6)	(0.8)	*(32.9)*
Profit (loss) for the year	688.5	820.0	*(131.5)*
Total shareholders' equity attributable to the owners of the Parent	**7,964.0**	**7,880.8**	***83.2***

At 31 December 2021, UnipolSai's share capital was €2,031.5m, fully paid-up, and was made up of 2,829,717,372 ordinary shares without nominal value, unchanged with respect to 31 December 2020.
The item Other equity instruments consists of the Restricted Tier 1 perpetual regulatory capital instrument with a nominal value of €500m issued in 2020.

The main changes in the year in the Group's shareholders' equity were as follows:
- a decrease due to dividend distribution to shareholders for €537.5m;
- a decrease due to remuneration, net of the relative tax benefits, of the perpetual regulatory capital instrument, recognised under Other equity instruments, for €24.5m;
- a decrease, as a result of the fall in the reserve for gains and losses on available-for-sale financial assets, net of both the related tax liabilities and the portion attributable to the policyholders and charged to insurance liabilities for €9.7m;
- a decrease of €42.1m due to the decrease in the Cash flow hedge reserves;
- an increase of €688.5m in Group profit for the period.

Shareholders' equity attributable to non-controlling interests was €269.8m (€263.3m at 31/12/2020).

Treasury shares or quotas

At 31 December 2021, UnipolSai held a total of 336,768 ordinary treasury shares (693,635 at 31/12/2020), of which 118,624 directly and 218,144 indirectly through the following subsidiaries:
- SIAT held 68,044;
- Unipol*Rental* held 56,180;
- UniSalute held 52,885;
- Leithà held 21,451;
- Arca Vita held 12,476;
- UnipolAssistance held 7,108.

During the year, in execution of the Compensation plans based on financial instruments, 2,731,000 UnipolSai ordinary shares were acquired and 3,087,867 were allocated to Executives of the Unipol Group.

2. Provisions and contingent liabilities

The item "Provisions" totalled €422m at 31 December 2021 (€437.8m at 31/12/2020) and mainly consisted of provisions for litigation, various disputes, charges relating to the sales network, provisions for salary policies and employee leaving incentives.

Ongoing disputes and contingent liabilities

Relations with the Tax Authorities

UnipolSai/UniSalute/Siat
As regards the dispute deriving from the application of VAT on delegation fees against co-insurance relations with other companies in the insurance sector, in 2020 contact was made with the competent Regional Directorates of the Italian Tax Authorities for the closure of pending litigation and pre-litigation issues that had been settled by agreement or through conciliation, with payment only of the tax and interest due, for all years up to 2017, leaving 2018 still to be defined.

Arca Vita
With reference to the general audit carried out in 2017 by the Veneto Regional Directorate for the years 2012-2015, and related notices of assessment that were subsequently notified, the dispute is still pending for the tax periods 2013 and 2014.

Consob sanction proceedings

By means of communications dated 19 April 2013, Consob commenced two separate sanction proceedings against Fondiaria-SAI and Milano Assicurazioni for charges relating to their respective 2010 consolidated financial statements.
Pursuant to Art. 187-septies, paragraph 1 of the Consolidated Law on Finance, Consob notified Ms. Jonella Ligresti and Mr. Emanuele Erbetta, for the offices held in Fondiaria-SAI at the time of the events, of the violation set forth in Art. 187-ter, paragraph 1, of the Consolidated Law on Finance. Fondiaria-SAI is also charged with this violation as a party bearing joint and several liability. It is also charged with the offence set forth in Art. 187-quinquies, paragraph 1, letter a), of the Consolidated Law on Finance for the aforementioned violation of Art. 187-ter, paragraph 1 of the Consolidated Law on Finance by Ms. Jonella Ligresti and Mr. Emanuele Erbetta, acting in the above mentioned capacities.

Consob also made the same charge against Milano Assicurazioni. In this regard, pursuant to Art. 187-septies, paragraph 1 of the Consolidated Law on Finance, the Commission charged Mr. Emanuele Erbetta, for the role he held in the subsidiary at the time of the events, with the violation established in Art. 187-ter, paragraph 1, of the Consolidated Law on Finance. Milano Assicurazioni is also charged with this violation as a party bearing joint and several liability. It is also charged with the offence set forth in Art. 187-quinquies, paragraph 1, letter a), of the Consolidated Law on Finance for the aforementioned violation of Art. 187-ter, paragraph 1 of the Consolidated Law on Finance by Mr. Emanuele Erbetta, acting in the above mentioned capacity.

Fondiaria-SAI and Milano Assicurazioni (currently UnipolSai), assisted by their lawyers, presented their conclusions, asking that the administrative penalties set out in Articles 187-ter, 187-quinquies and 187-septies of the Consolidated Law on Finance not be imposed on the companies. On 20 March 2014 the Consob issued a resolution whereby, not deeming that the parties' defences deserved to be accepted, it ordered:

- Jonella Ligresti to pay €250k and to be disqualified from office for four months;
- Emanuele Erbetta to pay €400k and to be disqualified from office for eight months;
- UnipolSai to pay €650k.

UnipolSai provided for the payment of the fines, and also filed an appeal against Ms. Ligresti. Mr. Erbetta directly paid the penalty imposed on him. In any case, UnipolSai challenged the decision before the Court of Appeal of Bologna, which rejected the appeal on 6 March 2015. The Company, assisted by its lawyers, challenged the decision before the Court of Cassation which, on 6 December 2018, rejected the appeal and confirmed the Consob sanctions.
In March 2019, the Company challenged the decision before the European Court of Human Rights (ECHR), asking for the cancellation of the sanction for the breach of the ne bis in idem principle, according to which a person should not be submitted to sanction or judicial proceedings several times for the same fact.

Antitrust Authority proceedings

On 8 May 2020, the Antitrust Authority notified UnipolSai Assicurazioni of the initiation of preliminary proceedings concerning the "#UnMesePerTe" promotional campaign, involving the dissemination, in print media, on television and in other media, of advertising messages which allegedly lacked the required clarity and transparency.
UnipolSai filed a detailed defence brief, affirming the full legitimacy and fairness of its initiative, as well as its ethical and social merit. Moreover, with a view to further improving transparency towards its customers, the Company enacted a series of behaviours on its own initiative which were then subject to a commitment proposal formalised with the Antitrust Authority on 26 June 2020 and supplemented, based on the Authority's observations, on 6 November 2020. These measures are intended to facilitate knowledge and use of the benefits deriving from this campaign by extending the initiative to 31 December 2021 (but still with reference to policies in force at 10 April 2020) and sending individual communications to potential beneficiaries concerning how to use the voucher offered when the policy is renewed, as well as providing a detailed disclosure on the possibility of revoking consent to the use of personal data for marketing purposes issued to the Company on the "unmeseperte" mini-website from 11 April 2020 to 29 May 2020.
By a measure passed on 26 February 2021, the Antitrust Authority accepted the commitments proposed by the Company and settled the proceedings without confirming any infractions and, therefore, without imposing penalties.

On 26 November 2020, the Antitrust Authority notified UnipolSai Assicurazioni of the initiation of second preliminary proceedings concerning MV TPL claims settlement, characterised by an alleged hindrance of the right of consumers to access the relevant deeds and the failure to specify the criteria for the quantification of damages in the phase of formulating the compensation offer. On 16 April 2021, the Antitrust Authority then notified the objective extension of these proceedings, claiming failure to comply with the terms of Art. 148 of the CAP for the settlement/challenge of MV TPL claims.
UnipolSai deems these objections completely unfounded and, to protect its rights, has engaged its lawyers to represent it in the proceedings, which are currently ongoing.

By measure notified on 20 May 2021, the Antitrust Authority approved the initiation of a preliminary investigation into Compagnia Assicuratrice Linear S.p.A. in order to ascertain any breach of the prohibition on agreements restricting competition pursuant to Art. 101 of the Treaty on the Functioning of the European Union, in relation to an alleged agreement concerning and/or resulting in the alteration of competition trends in the MV TPL policy direct sales market, which allegedly affected certain companies active, including through their websites, in the market of comparing and marketing offers relating to various types of services, including insurance services, as well as a number of Italian insurance companies (and other intermediaries).
Although Linear considers the alleged assumptions in fact and in law by virtue of which the proceedings were lodged to be completely groundless, along with the other parties it submitted its commitments pursuant to Art. 14-ter of Law no. 287/90. On 3 January 2022, the Authority published the above-mentioned commitments on its website to allow the parties concerned to submit any observations and the Antitrust Authority to then decide on acceptance.
One party submitted observations in relation to the Market Test in favour of accepting the commitments. The decision of the Authority is now pending.

IVASS assessments

On 2 July 2014, IVASS sent to UnipolSai the order of sanctions at the end of the proceedings started in 2012 against Unipol Assicurazioni on the matter of the measurement of the claims provisions of the MV and Boats TPL classes. The sanction imposed was €27,500. Since UnipolSai does not deem the conclusions of the Institute to be acceptable in any way, it appealed against this decision before the Regional Administrative Court (TAR). On 9 September 2015 the

Regional Administrative Court rejected the appeal of the Company, which challenged the ruling before the Council of State.
On 21 February 2019 the Council of State accepted an objection submitted by the Company and cancelled the sanction, the amount of which was recovered in full on 26 August 2021.

By notice served on the Company on 11 October 2021, IVASS ordered the initiation of inspections intended, in relation to MV TPL underwriting and settlement processes, to ascertain the adoption of recent regulatory provisions, respect for the CARD convention and the connected governance and control aspects.

Corporate liability action against certain former directors and statutory auditors decided by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni

On 17 October 2011, Amber Capital LP, fund manager of Amber Global Opportunities Master Fund Ltd, a Fondiaria-SAI shareholder, in accordance with Art. 2408 of the Civil Code, informed the Board of Statutory Auditors of Fondiaria-SAI of various transactions carried out by companies in the Fondiaria-SAI Group with "related" companies attributable to the Ligresti family, criticising the "non-market" conditions and "anomalies" of said transactions.

On 16 March 2012 the Board of Statutory Auditors of Fondiaria-SAI issued an initial response in its "Report pursuant to Art. 2408, paragraph 2 of the Civil Code", after which by letter dated 26 March 2012 the shareholder Amber Capital requested further investigation.

The Board of Statutory Auditors therefore performed further controls and investigations. On 15 June 2012 IVASS served Measure no. 2985 upon Fondiaria-SAI by which the Authority defined the proceedings launched pursuant to Art. 238 of the Private Insurance Code, and through IVASS Communication prot. no. 32-12-000057 of the same date charged Fondiaria-SAI with significant irregularities pursuant to Art. 229 of the Private Insurance Code, with particular reference to a number of transactions implemented by Fondiaria-SAI and its subsidiaries with counterparties qualifying as related parties of Fondiaria-SAI, and assigning a fifteen-day deadline for the effects of these transactions to be permanently removed.
IVASS considered that the actions proposed or implemented by the Company were not suitable to correct the situation which led to the charges cited in the notice of 15 June 2012, prolonging – according to IVASS – the inability of Fondiaria-SAI to remedy the violations and the relative effects.
Therefore by Measure no. 3001 of 12 September 2012 (the "IVASS Measure"), IVASS appointed Prof. Matteo Caratozzolo as ad acta commissioner of Fondiaria-SAI (the "Commissioner"), also as Parent, considering the requirements of Art. 229, Italian Legislative Decree no. 209 of 7 September 2005 to be met.
In particular, with regard to the disputed transactions considered not only on an individual basis but as a whole, IVASS tasked the Commissioner with (i) specifically identifying the individuals responsible for the transactions carried out to the detriment of Fondiaria-SAI SpA and its subsidiaries; (ii) determining the damage suffered by the same; (iii) promoting or encouraging the promotion of all necessary initiatives, including judicial, at Fondiaria-SAI SpA and its subsidiaries, suitable, in relation to the disputed transactions, to safeguard and reintegrate the assets of Fondiaria-SAI SpA and its subsidiaries; (iv) exercising the powers held by Fondiaria-SAI SpA as Parent and as a shareholder in the shareholders' meetings of the subsidiaries.

Following the in-depth examinations conducted regarding the above-mentioned transactions, entered into by the Fondiaria-SAI Group primarily in the real estate segment in the 2003-2011 period, which directly involved members of the Ligresti family and certain SPVs attributable to said family, the Commissioner asked the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni to call the respective shareholders' meetings, placing on the agenda the proposed corporate liability action, pursuant to Articles 2392 and 2393 of the Civil Code, against some directors and statutory auditors of the companies (jointly with other parties).

On 5 February 2013, the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni, having examined the respective reports drafted by the Commissioner in accordance with Art. 125-ter of the Consolidated Law on Finance, resolved, following the aforementioned request, to call the Shareholders' Meetings of the two companies for 13 and 14 March 2013, on first and second call respectively.
The Shareholders' Meetings, held on second call on 14 March 2013, resolved to promote corporate liability action against the persons indicated in the reports prepared for the Meetings by the Commissioner and made these resolutions public in accordance with law.

As a result of the aforementioned resolutions, the ad acta Commissioner appointed his own lawyers who arranged for civil proceedings to be brought before the Court of Milan against the parties identified as responsible for the transactions described above ("Main Liability Action"). The proceedings are currently at preliminary investigation stage during which the court has, amongst other things, ordered a technical court expert's report.

In relation to the aforementioned transactions, the Companies requested and, on 20 December 2013, obtained a seizure order from the Court of Milan against some of the defendants in the above proceedings. The Company made arrangements to enforce the attachment through the parties concerned and through third parties, and the related enforcement proceedings are still in progress.
The attachment was challenged by the counterparties and on 24 March 2014 the Court of Milan, sitting *en banc*, confirmed the precautionary provision, rejecting all complaints filed by the counterparties.
Furthermore, with reference to the other transactions involved in the complaint from Amber Capital LP, not included in the Commissioner's mandate ("Minor Transactions"), on the invitation of the Board of Statutory Auditors of Fondiaria-SAI pursuant to Art. 2408 of the Civil Code, the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni conducted investigations and checks, which showed that Minor Transactions were also carried out by companies in the Fondiaria-SAI Group with "related" companies attributable to the Ligresti family with various breaches of directors' and statutory auditors' duties. In particular, the investigations and checks highlighted both breaches of directors' and statutory auditors' duties and damages to the company assets of the Fondiaria-SAI Group.
The persons who, as a result of the checks performed by the Boards of Directors, were deemed responsible for the Minor Transactions are (i) members of the Ligresti family, who exercised control over the Fondiaria-SAI Group companies involved, and who would have pursued their own personal interests to the detriment of said companies in violation of Articles 2391 and 2391-bis of the Civil Code and the procedure governing "related party" transactions; (ii) the former "executive" directors, who would have proposed and implemented the transactions in question, and the directors of the internal control committees of Fondiaria-SAI and Milano Assicurazioni, who would also have been responsible for the violation of said regulations and procedures; (iii) the statutory auditors who would have also been responsible for the damages suffered by the companies in the Fondiaria-SAI Group due to the violation of Articles 2403 and 2407 of the Civil Code and Art. 149 of the Consolidated Law on Finance.
The liability of members of the Ligresti family in relation to the transaction in question (as with the transactions already involved in the Main Liability Action) would derive not only from the violation of their duties of the offices of director formally held in Fondiaria-SAI and Milano Assicurazioni but also (aa) from the "unitary management" they would have illegitimately exercised over companies in the Fondiaria-SAI Group by helping to approve and implement the transactions constituting a "conflict of interests" and "in violation of the principles of correct corporate and business management" (pursuant to Art. 2497 of the Civil Code); (bb) the de facto interference (in particular from Mr. Salvatore Ligresti) in the administration of the companies in the Fondiaria-SAI Group (in accordance with Art. 2392 of the Civil Code).

Consequently, on 30 July 2013 the Ordinary Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni resolved to promote Minor Liability Action pursuant to Articles 2392 and 2393 of the Civil Code and, to the extent they may apply, Articles 2043 and 2497 of the Civil Code, against certain former de facto and official directors of Fondiaria-SAI and Milano Assicurazioni, regardless of their particular offices held and even if no formal office was held; certain former directors of Fondiaria-SAI and Milano Assicurazioni and, pursuant to Art. 2407 of the Civil Code, against certain members of the Board of Statutory Auditors of Fondiaria-SAI and Milano Assicurazioni.
In connection with the resolutions mentioned above, UnipolSai (formerly Fondiaria-SAI) served the writ of summons.
In March 2021, as the case was still pending, the Company signed a settlement agreement with all defendants which fully defines the two liability actions and which was subject to the approval of the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group. The agreement was fully implemented in accordance with the agreed methods and terms. While for the Main Liability Action the formal extinction of the process was declared, for the Minor Liability Action the court adjourned for further consideration on a marginal issue relating to the attribution of legal expenses not concerning the Company.
The terms and conditions of the above-mentioned agreement are summarised in the Directors' Report and in the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution no. 17721 of 12 March 2010 as amended, published with the timing and methods set forth by law and provided on the Company's institutional website.

Ongoing disputes with investors

Writs of summons by shareholders of La Fondiaria Assicurazioni (takeover bid legal cases)
From 2003 onwards, a number of La Fondiaria Assicurazioni ("Fondiaria") shareholders have initiated a series of legal proceedings claiming, albeit on different legal grounds and justifications, compensation for damages allegedly suffered due to failure to launch the takeover bid on Fondiaria shares by SAI Società Assicuratrice Industriale SpA ("SAI") in 2002.
On the whole, 16 proceedings were brought against the Company; 14 of these were settled at various degrees and stages of the proceeding, while one was extinguished when the first court's decision handed down in favour of the Company became definitive, as the opposing party failed to appeal it.
At 31 December 2021, only one case was still pending before the Court of Cassation, following the decision issued by the Milan Court of Appeal after resumption by the plaintiff. An appropriate provision has been allocated to cover this pending dispute.

Other ongoing proceedings
UnipolSai Assicurazioni SpA has for some time been a party in criminal and civil proceedings referring to events occurring during the previous management of Fondiaria-SAI and Milano Assicurazioni. A summary of the criminal cases finalised during 2021 and those still pending is provided below.

2021 saw the definitive closure of legal proceedings in Criminal Case 21713/13 (formerly Gen. Criminal Records Reg. 20219/2012), originally pending before the Fourth Criminal Section of the Court of Turin against officers of the previous Fondiaria-SAI and Milano Assicurazioni management, accused of the offences of false corporate communications under Art. 2622 of the Civil Code in relation to the 2010 financial statements of Fondiaria-SAI SpA and market manipulation under Art. 185 of the Consolidated Law on Finance ("TUF") on Fondiaria-SAI and Milano Assicurazioni securities, owing to the alleged falsification of the financial statements that allegedly pertained to the claims provisions; within this proceeding, UnipolSai Assicurazioni SpA was summoned and appeared before the court as civilly liable for the actions of the defendants.
Following the preliminary hearing and discussion of the parties, on 11 October 2016 the Court confirmed criminal liability of most of the defendants and ordered them to pay compensation for damages, jointly with the parties with civil liability, including UnipolSai Assicurazioni, in favour of the 2,265 parties admitted as civil claimants, plus payment of the legal expenses of civil claimants' counsel.
The decision pronounced by the Court of Turin on 11 October 2016 was challenged before the Turin Court of Appeal, which on 12 March 2019 cancelled the decision due to lack of area jurisdiction and ordered the forwarding of proceedings papers to the Court of Milan.

On 12 May 2021, at the request of the Public Prosecutor's office, the Court of Milan ordered the definitive dismissal of the proceedings on all counts and for all the defendants.

Moreover, as reported in the Financial Statements at 31 December 2018, some investors autonomously initiated civil proceedings for damages. In these proceedings, the plaintiffs summarily stated that they had purchased and subscribed Fondiaria-SAI shares as they were prompted by the information in the information prospectuses published by Fondiaria-SAI on 24 June 2011 and 12 July 2012 in relation to the increases in share capital under option resolved by the company on 14 May 2011, 22 June 2011 and 19 March 2012 respectively, and in the financial statements of Fondiaria-SAI relating to the years 2007-2012. UnipolSai (former Fondiaria-SAI) appeared at all Civil Proceedings and disputed the plaintiffs' claims.
Two civil proceedings before the Court of Turin ended with rulings that rejected the merits of the Plaintiff's requests, acquitting UnipolSai from all compensation claims. The two rulings have become res judicata since they were not appealed by the counterparties.
On 18 May 2017, the Court of Milan instead partially upheld the compensation claims of another shareholder. The Company appealed against the sentence before the Milan Court of Appeal, which only partially accepted the appeal. The Company therefore appealed against the sentence before the Court of Cassation, which has not yet scheduled the hearing for the discussion of the case. The Court of Rome, with a sentence published on 12 May 2020, vice versa fully rejected the compensation claims submitted by another investor with respect to the share capital increases noted above. The opposing party challenged the sentence before the Rome Court of Appeal, and at the last hearing on 13 December 2021 the Court adjourned for further consideration.
In another case pending on the same issues, the Court of Milan accepted the compensation claims of another investor, with a ruling dated 20 March 2019. After being appealed by the Company, the ruling was overruled in full by the Milan

Court of Appeal with a ruling dated 22 October 2020. The opposing party challenged the appeal sentence before the Court of Cassation. The hearing for discussion of the case has not yet been scheduled.

On 15 February 2021, the Court of Milan has partially upheld the compensation claims of other shareholders. The Company appealed against the sentence before the Milan Court of Appeal. The next hearing to finalise conclusions is set for 6 April 2022.
Another two cases pending on the same issues are still in the introductory/preliminary phase before the Court of Milan.
Provisions deemed suitable were made in relation to the disputes with investors described above.

3. Technical provisions

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Non-Life premium provisions	3,375.5	*22.9*	3,389.0	*23.6*	
Non-Life claims provisions	11,312.6	*76.9*	10,966.3	*76.2*	
Other Non-Life technical provisions	26.9	*0.2*	32.5	*0.2*	
Total Non-Life provisions	**14,714.9**	***100.0***	**14,387.8**	***100.0***	***2.3***
Life mathematical provisions	35,787.4	*84.4*	34,078.5	*78.7*	
Provisions for amounts payable (Life business)	337.1	*0.8*	573.5	*1.3*	
Technical provisions where the investment risk is borne by policyholders and arising from pension fund management	2,445.8	*5.8*	3,144.1	*7.3*	
Other Life technical provisions	3,843.1	*9.1*	5,523.2	*12.8*	
Total Life provisions	**42,413.4**	***100.0***	**43,319.2**	***100.0***	***(2.1)***
Total technical provisions	**57,128.3**		**57,707.0**		***(1.0)***

4. Financial liabilities

Financial liabilities amounted to €8,411.2m (€7,055.3m at 31/12/2020).

4.1 Financial liabilities at fair value through profit or loss

This item, which amounted to €6,356.4m (€4,379.3m at 31/12/2020), is broken down as follows:
- Financial liabilities held for trading totalled €445.4m (€324.3m at 31/12/2020);
- Financial liabilities designated at fair value through profit or loss totalled €5,911m (€4,055.1m at 31/12/2020). This category included investment contracts issued by insurance companies where the investment risk was borne by the policyholders and the insurance risk borne by the Group did not exceed 10%: these include Class III and VI contracts and residual liabilities for low amounts on other contracts no longer placed.

4.2 Other financial liabilities

Amounts in €m	31/12/2021	% comp.	31/12/2020	% comp.	% var.
Subordinated liabilities	1,446.1	70.4	2,088.3	78.0	(30.8)
Deposits received from reinsurers	130.5	6.4	134.7	5.0	(3.1)
Other loans obtained	478.1	23.3	453.0	16.9	5.5
Sundry financial liabilities	0.1	0.0			
Total other financial liabilities	**2,054.8**	**100.0**	**2,676.0**	**100.0**	**(23.2)**

Details of Subordinated liabilities are shown in the table below:

Issuer	Nominal amount outstanding	Subordination level	Year of maturity	Call	Rate	L/NL
UnipolSai	€750.0m	tier I	in perpetuity	every 3 months from 2024/06/18	fixed rate 5,75% (*)	L
UnipolSai	€500.0m	tier II	2028		fixed rate 3,875%	L
UnipolSai	€160.0m (**)	tier I	2023	every 6 months	6M Euribor + 180 b.p. (***)	NL

(*) from June 2024 floating rate of 3M Euribor + 518 b.p.
(**) on 24 July 2021 the third tranche of 80.0 million euro was repaid as indicated in the planned amortisation plan contractually
(***) since September 2014, in application of the contractual clauses ("Additional Costs Clauses"), UnipolSai and Mediobanca signed an agreement to modify a Loan Agreement to cover the subordinated loan expiring in 2023. This agreement provides for the amendment of several economic terms, including payment by way of compromise, of an annual indemnity (additional spread) equal to 71.5 basis points, which increases the previous spread (thereby raising the total spread from 1.80 to 2.515 basis points) provided for in the Loan Agreement

5. Payables

Amounts in €m	31/12/2021	% comp.	31/12/2020	% comp.	% var.
Payables arising from direct insurance business	**187.6**	**15.7**	**162.8**	**15.9**	**15.2**
Payables arising from reinsurance business	**104.5**	**8.8**	**77.0**	**7.5**	**35.7**
Other payables	**899.5**	**75.5**	**786.2**	**76.6**	**14.4**
Policyholders' tax due	159.9	13.4	158.8	15.5	0.6
Sundry tax payables	42.7	3.6	39.8	3.9	7.2
Trade payables	317.8	26.7	250.7	24.4	26.8
Post-employment benefits	52.4	4.4	58.4	5.7	(10.3)
Social security charges payable	38.1	3.2	37.6	3.7	1.3
Sundry payables	288.7	24.2	241.0	23.5	19.8
Total payables	**1,191.5**	**100.0**	**1,026.0**	**100.0**	**16.1**

6. Other liabilities

Amounts in €m	31/12/2021	*% comp.*	31/12/2020	*% comp.*	*% var.*
Current tax liabilities	39.4	*3.7*	38.5	*3.6*	*2.4*
Deferred tax liabilities	107.6	*10.0*	136.3	*12.9*	*(21.1)*
Liabilities associated with disposal groups held for sale	3.1	*0.3*	3.2	*0.3*	*(2.0)*
Commissions on premiums under collection	101.2	*9.4*	109.3	*10.4*	*(7.4)*
Deferred commission income	10.4	*1.0*	5.9	*0.6*	*75.0*
Accrued expenses and deferred income	85.2	*7.9*	59.0	*5.6*	*44.4*
Other liabilities	725.4	*67.6*	702.2	*66.6*	*3.3*
Total other liabilities	**1,072.4**	***100.0***	**1,054.5**	***100.0***	***1.7***

The item Deferred tax liabilities is shown net of the compensation carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in Deferred tax assets, as described in Chapter 2 Main accounting standards.
For the details of the sub-item Liabilities associated with disposal groups, please refer to paragraph 5.5 of these Notes.

4. Notes to the Income Statement

Comments and further information on the items in the income statement and the variations that took place compared with the previous year are given below (the numbering of the notes relates to the mandatory layout for the preparation of the income statement).

REVENUE

1.1 Net premiums

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Non-Life earned premiums	8,235.0	8,051.3	*2.3*
Non-Life written premiums	8,214.3	8,107.5	*1.3*
Changes in Non-Life premium provision	20.6	(56.1)	*n.s.*
Life written premiums	4,114.1	3,759.0	*9.4*
Non-Life and Life gross earned premiums	12,349.1	11,810.4	*4.6*
Non-Life earned premiums ceded to reinsurers	(454.6)	(446.7)	*1.8*
Non-Life premiums ceded to reinsurers	(463.2)	(439.9)	*5.3*
Changes in Non-Life premium provision - reinsurers' share	8.6	(6.8)	*n.s.*
Life premiums ceded to reinsurers	(16.0)	(14.5)	*9.9*
Non-Life and Life earned premiums ceded to reinsurers	(470.6)	(461.2)	*2.0*
Total net premiums	11,878.5	11,349.2	*4.7*

1.2 Commission income

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Commission income from investment contracts	32.6	24.2	*34.6*
Other commission income	12.7	10.2	*24.8*
Total commission income	45.3	34.4	*31.7*

1.3 Gains and losses on financial instruments at fair value through profit or loss

Amounts in €m	31/12/2021	31/12/2020	*% var.*
on held-for trading financial assets	116.5	(268.6)	n.s.
on held-for trading financial liabilities	0.1	0.0	40.3
on financial assets/liabilities at fair value through profit or loss	72.2	81.6	(11.5)
Total net gains/losses	188.8	(187.0)	*n.s.*

1.4 Gains on investments in subsidiaries, associates and interests in joint ventures

This item amounted to €13m (€15.7m in 2020).

1.5 Gains on other financial instruments and investment property

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Interests	1,368.1	1,348.5	*1.5*
on held-to-maturity investments	17.3	18.4	*(5.9)*
on loans and receivables	132.3	106.1	*24.7*
on available-for-sale financial assets	1,213.6	1,220.9	*(0.6)*
on sundry receivables	4.0	1.9	*111.6*
on cash and cash equivalents	0.9	1.2	*(28.4)*
Other income	233.6	180.5	*29.5*
from investment property	71.2	64.6	*10.1*
from available-for-sale financial assets	162.4	115.8	*40.2*
Realised gains	238.5	448.6	*(46.8)*
on investment property	73.8	6.6	*n.s.*
on loans and receivables	0.5	4.7	*(88.9)*
on available-for-sale financial assets	164.2	437.3	*(62.5)*
Unrealised gains and reversals of impairment losses	19.9	250.8	*(92.1)*
on available-for-sale financial assets	19.3	230.3	*(91.6)*
on other financial assets and liabilities	0.6	20.5	*(97.2)*
Total item 1.5	1,860.2	2,228.3	*(16.5)*

1.6 Other revenue

Amounts in €m	31/12/2021	31/12/2020	*var.%*
Sundry technical income	78.6	77.7	*1.2*
Exchange rate differences	44.9	13.8	*n.s.*
Extraordinary gains	33.3	11.5	*189.3*
Other income	778.3	715.4	*12.4*
Total other revenue	935.1	818.4	*14.3*

COSTS

2.1 Net charges relating to claims

Amounts in €m	31/12/2021	31/12/2020	% var.
Net charges relating to claims - direct and indirect business	9,992.1	9,015.2	*10.8*
Non-Life business	5,269.6	4,487.1	*17.4*
Non-Life amounts paid	5,086.3	5,337.8	
changes in Non-Life claims provision	318.4	(717.2)	
changes in Non-Life recoveries	(135.2)	(134.8)	
changes in other Non-Life technical provisions	0.1	1.3	
Life business	4,722.5	4,528.2	*4.3*
Life amounts paid	3,177.5	3,984.6	
changes in Life amounts payable	(244.4)	168.0	
changes in mathematical provisions	1,748.6	969.3	
changes in other Life technical provisions	12.4	78.1	
changes in provisions where the investment risk is borne by policyholders and arising from pension fund management	28.6	(671.8)	
Charges relating to claims - reinsurers' share	(183.0)	(170.9)	*7.1*
Non-Life business	(174.5)	(162.8)	*7.2*
Non-Life amounts paid	(188.4)	(296.4)	
changes in Non-Life claims provision	5.1	126.1	
changes in Non-Life recoveries	8.9	7.6	
Life business	(8.5)	(8.1)	*4.4*
Life amounts paid	(11.8)	(15.9)	
changes in Life amounts payable	1.9	(3.9)	
changes in mathematical provisions	1.4	11.7	
Total net charges relating to claims	9,809.2	8,844.3	*10.9*

2.2 Commission expense

Amounts in €m	31/12/2021	31/12/2020	% var.
Commission expense from investment contracts	30.2	14.8	*104.3*
Other commission expense	6.2	4.9	*26.4*
Total commission expense	36.4	19.7	*84.8*

2.3 Losses on investments in subsidiaries, associates and interests in joint ventures

This item amounted to €1.6m (€0.5m in 2020).

2.4 Losses on other financial instruments and investment property

Amounts in €m	31/12/2021	31/12/2020	% var.
Interests:	82.2	97.3	*(15.6)*
on loans and receivables	0.1	0.0	*n.s.*
on other financial liabilities	80.7	95.0	*(15.1)*
on payables	1.4	2.3	*(40.1)*
Other charges:	27.8	28.3	*(1.7)*
from investment property	24.8	26.0	*(4.8)*
from available-for-sale financial assets	1.5	0.9	*80.9*
from other financial liabilities	1.3	1.3	*5.3*
from sundry payables	0.2	0.2	*(16.3)*
Realised losses:	115.8	415.1	*(72.1)*
on investment property	0.6	0.9	*(36.3)*
on loans and receivables	0.4	73.9	*(99.5)*
on available-for-sale financial assets	114.8	340.3	*(66.3)*
Unrealised losses and impairment losses:	266.8	62.8	*n.s.*
on investment property	94.9	52.1	*82.3*
on available-for-sale financial assets	167.1	9.7	*n.s.*
on other financial liabilities	4.8	1.1	*n.s.*
Total item 2.4	492.5	603.6	*(18.4)*

The Unrealised losses and impairment losses relating to investment property included depreciation that totalled €52.4m (€38.3m at 31/12/2020) and write-downs amounting to €42.5m (€13.7m at 31/12/2020), carried out on the basis of updated valuations performed by independent experts.
Unrealised losses and impairment losses relating to available-for-sale financial assets include impairment losses of €7.1m (€9.7m at 31/12/2020) and negative fair value changes on available-for-sale assets hedged with derivatives for €160m.

2.5 Operating expenses

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Insurance Sector	2,476.5	2,434.5	*1.7*
Other Businesses Sector	111.0	87.2	*27.4*
Real Estate Sector	34.9	31.0	*12.5*
Intersegment eliminations	(11.4)	(10.8)	*5.3*
Total operating expenses	2,611.0	2,541.9	*2.7*

Below are details of Operating expenses in the Insurance sector:

	Non-Life			Life			Total		
Amounts in €m	Dec-2021	Dec-2020	*% var.*	Dec-2021	Dec-2020	*% var.*	Dec-2021	Dec-2020	*% var.*
Acquisition commissions	1,364.5	1,329.3	*2.6*	72.1	59.2	*21.7*	1,436.5	1,388.5	*3.5*
Other acquisition costs	362.7	387.5	*(6.4)*	42.7	39.3	*8.8*	405.5	426.8	*(5.0)*
Change in deferred acquisition costs	1.2	1.0	*25.7*	(2.7)	(1.2)	*124.3*	(1.5)	(0.2)	*n.s.*
Collection commissions	157.1	155.5	*1.0*	6.2	6.5	*(4.8)*	163.3	162.0	*0.8*
Profit sharing and other commissions from reinsurers	(144.8)	(129.3)	*12.0*	(2.3)	(3.1)	*(25.7)*	(147.1)	(132.5)	*11.1*
Investment management expenses	51.7	56.4	*(8.3)*	47.7	46.9	*1.7*	99.4	103.3	*(3.8)*
Other administrative expenses	429.6	401.8	*6.9*	90.8	84.8	*7.1*	520.4	486.6	*7.0*
Total operating expenses	**2,222.0**	**2,202.2**	***0.9***	**254.4**	**232.3**	***9.5***	**2,476.5**	**2,434.5**	***1.7***

2.6 Other costs

Amounts in €m	31/12/2021	31/12/2020	*% var.*
Other technical charges	272.7	303.0	*(10.0)*
Impairment losses on receivables	17.0	16.3	*3.9*
Other charges	785.8	811.1	*(3.1)*
Total other costs	**1,075.5**	**1,130.4**	***(4.9)***

3. Income tax

In accordance with the provisions of IAS 12 the following table shows, at consolidated level, the deferred taxes utilised and accrued.

	31/12/2021			31/12/2020		
Amounts in €m	Ires	Irap	Total	Ires	Irap	Total
Current taxes	**227.0**	**54.2**	**281.2**	**113.4**	**28.8**	**142.2**
Deferred assets and liabilities:	**(112.3)**	**2.8**	**(109.5)**	**109.0**	**14.3**	**123.3**
Use of deferred tax assets	124.0	15.5	139.5	201.1	29.8	230.9
Use of deferred tax liabilities	(25.5)	(1.1)	(26.6)	(32.0)	(3.1)	(35.1)
Provisions for deferred tax assets	(276.4)	(30.0)	(306.4)	(116.0)	(22.3)	(138.3)
Provisions for deferred tax liabilities	65.6	18.5	84.0	55.9	9.9	65.8
Total	**114.6**	**57.0**	**171.7**	**222.3**	**43.2**	**265.5**

Against a pre-tax profit of €894.9m, taxes pertaining to the year of €171.7m were recorded, corresponding to a tax rate of 19.2% (23.7% at 31/12/2020), 12.8% of which for IRES and 6.4% for IRAP. Note that the overall net tax expense benefited for €94.3m from the effect of the realignment of tax values carried out by UnipolSai in application of Decree Law no. 104/2020 and the recognition for €4.7m (€1.2m at 31/12/2020), taking into account the improvement in profit outlooks, of deferred tax assets on previous tax losses of subsidiaries not consolidated for tax purposes. Total tax expenses also benefited from adjustments of taxes from previous years for €7.5m (€69.2m at 31/12/2020 due primarily to a more punctual application of the participation exemption and the application of the facilitated taxation regime following the Patent Box agreement entered into between UnipolSai and Arca Vita with the Italian Tax Authorities on 18/12/2020).

The following statement illustrates the breakdown of deferred tax assets and liabilities recognised, with separate indication of offsetting performed for adjusted financial statements presentation purposes:

	31/12/2021			31/12/2020		
Amounts in €m	Total	Ires/Corp. tax	Irap	Total	Ires/Cor p. tax	Irap
DEFERRED TAX ASSETS						
Intangible assets and property, plant and equipment	321.4	274.6	46.8	241.0	187.6	53.4
Technical provisions – Reinsurers' share	140.5	140.4	0.1	128.6	128.6	0.0
Investment property	63.2	53.4	9.8	62.8	53.4	9.4
Financial instruments	289.5	215.9	73.6	149.9	106.7	43.2
Sundry receivables and other assets	100.9	93.1	7.8	120.1	106.2	13.8
Provisions	198.7	183.3	15.4	207.6	192.2	15.4
Technical provisions	837.4	661.0	176.5	1,200.7	943.0	257.8
Payables and other liabilities	6.8	6.1	0.7	5.3	4.7	0.6
Other deferred tax assets	32.4	29.0	3.4	17.3	14.2	3.0
Netting as required by IAS 12	(1,882.7)	(1,551.5)	(331.2)	(2,130.6)	(1,736.2)	(394.4)
Total deferred tax assets	**108.1**	**105.2**	**2.8**	**2.6**	**0.4**	**2.2**
DEFERRED TAX LIABILITIES						
Intangible assets and property, plant and equipment	140.4	113.3	27.0	143.1	116.6	26.5
Technical provisions – Reinsurers' share				0.7	0.6	0.2
Investment property	17.7	15.0	2.7	14.8	12.3	2.5
Financial instruments	1,655.8	1,300.4	355.4	1,944.9	1,526.0	418.9
Provisions	12.3	9.6	2.7	10.7	8.3	2.3
Technical provisions	148.0	102.5	45.5	132.4	90.3	42.1
Financial liabilities	5.8	4.5	1.3	5.4	4.2	1.2
Payables and other liabilities	2.0	2.0	0.1	0.2	0.2	0.1
Other deferred tax liabilities	8.3	7.8	0.5	14.6	13.1	1.5
Netting as required by IAS 12	(1,882.7)	(1,551.5)	(331.2)	(2,130.6)	(1,736.2)	(394.4)
Total deferred tax liabilities	**107.6**	**3.6**	**104.0**	**136.3**	**35.3**	**100.9**

Deferred assets and liabilities are recognised in the financial statements net of the offsetting carried out pursuant to IAS 12.

Net tax assets are deemed to be recoverable on the basis of the provisional plans of Group companies.

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5. Other information

5.1 Hedge Accounting

Fair value hedges

During 2021, no new transactions were carried out concerning fair value hedging.

Existing positions at 31 December 2021 related to IRS contracts for a nominal value of €1,150m, to hedge fixed rate bond assets recorded in Available-for-sale assets, with a hedged synthetic notional value equal to €970.6m. At 31 December 2021, the fair value change related to the hedged bonds came to a negative €160.0m, while the fair value change of IRS amounted to a positive €160.2m, with a positive net economic effect of €0.2m, including the tax effect of €0.1m.

With regard to fair value hedging transactions finalised during the period, it should be noted that, in the first quarter of 2021, contracts for the purchase of put options and the sale of call options with the same strike in place at 31 December 2020 for a nominal value of €13.9m were executed to hedge 13,855,000 Mediobanca shares, classified as Available-for-sale financial assets.
The fair value change between 31 December 2020 and the closing date of the hedging instruments, was a negative €19.6m, offset by a positive change of €19.3m, booked through profit and loss based on the fair value change of the Mediobanca shares hedged during the same period.

Cash flow hedges

The objective of the existing hedges is to transform the interest rate on financial assets from a floating rate to a fixed rate, stabilising the cash flows.

The positions outstanding at 31 December 2021 relate to hedges on bond securities recorded in the Available-for-sale asset portfolio through the sale of IRSs for a notional value of €883.5m (€1,113.5m at 31/12/2020).
The cumulative negative effect on Shareholders' equity in the Hedging reserve for gains or losses on cash flow hedges was €37.7m (positive effect for €21.9m at 31/12/2020): net of tax, the negative impact was €26.1m (positive effect for €15.1m at 31/12/2020).

5.2 Information relating to the actual or potential effects of netting agreements

In order to allow an evaluation of the actual or potential effects of netting agreements on the UnipolSai Group, the information relating to the financial instruments involved in master netting arrangements is reported below, which at 31 December 2021 consist exclusively of derivative instruments.
With reference to derivatives, the ISDA Master agreements which regulate transactions in such instruments, make provision, in the cases of the insolvency of one of the contractual parties, for the offsetting between receivables and payables including any cash deposits or financial instruments pledged as guarantee.

Financial assets

(Amounts in €m)

Type	Gross amount (A)	Total financial liabilities offset in the financial statements (B)	Net total financial assets recognised in the financial statements (C)= (A) - (B)	Related amounts not subject to offsetting in the financial statements		Net total (F)=(C)-(D)-(E)
				Financial instruments (D)	Cash deposits received as guarantees (E)	
Derivative transactions (1)	450.6		450.6	427.7	21.9	1.0
Repurchase agreements (2)						
Securities lending						
Other						
Total	450.6		450.6	427.7	21.9	1.0

(1) The amounts indicated include the fair value in the financial statements of the derivatives involved in the netting agreements and any cash deposits given or received as guarantee.

(2) The amounts indicated include the financial assets/liabilities relating to the repurchase agreement and the amount of the financial transaction object of the forward purchase

Financial liabilities

(Amounts in €m)

Type	Gross amount (A)	Total financial assets offset in the financial statements (B)	Net total financial liabilities recognised in the financial statements (C)= (A) - (B)	Related amounts not subject to offsetting in the financial statements		Net total (F)=(C)-(D)-(E)
				Financial instruments (D)	Cash deposits given as guarantees (E)	
Derivative transactions (1)	454.7		454.7	99.8	349.7	5.1
Repurchase agreements (2)						
Securities lending						
Other						
Total	454.7		454.7	99.8	349.7	5.1

(1) The amounts indicated include the fair value in the financial statements of the derivatives involved in the netting agreements and any cash deposits given or received as guarantee.

(2) The amounts indicated include the financial assets/liabilities relating to the repurchase agreement and the amount of the financial transaction object of the forward purchase

5.3 Earnings (loss) per share

	31/12/2021	31/12/2020
Profit/loss allocated to ordinary shares (€m)	663.9	820.0
Weighted average of shares outstanding during the year (no./m)	2,828.3	2,828.3
Basic and diluted earnings (loss) per share (€ per share)	**0.23**	**0.29**

5.4 Dividends

In view of the profit for the year made by the Company at 31 December 2020 (as shown in the financial statements drawn up in accordance with Italian GAAP), the Shareholders' Meeting of UnipolSai SpA held on 28 April 2021, resolved on the distribution of dividends corresponding to €0.19 per share. The total amount set aside for dividends, including treasury shares held by UnipolSai, amounted to €538m.
The Shareholders' Meeting also set the dividend payment date for 26 May 2021.

5.5 Non-current assets or assets of a disposal group held for sale

At 31 December 2021, reclassifications carried out in application of IFRS 5 to item 6.1 of Assets amounted to €132.6m, of which €0.5m relating to assets held by the subsidiary Consorzio Castello and €132.1m relating to properties held for sale (€203.4m at 31/12/2020, of which €0.6m referred to assets held by the subsidiary Consorzio Castello and €202.8m to properties held for sale). The liabilities reclassified to item 6.1 Liabilities associated with disposal groups amounted to €3.1m (€3.2m at 31/12/2020).

5.6 Transactions with related parties

UnipolSai Assicurazioni provides the following services to the other companies of the Group:

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

- Real estate (coordination of urban planning processes, value added services, operational management of property sales and purchases, property leasing services, project management, logistics and real estate services, facility management, tax and duty property management, property management).

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

The services provided by UniSalute to its subsidiary UniSalute Servizi mainly concerned the following areas:
- Administration and management control;
- Complaints, regulations and tenders;
- IT services;
- Digital marketing and Communications;
- Supplier Network Management and Medical Coordination;
- Human resource monitoring and Training;
- Collective Operating Centre - Assistance Class 18 and LTC case management.

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

UnipolService (formerly **Auto Presto&Bene**) provides car repair services for certain Group companies, while **UnipolGlass** (formerly **APB Car Service**) provides glass repair services.

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

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

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

In 2021, UnipolReC, in its capacity as an agent, conducted credit collection, out-of-court recovery of receivables due from Customers, such as, by way of example, the analysis of the receivables assigned, the sending of dunning letters by post and/or credit collection by phone, monitoring the responses received, checking payments and reconciliating the same, searching for individuals that are difficult to trace and any other activity required or related to said services on behalf of Gruppo UNA and Tenute del Cerro.

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

The company has developed products offered through the UnipolSai agency network, such as:
- Qshino, the product that offers an anti-abandonment device service for child car seats as required by Italian Law no. 117 of 1 October 2018, which makes their use compulsory.
- UnipolMove, the electronic motorway toll payment service, the pilot phase of which was launched in 2021. In the course of 2022, it will be made available to all group customers.

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

Leithà designs, develops and provides to Group companies services, applications, data-intensive components and innovative, high-tech tools based primarily on Artificial Intelligence, Machine Learning, Intelligence Process Automation and Computer Vision solutions.

It also studies and analyses data in support of new product development (both in actuarial and product creation 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 in relation to such projects.

The main project areas covered include:
- development of software supporting the reconstruction and settlement of claims;
- development of solutions for real-time claims management;
- natural events and weather alert services;
- reinsurance support;
- communication tools for the agency network;
- smartphone telematics;
- support for tariff-setting processes through data enrichment;
- scientific communication activities through collaboration with important European projects and research centres (e.g., ADA - ADaptation in Agriculture and development of the E3CI - European Extreme Events Climate Index).

UnipolAssistance (formerly **Pronto Assistance Servizi**) provides the following services for the Companies of the Consortium (and to a minimal extent also to third parties on the external market):
- organisation, provision and 24/7 management of services provided by the assistance insurance coverage, by taking the action requested and managing relations with professionals and independent suppliers to which the material execution of the action is assigned, also including settlement of the related remuneration. Analogous activities, when requested, may be provided to Consortium members not in the insurance business.

As part of the Tourism claims management for Consortium members only, in addition to the provision of normal Assistance services, at the request of an individual consortium member UnipolAssistance can advance medical expense payments on behalf of that member.
- contact centre activities for customers, specialists and agencies of the Group, whose services consist of:
  - providing front office services to existing or potential customers at all stages of relations with the consortium members and their respective sales networks, or to any intermediaries acting on their behalf (brokers, banks);
  - providing after-sales services on policy statuses or on any transactions that can be made on existing policies;
  - providing customer satisfaction services;
  - providing support services to the agency network in relations with customers and consortium members;
  - providing contact centre services dedicated to opening claims and related information requests.

UnipolSai Servizi Consortili (placed in voluntary liquidation as of 26 April 2021 and which stopped operating on 29 December 2021) managed several supply contracts and services in 2021 relating to the Unipol Group's communications, image and trademark. Starting from 1 January 2022, these contracts and services are managed directly by UnipolSai and, in part, by Unipol Gruppo.

Arca Vita provides the following services to Group companies:
- human resource management and development, organisation, corporate affairs, purchasing, legal services and complaints, secretariat and general services, security and privacy, administration, life planning in favour of subsidiaries;
- real estate and leasing of offices and parking spaces in favour of subsidiaries and UnipolSai.

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

Arca Inlinea provides sales support services to Arca Assicurazioni, Arca Vita and Arca Vita International.

Arca Sistemi provides the following services primarily in favour of the Companies participating in the consortium:
- IT system design, development and management;
- alternative storage design, development and management.

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

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

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

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

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

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

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

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

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

Unipol Gruppo, UnipolSai and its subsidiaries Arca Vita and Arca Assicurazioni, second their staff to other Group companies to optimise the synergies within the Group.

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

On 14 November 2018, Unipol Gruppo and the subsidiaries for which there are the economic, financial and organisational restrictions set forth by regulations in force exercised the joint option for the establishment of the Unipol VAT Group for the 2019-2021 three-year period, with automatic renewal until cancelled, pursuant to Arts. 70-bis et seq. of Italian Presidential Decree no. 633/1972 and Ministerial Decree of 6 April 2018.

The following table shows transactions with related parties (holding company, associates and others) carried out during 2021, as laid down in IAS 24 and in Consob Communication DEM/6064293/2006. It should be noted that the application scope of the Procedure for related party transactions, adopted pursuant to Consob Regulation no. 17221 of 12 March 2010, as amended, also includes some counterparties that are included, on a voluntary basis, pursuant to Art. 4 thereof.

Transactions with subsidiaries have not been recognised since in drawing up the Consolidated Financial Statements transactions among Group companies consolidated using the line-by-line method have been eliminated as part of the normal consolidation process.

Information on transactions with related parties

Amounts in €m	Holding company	Associates and others	Total	*% inc. (1)*	*% inc. (2)*
Loans and receivables	491.1	37.7	528.8	*0.7*	*26.0*
Available-for-sale financial assets					
Sundry receivables	47.7	93.9	141.6	*0.2*	*7.0*
Other assets	0.1	8.1	8.2	*0.0*	*0.4*
Cash and cash equivalents		643.1	643.1	*0.8*	*31.6*
Total assets	**538.9**	**782.9**	**1,321.7**	***1.7***	***65.0***
Other financial liabilities	156.7	9.3	166.1	*0.2*	*8.2*
Sundry payables	170.0	72.5	242.5	*0.3*	*11.9*
Other liabilities	10.2	17.0	27.2	*0.0*	*1.3*
Total liabilities	**336.8**	**98.9**	**435.7**	***0.6***	***21.4***
Commission income		4.5	4.5	*0.0*	*0.2*
Gains on other financial instruments and investment property	7.3	4.4	11.7	*0.0*	*0.6*
Other revenue	5.7	4.2	10.0	*0.0*	*0.5*
Total revenues and income	**13.0**	**13.1**	**26.1**	***2.3***	***1.3***
Net charges relating to claims		2.2	2.2	*0.2*	*0.1*
Commission expense		16.4	16.4	*1.5*	*0.8*
Losses on other financial instruments and investment property	2.8	0.1	2.9	*0.3*	*0.1*
Operating expenses	16.9	264.6	281.5	*25.2*	*13.9*
Other costs	0.3	52.4	52.7	*4.7*	*2.6*
Total costs and expenses	**20.0**	**335.7**	**355.7**	***31.8***	***17.5***

Loans and receivables with the holding company included a loan of €300m disbursed by UnipolSai in favour of Unipol, on 1 March 2019, with a five-year term, repayable also in advance, at an interest rate equal to 3-month Euribor plus 260 basis points, in the context of the sale to Unipol Gruppo of a stake held in the former Unipol Banca SpA and in UnipolReC SpA.
During the year 2021, Unipol Gruppo repaid in full the two loans granted by UnipolSai in 2009 (for a total value of approximately €268m) following the takeover of Unipol Assicurazioni, subsequently merged into UnipolSai Assicurazioni SpA, as issuer of the UGF 7% and UGF 5.66% bonds, at the same time as the Company repaid the bonds.
The item also included an amount of €190.5m relating to the receivable due to some subsidiaries from the holding company Unipol as part of the cash pooling agreement, entered into on 1 July 2019 for the purpose of centralising at Unipol the management of the available funds of the non-insurance companies of the Unipol Group.
Loans and receivables with associates and others included €18.1m of time deposits above 15 days held by the companies of the Group with BPER Banca, €9.4m relating to receivables from insurance brokerage agencies for agents' reimbursements and €6m of interest-free loans disbursed by UnipolSai to the associate Borsetto. During the year, the associate UnipolReC repaid the shareholder loan disbursed by the Company in 2018 in full.
Sundry receivables from the holding company comprised amounts related to the tax consolidation and for services rendered.

The item Sundry receivables from associates and others included €44.8m in receivables due from insurance brokerage agencies for commissions and €41.4m in receivables due from Finitalia for premiums it had advanced for the service concerning the split payment of policies.
Other assets included current accounts, temporarily unavailable, that UnipolSai has opened with BPER Banca.
Cash and cash equivalents included the balances of current accounts opened by Group companies with BPER Banca.
The item Other financial liabilities to the holding company referred to the loan disbursed by the holding company Unipol Gruppo to the subsidiary Unipol*Rental* and the payable of the subsidiaries Tenute del Cerro and Cambiomarcia to Unipol Gruppo as part of the above-mentioned cash pooling agreement; as concerns transactions with associates and others, this item referred to overdrafts on current accounts held by Group companies at BPER Banca or mortgages disbursed by the latter to Group companies.
Sundry payables comprised: as for relations with the holding company, the payable for IRES of the companies participating in the tax consolidation and the payable for Unipol staff seconded to Group companies; as regards relations with associates and others, payables for commissions to be paid to BPER Banca for the placement of insurance products in addition to payables for other services rendered.
Commission income referred to commissions recognised by BPER Banca for the placement of banking products.
Gains on other financial instruments and investment property included:
- as for relations with the holding company, the interest income on a loan granted by UnipolSai to Unipol;
- as for relations with associates and others, the rent income paid by BPER Banca and the interest on the loan granted by UnipolSai to UnipolReC.

Other revenue primarily included income for the active secondment of personnel.
Commission expense referred to bank relations between the Group companies and BPER Banca.
Operating expenses included, as regards associates and others, costs for commissions paid to insurance brokerage agencies (€101.1m), costs to Finitalia for instalments of policies issued by the Group companies (€60.4m), commissions recognised to BPER Banca for the placement of insurance policies issued by Group companies (€56m) and bank account management costs (€36.6m).
The item Other costs primarily relates to retainer management fees paid to BPER Banca and staff secondment.

Please also note that the contributions payable by the UnipolSai Group companies paid in the course of 2021 to Unipol Group employee and executive pension funds amounted to €21.6m.

Remuneration for 2021 due to the UnipolSai Directors, Statutory Auditors, General Manager and Key Managers for carrying out their duties within the Company and in other consolidated companies amounted to €15.8m, details of which are as follows (in €m):

-	Directors and General Manager	4.1
-	Statutory Auditors	0.4
-	Other Key Managers	11.3 (*)

The remuneration of the General Manager and the Key Managers relating to benefits granted under the share-based compensation plans (performance shares), is duly represented in the Remuneration Report, prepared according to Art. 123-*ter* of the Consolidated Law on Finance and made available, pursuant to current regulations, on the Company website.

The Provision relating to loyalty bonuses, to be recognised to Key Managers upon the occurrence of what defined by the Remuneration Policies of the Group, recorded under the item Provisions of the Liabilities, amounted to €34m at 31 December 2021, including the related social security expenses.

During 2021, the Group companies paid Unipol Gruppo and UnipolSai the sum of €657k as remuneration for the posts held in them by the General Manager and by the Key Managers.

(*) The amount mainly comprises compensation of employees and it includes the amount paid to Unipol Gruppo as consideration for the secondment of some Key Managers.

5.7 Fair value measurements – IFRS 13

IFRS 13:
a) defines the fair value;
b) groups into a single accounting standard the rules for measuring fair value;
c) enriches financial statement information.

The standard defines fair value as the sale price of an asset based on an ordinary transaction or the transfer price of a liability in an ordinary transaction on the main reference market at terms applicable at the measurement date (exit price).
Fair value measurement assumes that the transaction relating to the sale of assets or transfer of liabilities can take place:
- on the main listing market;
- if there is no listing market, on the market most advantageous for the assets and liabilities to be measured.

When a market price is not observable, the measurement methods which maximise the use of observable parameters and minimise the use of non-observable parameters must mainly be used.

IFRS 13 also defines a fair value hierarchy based on the level of observability of the inputs contained in measurement techniques used to measure fair value.

Chapter 2, Main accounting standards, outlines the fair value measurement policies and criteria adopted by the UnipolSai Group.

Fair value measurement on a recurring and non-recurring basis

The table below shows a comparison between the assets and liabilities measured at fair value at 31 December 2021 and 31 December 2020, broken down based on fair value hierarchy level.

Assets and liabilities at fair value on a recurring and non-recurring basis: breakdown by fair value level

		Level 1		Level 2		Level 3		Total	
	Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Assets and liabilities at fair value on a recurring basis									
Available-for-sale financial assets		47,316.8	48,637.0	403.6	463.4	2,714.7	2,001.9	50,435.0	51,102.3
Financial assets at fair value through profit or loss	Held for trading financial assets	95.8	161.5	130.2	69.5	3.8	27.7	229.8	258.7
	Financial assets at fair value through profit or loss	8,292.7	7,171.3			51.8	6.5	8,344.5	7,177.8
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets at fair value on a recurring basis		*55,705.3*	*55,969.8*	*533.8*	*532.8*	*2,770.2*	*2,036.1*	*59,009.3*	*58,538.8*
Financial liabilities at fair value through profit or loss	Held for trading financial liabilities	13.0	25.6	401.6	292.4	30.9	6.3	445.4	324.3
	Financial liabilities at fair value through profit or loss					5,911.0	4,055.1	5,911.0	4,055.1
Total liabilities measured at fair value on a recurring basis		*13.0*	*25.6*	*401.6*	*292.4*	*5,941.9*	*4,061.4*	*6,356.4*	*4,379.3*
Assets and liabilities at fair value on a non-recurring basis									
Non-current assets or assets of disposal groups held for sale									
Liabilities associated with disposal groups									

The amount of financial assets classified in Level 3 at 31 December 2021 stood at €2,770.2m.

Details of changes in Level 3 financial assets and liabilities in the same period are shown below.

Details of changes in level 3 financial assets and liabilities at fair value on a recurring basis

Amounts in €m	Available-for-sale financial assets	Financial assets at fair value through profit or loss		Investment property	Property, plant and equipment	Intangible assets	Financial liabilities at fair value through profit or loss	
		Held for trading financial assets	Financial assets at fair value through profit or loss				Held for trading financial liabilities	Financial liabilities at fair value through profit or loss
Opening balance	**2,001.9**	**27.7**	**6.5**				**6.3**	**4,055.1**
Acquisitions/Issues	765.1	0.2	38.3					
Sales/Repurchases	(35.9)		(0.0)					
Repayments	(154.9)	(0.3)	(2.3)				(0.0)	
Gains or losses recognised through profit or loss		0.0	9.3				0.8	
- of which unrealised gains/losses		*0.0*	*9.3*				*0.8*	
Gains or losses recognised in the statement of other comprehensive income	159.3							
Transfers to level 3								
Transfers to other levels	(20.3)							
Other changes	(0.6)	(23.8)	0.0				(25.3)	(1,855.9)
Closing balance	**2,714.7**	**3.8**	**51.8**				**30.9**	**5,911.0**

Please note that the transfers from Level 1 to Level 2, which occurred during the reference period, were irrelevant.

Analysis and stress testing of non-observable parameters (Level 3)

The table below shows, for Level 3 financial assets and liabilities measured at fair value, the effects of the change in the non-observable parameters used in the fair value measurement.

As regards "assets at fair value on a recurring basis" and belonging to Level 3, the stress test of non-observable parameters is performed with reference to financial instruments valued on a Mark to Model basis and on which the measurement is carried out through one or more non-observable parameters.
The portion of securities subject to analysis has a market value of €19.5m at 31 December 2021.

The non-observable parameters subject to a shock are benchmark spread curves constructed to assess bonds of issuers for which the prices of the bonds issued or Credit Default Swap curves are unavailable.

The following table shows the results of the shocks:

Amounts in €m	Curve Spread			
Fair value				
Shock	+10 bps	-10 bps	+50 bps	-50 bps
Fair Value delta	(0.11)	0.12	(0.54)	0.56
Fair Value delta %	*(0.58)*	*0.59*	*(2.78)*	*2.85*

Fair value measurements in compliance with the disclosure requirements of other standards

IFRS 13 governs the fair value measurement and the associated disclosure also for assets and liabilities not measured at fair value on a recurring basis.
For these assets and liabilities, fair value is calculated only for the purpose of market disclosure requirements. Furthermore, since these assets and liabilities are not typically traded, their fair value is largely based on the use of internal parameters that cannot be directly observed in the market, with the sole exception of listed securities classified as Held-to-maturity investments.

Assets and liabilities not measured at fair value: breakdown by fair value level

	Carrying amount		*Fair value*							
			Level 1		Level 2		Level 3		Total	
Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Assets										
Held-to-maturity investments	366.7	420.8	343.8	519.3	22.9	0.9			366.7	520.2
Loans and receivables	5,245.1	5,256.4			3,336.8	3,284.8	1,908.4	1,963.5	5,245.1	5,248.3
Investments in subsidiaries, associates and interests in joint ventures	176.5	162.9					176.5	162.9	176.5	162.9
Investment property	2,155.8	2,261.5					2,475.5	2,459.7	2,475.5	2,459.7
Property, plant and equipment	2,431.0	2,279.8					2,580.1	2,398.0	2,580.1	2,398.0
Total assets	**10,375.2**	**10,381.4**	**343.8**	**519.3**	**3,359.7**	**3,285.7**	**7,140.4**	**6,984.2**	**10,843.9**	**10,789.2**
Liabilities										
Other financial liabilities	2,054.8	2,676.0	2,087.8	1,954.8			163.4	831.0	2,251.2	2,785.7

5.8 Information on personnel

Share-based compensation plans

The UnipolSai Group pays additional benefits (short- and long-term incentives) to senior executives under closed share-based compensation plans by which Unipol and UnipolSai shares (performance shares) are granted if specific targets of Gross Profit and solvency capital requirement, as well as individual targets are achieved.

The 2016-2018 Compensation Plan based on financial instruments (performance share type) envisaged the assignment of UnipolSai and Unipol shares over three years with effect from April 2019. The first tranche, for 2,070,855 UnipolSai shares and 1,120,395 Unipol shares, was paid to entitled parties on 25 April 2019; the second tranche, for 1,938,686 UnipolSai shares and 1,048,890 Unipol shares, was paid to entitled parties on 27 April 2020; the third tranche, for 1,949,193 UnipolSai shares and 1,054,574 Unipol shares, was paid to the entitled parties on 28 April 2021.

In addition, on 28 April 2021, 868,300 UnipolSai shares and 441,067 Unipol shares were delivered to eligible executives as short-term incentives for the 2020 financial year.

Lastly, on 15 December 2021, 285,858 UnipolSai shares and 158,023 Unipol shares were delivered only to executives in the category of significant risk takers, for the short-term incentive referring to the year 2019, not allocated last year in compliance with the recommendations made at the time by the Supervisory Authority in relation to the situation caused by the COVID-19 pandemic.

The Information Documents, prepared pursuant to Art. 114-bis of the Consolidated Law on Finance and Art. 84-bis of the Consob Issuer's Regulation no. 11971/1999, are available on the relevant websites, in the Governance/Shareholders meetings section.

Trade union relations

Please recall that in 2019, the Group insurance companies signed trade union agreements in relation to jointly agreed termination of employment contracts for non-executive personnel meeting pension requirements by 31 December 2023.
These personnel will receive their pension directly from INPS, if they have reached pension age, or will have access to the extraordinary section of the Solidarity Fund, whereby they will receive a cheque paid by the company that is equivalent to the future pension until the state pension requirements are met.
In this regard, in the course of 2021 the agreed termination of contract involved 266 workers, of whom:

- 213 terminated due to access to the Solidarity Fund;
- 53 terminated due to direct access to retirement.

During the 2020-2021 two-year period, the Group insurance companies signed trade union agreements in relation to jointly agreed termination of employment contracts also for executive personnel meeting pension requirements by 31 December 2024.
These personnel will receive a cheque paid by the company that is equivalent to the future pension, until the state pension requirements are met.
The agreed termination of contract involved 6 executives in 2021.
In terms of policies and projects, the most significant news for companies in the insurance segment was the renewal of the Group's Supplemental Corporate Agreement ("CIA"), with improved provisions on supplementary pensions, health care, remuneration for the contact centre staff and other institutions.

Training

The start of the new year saw the continuation of remote training initiatives. The new MyUnica home page was released, for a better user experience, with the expansion of the offer of online courses with self-enrolment for the development of personal skills, stimulating constructive dialogue between Managers and employees. The maintenance of the ISO 9001:2015 certification of Unica's Quality Management System was confirmed.

Employee training activities focused on implementing *courses with mandatory and regulatory, technical, commercial, managerial and behavioural content*. Part of the projects were also enacted with the support of funds from the Banks and Insurance Companies Fund. Training also focused on internal reorganisations, modifications to certain business applications and the optimisation of regulatory expertise linked to the management of specific topics.

The training intended for the Sales Network referred to building courses useful in increasing skills, in compliance with training obligations envisaged in the IVASS Regulation. The range of courses runs from the usual updating on regulations and new or revised products, to training on processes.

5.9 Information on public funds received

With reference to the regulation on the transparency of public funds introduced by Art. 1, paragraphs 125 and 125-bis of Italian Law 124/2017 and subsequent amendments and supplements, note that the Group collected the following contributions and subsidies subject to the mandatory disclosure in the notes to the financial statements pursuant to the above-cited regulation:

Recipient	Name of disbursing party	Amount collected (€)	Reason
Tenute del Cerro SpA	ARTEA	44,136.16	Contributions to the Tuscany Region vineyard restructuring
Tenute del Cerro SpA	AGEA	14,130.90	Contributions to the Umbria Region vineyard restructuring
Tenute del Cerro SpA	ARTEA	12,467.51	Contributions to Tuscany Region Rural Development Plan
Tenute del Cerro SpA	AGEA	85,600.48	Contributions to Umbria Region Rural Development Plan
Tenute del Cerro SpA	AGEA	147,834.69	Contributions to Community Agricultural Policy 2020/2021
Tenute del Cerro SpA	ARTEA	224,984.15	Contributions to Community Agricultural Policy 2020/2021
Tenute del Cerro SpA	AGEA	122,650.93	Individual Insurance Plan Contribution 2020/2021
Tenute del Cerro SpA	AGEA	92,361.54	Contributions to containment of viticultural yields 2020
Tenute del Cerro SpA	AGEA	111,982.53	Contribution to promotional expenses incurred in foreign countries - Tuscany Region 2021
Tenute del Cerro SpA	ARTEA	873.59	Contributions to allowances for the Tuscany Region mountain areas

For the sake of comprehensiveness, although such grants are excluded from the transparency obligations established in the regulations cited, any Aid measures and the relative individual Aid granted and recorded in the system by the Granting Authorities directly or indirectly benefitting each of the Group companies are published in the National Register of State Aid, open to the public for consultation on the relative website in the transparency section.

5.10 Non-recurring significant transactions and events

Aside from any mentioned among the main events of the period, there were no non-recurring significant transactions and events during the year.

5.11 Atypical and/or unusual positions or transactions

In 2021 there were no atypical and/or unusual transactions that, because of the significance, importance, nature of the counterparties involved in the transaction, transfer pricing procedures, or occurrence close to the end of the year, could give rise to doubts relating to: the accuracy and completeness of the information in these Consolidated Financial Statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders.

5.12 Additional information on the temporary exemption from IFRS 9

As explained in the paragraph Application of IFRS 9 by the UnipolSai Group in these Consolidated Financial Statements, except for some entities consolidated at equity and for which the application of IFRS 9 is mandatory on an individual basis (UnipolSai Sgr and UnipolReC SpA), all entities consolidated on a line-by-line basis or at equity continued to apply IAS 39 in drawing up their Consolidated Financial Statements.
Below are tables containing the information necessary for comparison with the insurance companies that do apply IFRS 9.

Fair Value at 31 December 2021 and changes in the fair value of the financial investments recognised according to IAS 39 which passed the SPPI test, and the other financial investments

Amounts in €m	Consolidated Statement value at 31/12/2021	Fair value at 31/12/2021	Change in Fair value for the period
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (a)	45,505.0	46,044.1	(1,958.6)
Other financial investments (b)	19,116.3	19,109.4	374.0
Total (a) + (b)	64,621.2	65,153.4	(1,584.5)

Main exposures by counterpart of investments passing the SPPI test

Amounts in €m

Counterpart	Consolidated Statement value at 31/12/2021
Italian Treasury	23,466.5
Spanish Treasury	3,748.0
French Treasury	1,319.4
Germanian Treasury	1,223.7
Intesa SanPaolo SpA	739.0
Portuguese Treasury	516.7
Deutsche Bank AG	478.3
Irish Treasury	362.3
Belgium Treasury	302.8
JP Morgan Chase & Co.	291.0
Other counterparts	13,057.3
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss	**45,505.0**

Rating class of financial investments recognised according to IAS 39 which passed the SPPI Test

Amounts in €m

Rating class	Consolidated Statement value at 31/12/2021	IAS 39 carrying amount at 31/12/2021 before any impairment adjustment	Fair value at 31/12/2021
AAA	555.0	567.6	555.0
AA	2,788.4	2,789.5	2,770.7
A	8,268.1	7,703.2	8,315.0
BBB	30,763.2	26,473.2	31,237.4
Total financial investments with low credit risk (1)	42,374.7	37,533.5	42,878.2
BB	2,487.4	2,405.2	2,522.1
B	238.6	237.5	238.6
Lower rating	115.6	119.6	115.6
With no rating	288.6	288.3	289.6
Total financial investments other than those with low credit risk (2)	3,130.2	3,050.6	3,165.9
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (1) + (2)	45,505.0	40,584.1	46,044.1

5.13 Criteria to determine the recoverable amount of goodwill with an indefinite useful life (impairment test)

In accordance with IAS 36.10, the impairment test was carried out on the goodwill recognised in the Consolidated Financial Statements of UnipolSai Assicurazioni.

In determining the parameters used for the assessments, the criteria adopted were aligned with market practice, taking as a reference, for them and for the economic/financial projections, the expected evolution of the effects of the current pandemic context and the influence of the effect of climate change, albeit with the uncertainty characterising its evolution and considering that its effects will likely be appreciable especially in the long term.

With respect to this scenario, appropriate Sensitivity Analyses were also developed to test the stability of the recoverable amount of goodwill if there was a variation in the main parameters used in the tests.

The CGU structure did not change compared to the previous year. Consequently, the CGUs to which the residual goodwill was allocated, impairment tested at 31 December 2021, were:

- Non-Life CGU: UnipolSai Assicurazioni - Non-Life
- Life CGU: UnipolSai Assicurazioni - Life

In relation to the measurement methods and benchmarks adopted to estimate the recoverable amount of goodwill, note that, as specified below, the same measurement criteria were adopted as for the previous year for the Non-Life and Life segments, with benchmark updating arranged at the end of 2021.
The impairment testing of the Non-Life CGUs was performed as follows: with regard to UnipolSai Assicurazioni - Non-Life the recoverable amount of goodwill was determined by using an excess capital version of the Dividend Discount Model (DDM); to determine the above-mentioned value, the actual economic-financial situation at 31 December 2021 and, for the years 2022-2026 economic-financial projections, functional to the definition of the profit forecasts for these years, were considered, as developed by the company and approved by its Board of Directors.

The impairment testing of the Life CGU was performed as follows: in relation to UnipolSai Assicurazioni - Life, the recoverable amount of goodwill was calculated using the "Appraisal Value" method, by considering (i) the Embedded Value and (ii) the value of the portfolio of new products based on the discounting of related future cash flows (Value of New Business).

The results obtained from application of the impairment procedure show that there is no need to make any value adjustments to the goodwill of the Non-Life CGU and the Life CGU recorded in the consolidated financial statements at 31 December 2021.

Non-Life CGU	
Valuation method used	The method used, similar to that carried out last year, was an "excess capital" type of DDM (Dividend Discount Model) and focused on the future cash flows theoretically available for shareholders, without drawing on the assets needed to support the expected growth and in accordance with the capital requirements imposed by the Supervisory Authority on capital requirements. According to this method the value of the economic capital is the sum of the current value of potential future cash flows and the current terminal value.
Net profits used	The above net profits were considered.
Projection period	Five prospective flows were considered.
Rate of discounting	A discounting rate of 5.68% was used, broken down as follows: - risk-free rate: 0.78% - beta coefficient: 0.98 - risk premium: 5% The average figure for the 10-year Long-Term Treasury Bond for the period January-December 2021 was used for the risk-free rate. As in the previous year, a 2-year adjusted Beta coefficient for a sample of companies listed on the European market and deemed to be comparable was used. The risk Premium was considered equal to 5%, taking into account that the estimates of this parameter made by primary contributors resulted in a value of less than 5%.
Long term growth rate (g factor)	As in the previous year, the g-rate was 1.2%, taking into account the macroeconomic predictive indicators and related to the reference market.
Life CGU	
Goodwill recoverable amount	With regard to UnipolSai Assicurazioni - Life, the recoverable value of goodwill was determined using the "Appraisal Value" method.

Below are the results of the impairment tests along with the relevant sensitivity analyses.

Amounts in €m	Allocation of goodwill	Recoverable amount (a)	Excess
Non-Life CGU	309	7,224	6,915
Life CGU	204	1,661	1,457
Total	**513**	**8,885**	**8,372**

(a) Recoverable value obtained as the difference between CGU Value and Adjusted Shareholders' Equity (net of goodwill therein included)

Parameters used	Non-Life
Risk Free	0.78%
Beta	0.98
Risk premium	5%
Short-term discounting rate	5.68%
Range	*5.18% - 6.18%*
Pass	*0.5%*
g factor	1.2%
Range	*0.95% - 1.45%*
Pass	*0.25%*

	Amounts in €m	Sensitivity (Value range)					
		Min			Max		
CGU	Recoverable Amount - Goodwill Delta	Amount	g	ke	Amount	g	ke
UnipolSai - Non-Life	6,915	5,947	0.95%	6.18%	8,258	1.45%	5.18%

	Amounts in €m	Sensitivity Recoverable Amount - Goodwill Delta	
CGU	Recoverable Amount - Goodwill Delta	Min	Max
UnipolSai - Life	1,457	1,424	1,475

5.14 Notes on Non-Life business

Procedural Note on fixing the level of provisions and assumpions made

The process that leads to making the assumptions is carried out in such a way as to make a valuation of the liabilities with the intention of coming up with an estimate that is as realistic as possible.
The source of the figures is internal and the trends are based on annual statistics and monitored monthly throughout the year.
As far as possible assumptions are checked against market statistics.
If any information is missing, incomplete or unreliable the estimate of the final cost is based on the adoption of prudent assumptions.
The very nature of insurance business makes it highly complex to estimate the cost of settling a claim with any certainty, and the elements of complexity vary according to the class involved. The provision for each claim reported is set by an adjuster and is based on the information in his possession and on experience gained in similar cases. The forecasts fed into the system are periodically updated on the basis of new information about the claim. The final cost may vary as the claim proceeds (for example deterioration in the condition in the event of injury) or in the event of catastrophes.
As the Group's work is concentrated in Italy the major exposure to catastrophe risks is represented by natural disasters such as Earthquake, Flood and Hail.
Reinsurance cover is taken out to cover this type of risk, at levels differentiated with respect to the individual portfolios of the companies in the Group. The identified thresholds, with particular reference to Earthquake risk, have been judged on the basis of calculations made using statistical models that simulate the company's exposures in detail. The calculations were made as part of the process of determining the Risk Appetite.

The provisions for claims reported are estimated using the inventory method and the adjusters' estimates are also combined, where application conditions are satisfied, with the results of statistical methods such as the Chain Ladder, the Bornhuetter Ferguson and the ACPC (Average Cost Per Claim) and with valuations based on the average costs for the year (for similar groups covering a sufficiently large number of claims). These methods were applied after consistency of the underlying data had been verified using the model assumptions.

The Chain Ladder method is applied to the "paid" and "loading" factors. The method is based on historical analysis of the factors that affect the trend in claims. The selection of these factors is based on the figures for the accumulated amounts paid out, giving an estimate of the final cost per year of occurrence if the claims for that year have not been paid in full.
The Chain Ladder method is suitable for sectors in which the figures are stable and is therefore not suitable in cases in which there are no significantly stable previous periods and in cases of significant changes in the settlement rate.
The Bornhuetter Ferguson method uses a combination of a benchmark (or estimates of the ratio of losses to 'a priori' premium) and an estimate based on claims incurred (Chain Ladder).
The two estimates are combined using a formula that gives greater weight to experience. This technique is used in situations in which the figures are not suitable for making projections (recent years and new classes of risk).

The ACPC method is based on a projection of the number of claims to be paid and the respective average costs. This method is based on three fundamental assumptions: settlement rate, basic average costs and exogenous and endogenous inflation.

These methods extrapolate the final cost according to the year in which the claim is incurred and according to similar groups of risk on the basis of the trends in claims recognised in the past. Should there be a reason for deeming the trends recognised to be invalid some of the factors are modified and the projection adapted to fit the available information. Some examples of what affects the trends could be:
- changes in the claims handling procedures involving different approaches to settlement/making allocations to provisions;
- market trends showing increases higher than inflation (may be linked to the economic situation or to political, legal or social developments);
- random fluctuations including the impact of "major" claims.

Claims incurred but not yet reported are estimated on the basis of the historical trends within the company, with the number and the average costs of the claims being estimated separately.

As allowed by IFRS 4, the provisions were not discounted.

Scope of analysis

The UnipolSai Group Companies operating in the Non-Life market (direct business) are: UnipolSai, Siat, Incontra, Linear, UniSalute, Arca Assicurazioni and Ddor.
The scope considered in this document makes reference to the companies mentioned above, excluding only DDOR. The incidence of the amount of provisions of the excluded company stands at 0.4%.

Trend in claims

2021 saw a general rise in the number of claims (compared to 2020, the year of the pandemic), although it in any event remained at levels lower than in 2019 prior to the pandemic.
The tables below, which illustrate the trend in claims, show the estimated first-year costs for each year in which claims were incurred from 2012 until 2021 and the adjustments made in subsequent years as a result of the claim being settled or the budget being adjusted as a result of more information about the claim being received.
The line showing the variation compared with the first-year provision must be considered separately since subsequent adjustments may already have been incorporated into the provisions figures for later years.
Maximum caution must be exercised when extrapolating opinions on the adequacy or inadequacy of provisions from the results found in the following table.
The Group considers the provisions for claims reported or yet to be reported incurred by 31 December 2021 to be adequate in light of available information. Of course, as they are estimates there is no absolute certainty that the provisions are in fact adequate.

Trend in claims (all classes except Assistance)

Amounts in €m

Year of Event	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Estimate of claims accumulated											
at the end of the year of event	7,260	6,515	6,222	5,236	5,299	5,412	5,461	5,557	4,706	5,144	**56,814**
one year later	7,062	6,414	6,189	5,189	5,225	5,410	5,462	5,604	4,694		
two years later	7,046	6,362	6,113	5,119	5,191	5,356	5,416	5,579			
three years later	7,026	6,318	6,034	5,055	5,166	5,307	5,402				
four years later	6,984	6,278	5,955	5,018	5,122	5,281					
five years later	6,958	6,225	5,906	4,991	5,103						
six years later	6,935	6,187	5,868	4,979							
seven years later	6,907	6,127	5,849								
eight years later	6,870	6,108									
nine years later	6,853										
Estimate of claims accumulated	6,853	6,108	5,849	4,979	5,103	5,281	5,402	5,579	4,694	5,144	**54,991**
Accumulated payments	6,492	5,666	5,317	4,491	4,563	4,733	4,707	4,610	3,289	2,102	**45,969**
Change compared to assessment at year 1	(407)	(408)	(373)	(257)	(195)	(131)	(59)	22	(12)		
Outstanding at 31/12/2021 - Carrying amount	361	442	532	488	541	548	695	969	1,405	3,043	**9,022**

The data contained in the trend in claims table as inputs for actuarial models like the Chain-Ladder model must be used with extreme care.
Future replication of changes in cost recorded in the past, in the case of provision strengthening, could lead to the paradoxical situation whereby the higher the strengthening the greater the insufficiency which may be inaccurately forecast by these methods.

The ultimate cost relating to the year 2019 was up following the selection, in the valuation of the UnipolSai General TPL business, of only the CHL Paid method, which was the most prudent of the set of models developed.
The IBNR run-off estimated at 31 December 2020 showed an overall sufficiency in 2021 of €119.1m or 11.0% of the estimate.

Change in the assumptions made and sensitivity analysis of the model

The estimated cost for 2012-2020 at 31 December 2021 was €49,846m, a decrease from the valuation carried out at 31 December 2020 for the same years (€50,011m).
The new figure takes account of the savings recognised on claims that have been settled and of the revaluations required on claims that are still outstanding.

The risks arising from insurance policies are complex and subject to numerous variables that make the task of quantifying the sensitivity of the model complex.
The incidence of the amount of the 2,332 major claims net of claims handled by others (above €800k for MV TPL, above €400k for General TPL and €350k for Fire) on total provisions for the three classes was 28.0%. A 10% increase in the number of major claims would have led to a fall in provisions of €200.4m. The incidence on total provisions of claims handled by others was 2.6%. If reinsurers had revalued these claims by 5.0%, costs would have risen by €11.7m.

The sensitivity analysis of the models directed at determining two scenarios, one favourable and one unfavourable, was conducted on the MV TPL (Non-Card and Handler Card separately) and General TPL classes of UnipolSai Assicurazioni (UnipolSai provisions represent 91.6% of the companies considered in this analysis; the provisions of the MV TPL and General TPL business of UnipolSai totalled 70.9%).

The two scenarios were obtained with the following assumptions:

- Favourable: for MV TPL, a decline in inflation by one and a half points was assumed for the ACPC method compared to the baseline model, 2.5% for Non-CARD and 3.0% for CARD; reference was made to the provision corresponding to the tenth percentile for the Chain Ladder Paid method (*). For General TPL, reference was made to the provision corresponding to the tenth percentile (*).
- Unfavourable: for MV TPL, an increase in inflation by one and a half points was assumed for the ACPC method compared to the baseline model, 2.5% for Non-CARD and 3.0% for CARD; reference was made to the provision corresponding to the ninetieth percentile for the Chain Ladder Paid method (*). For General TPL, reference was made to the provision corresponding to the ninetieth percentile (*).

In the sensitivity analysis for years prior to 2010 (excluded from the model), the same changes deriving from application of the stress scenarios to later years were applied.

The following table shows the overall group provisions and the scenarios selected as shown previously:

Amounts in €m	Pre 2010	2010 - 2021	Total	*Delta %*
Provision requirements	921	7,974	8,895	
Unfavourable assumption	961	8,245	9,207	*0.04*
Favourable assumption	883	7,712	8,595	*(0.03)*

In assessing the results of these variations, note that these analyses are of the deterministic type and no account is taken of any correlations. Overall, financial statements provisions (€10,498m relating to the consolidation scope examined) are higher than the top end, i.e. the unfavourable scenario assumption.

5.15 Notes on Life business

Breakdown of the insurance portfolio

Consolidated Life premiums for 2021 totalled €5,385.7m (insurance and investment products), with an increase of +24.4% compared to the previous year.
The Life direct premiums of the Group came from both the traditional companies (UnipolSai Assicurazioni and DDOR) and bancassurance companies (Arca Group and Bim Vita).

The consolidated Life premiums of the UnipolSai Group at 31 December 2021 are broken down as follows:

Consolidated Life premiums

Amounts in €m	UnipolSai Assicurazioni	Arca Vita & Arca Vita Int.	Bim Vita	Ddor Novi Sad	Total
Insurance premiums (IFRS4)	2,415.8	1,629.0	50.7	18.3	4,113.8
var. %	*(16.0)*	*98.5*	*10.1*	*7.2*	*9.4*
Investment Products (IAS39)	453.9	793.8	24.2		1,271.9
var. %	*102.9*	*148.9*	*(9.1)*		*123.4*
Total Life business premium income	2,869.7	2,422.8	74.9	18.3	5,385.7
var. %	*(7.4)*	*112.6*	*3.1*	*7.2*	*24.4*
Breakdown:					
Insurance premiums (IFRS4)	*84.2%*	*67.2%*	*67.7%*	*100.0%*	*76.4%*
Investment Products (IAS39)	*15.8%*	*32.8%*	*32.3%*	*0.0%*	*23.6%*

The Life direct premiums for the Group originate for €2,869.7m from UnipolSai (-7.4%), €2,422.8m from the ARCA Group (+112.2%), €74.9m from BIM Vita (+3.1%) and €18.3m from DDOR (+7.2%).

Insurance premiums totalling €4,113.8m (+9.4%) accounted for 76.4% of total premiums, down compared to the figure for the previous year (86.8%). Non-insurance premiums amounted to €1,271.9m (+123.4%) and related to unit-linked and open pension funds.

Direct insurance premiums:

Amounts in €m	UnipolSai Assicurazioni	Arca Vita e Arca Vita Int.	Bim Vita	Ddor Novi Sad	Total
Traditional premiums	2,016.2	1,622.1	24.5	18.3	3,681.1
Financial premiums	0.5	6.9	26.2		33.6
Pension funds	399.1				399.1
Insurance premiums (IFRS4)	2,415.8	1,629.0	50.7	18.3	4,113.8
of which investments with DPF	1,511.0	1,554.7	26.2		3,091.8
% investment with DPF	*62.5%*	*95.4%*	*51.7%*	*0.0%*	*75.2%*

The insurance premiums of the UnipolSai Group continued to be composed primarily of traditional policies, which account for 89.5% of total consolidated premiums (up from the 82.5% recorded in 2020), compared to 9.7% represented by pension fund premiums (17.2% in 2020) and, finally, only 0.8% by financial premiums (0.4% in 2020).

5.16 Risk Report

The Risk Report aims to provide an overview of the risk management system, the own risk and solvency assessment process and the UnipolSai Group risk profile, in compliance with the principles introduced in the European Solvency II regulations that entered into force from 1 January 2016.

Activities by the competent corporate organisations of the Group were carried out in 2021 in compliance with Solvency II regulations and the supervisory provisions issued by IVASS.

Internal Control and Risk Management System

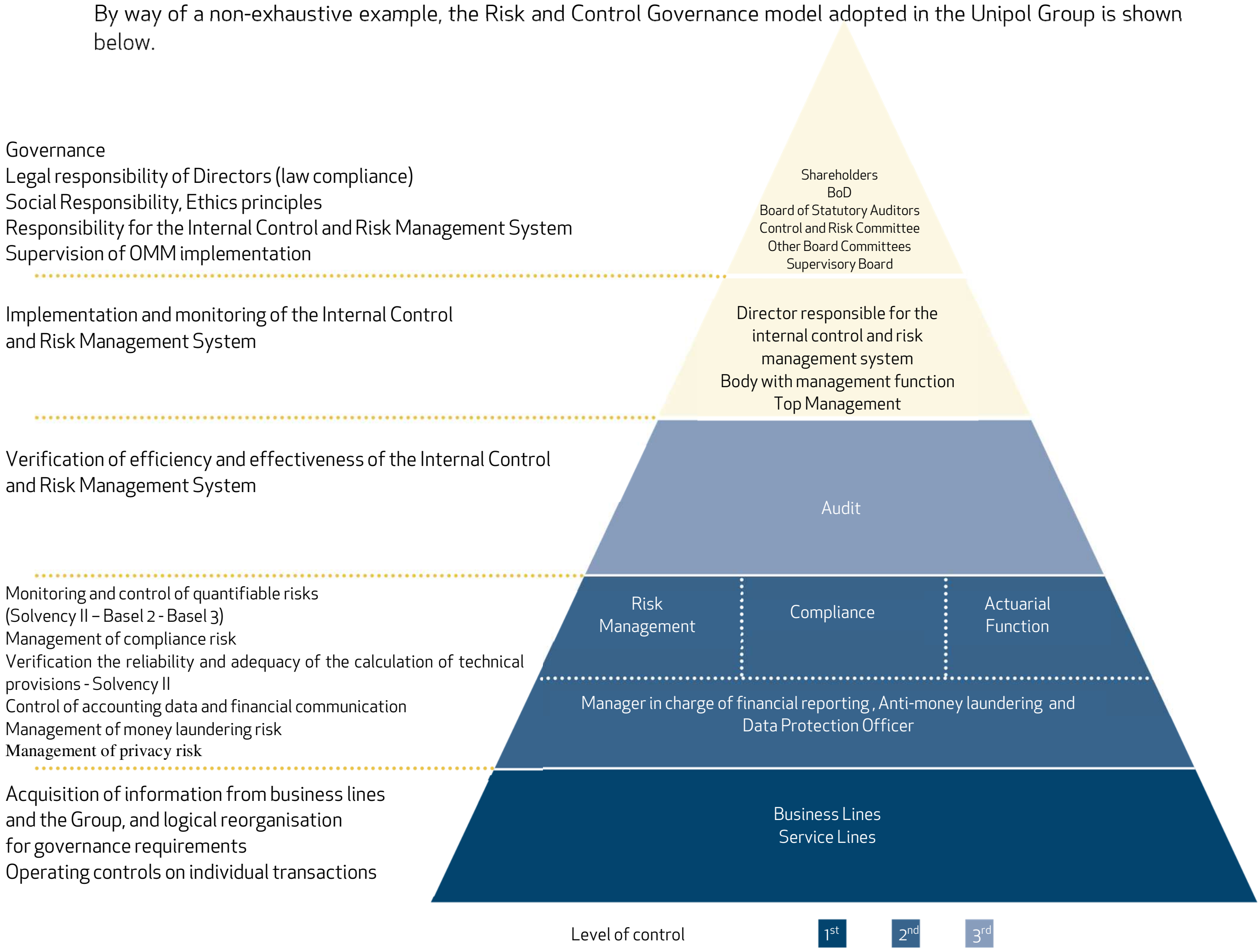
The Unipol Group and the UnipolSai Group's Risk Management structure and process are part of the wider internal control and risk management system which operates according to several levels:

- line controls (so-called "first-level controls"), 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;
- risk and compliance controls (so-called "second-level controls"), which aim to ensure, among other things:
  - the correct implementation of the risk management process;
  - the implementation of activities assigned to them by the risk management process;
  - the observance of the operating limits assigned to the different functions;
  - the compliance of company transactions with the regulations, also self-regulatory;
  - the reliability and adequacy of the calculation of Solvency II technical provisions.

The departments responsible for these controls are separate from the operating functions; they help define the risk governance policies and the risk management policy;

- internal review (so-called "third-level controls") verification of the completeness, functionality and adequacy of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the System.

By way of a non-exhaustive example, the Risk and Control Governance model adopted in the Unipol Group is shown below.



Within UnipolSai:

- The **Board of Directors**, in observance of and consistent with the policies and guidelines of the Parent, with the support of the Control and Risk Committee, defines the guidelines of the Internal Control and Risk Management System in order to contribute to the Company's sustainable success, so as to ensure that the main risks facing the Company and its subsidiaries are correctly identified, and adequately measured, managed and monitored. Assesses - at least once a year- the current and future adequacy 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.
- The **Control and Risk Committee** plays a propositional, advisory, investigative and support role to the Board of Directors in relation to the definition of the guidelines of the Internal Control and Risk Management System.
- The **Director Responsible** for the establishment and maintenance of the internal control and risk management system handles the identification of the main company risks, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, periodically subjecting them to review by the Board of Directors.
- The Top Management is responsible for the overall implementation, maintenance and monitoring of the internal control and risk management system, in line with the directives of the Board of Directors and in compliance with the roles and duties assigned to it, and in accordance with guidance issued by the Parent.
- The **Key Functions**: pursuant to applicable industry legislation, the Company's organisational structure requires that the Key Functions (Audit, Risk Management, Compliance and Actuarial Function) report directly to the Board

of Directors and operate with the coordination of the Director responsible for the Internal Control and Risk Management System.[5]

- The **Chief Risk Officer** supports the Board of Directors, the Director responsible for the Internal Control and Risk Management System and Top Management in the evaluation of the effectiveness of the Risk Management System and reports its conclusions to said bodies, highlighting any deficiencies and suggesting ways of resolving them. The Chief Risk Officer carries out this work as part of the process of "Own Risk and Solvency Assessment" (ORSA), ensuring that the work carried out by the various company departments dealing with risk management is coordinated. This does not exempt the individual operating departments from their specific responsibilities for managing the risks relating to their own work since the departments themselves must have the necessary tools and expertise.
  Within the Risk management system, the Chief Risk Officer is in charge of 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 this respect, the Chief Risk Officer also contributes to the dissemination of a risk culture extended to the entire Group.

Operational Oversight Mechanisms: Company Committees

Some internal company committees have been set up within UnipolSai to support the General Manager in implementing and monitoring the policies on guidelines, coordination and operating strategy laid down by the Board of Directors.

Risk Management System

The Internal control and risk management system (hereinafter, the "System") is defined in the Group Directives on the corporate governance system ("Directives") - adopted by the UnipolSai Board of Directors most recently on 11 November 2021 - which define, inter alia, the role and responsibilities of the parties involved in the internal control and risk management system. The Directives are complemented by the Key Function Policies - approved at the same board meeting.
The principles and processes of the System as a whole are governed by the following Group policies: "Risk Management Policy", "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 System: (i) management of specific risk factors (e.g. Investment Policy with regard to market and liquidity risks, and the "Credit Policy"), (ii) risk management as part of a specific process, (iii) risk mitigation and (iv) risk measurement model management.
A risk management process is defined within the Risk management system to allow for risk identification, measurement, monitoring and mitigation.
The risk identification, assessment and monitoring processes are performed on an ongoing basis, to take into account any changes in their nature, business volumes and market context, and any insurgence of new risks or changes in existing risks.
These processes are carried out using methods that guarantee an integrated approach at Group level. The Parent ensures that the risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company included in the scope of supervision of the Group and their mutual interdependencies.

[5] The key Risk Management Function of UnipolSai is known as the Chief Risk Officer.

Risk Appetite and Risk Appetite Framework

The Risk Management System is inspired by an enterprise risk management logic. This means that is based on the consideration, with an integrated approach, of all the current and prospective risks the Group is exposed to, assessing the impact these risks may have on the achievement of the strategic objectives and replies on a fundamental element: the Risk Appetite.
In quantitative terms, Risk Appetite is generally determined on the basis of the following elements:

- capital at risk;
- capital adequacy;
- Liquidity/ALM ratios.

Furthermore, quality objectives are defined in reference to compliance, emerging, strategic, reputational, ESG (Environmental, Social and Governance) and operational risks.
The Risk Appetite is formalised in the Risk Appetite Statement, which indicates the risks that the Company intends to assume or avoid, sets their quantitative limits and the qualitative criteria to be taken into account for the management of unquantified risks.
The Risk Appetite forms 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, the Own Risk and Solvency Assessment (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 set the RAF components is dynamic over time, 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 preventive control of the Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (such as mergers, acquisitions, disposals).
The RAF is broken down into several analysis macro areas with the aim of guaranteeing continuous monitoring of risk trends and capital adequacy.
The main analysis macro areas are:

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

The ORSA process

Under its own risk management systems, the Group uses the ORSA process to assess the effectiveness of the risk management system and its capital adequacy as well as liquidity governance and management.
The internal ORSA assessment process allows the analysis of the current and forward-looking risk profile of the Group, based on strategy, market scenarios and business development; in addition, the ORSA is an assessment element to support operational and strategic decisions.

The risk management process

The risk management process involves the following steps:

- risk identification;
- current and forward-looking assessment of risk exposure;
- risk monitoring and reporting;
- risk mitigation.

The process is performed in compliance with the Risk Appetite Framework.

Risk identification

Risk identification consists in identifying the risks considered significant, i.e. those with consequences capable of compromising the solvency or reputation of the Group and of the Company, or constitute a serious obstacle to achieving strategic objectives. These risks are classified according to a methodology that takes into consideration the Group structure, the specific nature of the types of business managed by the various operating Companies and the classifications proposed by Italian and European supervisory regulations.
The categories of risk identified are as follows:

- Technical-Insurance underwriting risks (Non-Life and Health);
- Technical-Insurance underwriting risks (Life);
- Market risk;
- Credit risk;
- Liquidity and ALM risk;
- Operational risk;
- Standard compliance risk;
- Emerging risks and strategic risk;
- Reputational risk;
- ESG (Environmental, Social and Governance) risks;
- Other risks.

This identification and its constant updating are the result of meticulous and continuous activity performed through:

- continuous monitoring of business operations;
- continuous monitoring of the reference regulatory framework;
- the exercise of Profit and Loss attribution that compares profit and loss recorded at year end with those estimated by the Internal Model, in order to verify whether it correctly represents all risk factors.

An assessment is performed at least annually to verify that the risks identified actually represent the risk profile of the Group and its companies.

Current and forward looking assessment of risk exposure

At least annually and in any event every time circumstances arise that could significantly alter the risk profile, the Group assesses the risks to which the Group and the individual Companies are exposed, at present and prospectively, documenting the methods used and the related results. In the internal Current and Forward-looking Risk and Solvency Assessment Policy, the process for the current and forward-looking assessment of risks is also defined, including risks deriving from companies included in the scope of Group supervision and taking into account the risk interdependencies.
The current and forward-looking assessment also includes stress testing to verify the company's vulnerability to extreme but plausible events.

Current assessment of risks
The current assessment of risks identified is performed through methods envisaged in regulations and best practices as regards risks for which measurement is not regulated or defined by high-level principles.

Forward-looking assessment of risks
The Own Risk Solvency Assessment (ORSA) is used to support operational and strategic decisions.
The Group defines and implements procedures that are commensurate with the nature, scope and complexity of the business activities and enable it to identify and assess accurately the risks to which the Group or individual Company is or could be exposed in the short and long term.

Stress test, reverse stress test and sensitivity analyses

The Group and each subsidiary Company conduct stress test, reverse stress test and sensitivity analyses at least annually, in compliance with requirements of the national Supervisory Authority regulations. To this end, the Group has adopted:

- a stress test framework that begins with analysis of the key risk factors, envisaging the definition of a set of stress tests:
  - general (i.e. applying to the Group and to all Group Companies) or specific (i.e. applying to individual Companies);
  - which consist in the application of shocks to individual risk factors (e.g. interest rates) or contextual shocks to multiple groups of risk factors (i.e. scenario analysis);
  - which concern financial variables and/or technical-insurance variables.
- a sensitivity analysis framework for the main financial figures of interest, in order to assess the solvency of the Group and the Companies in alternative economic scenarios;
- a set of reverse stress test exercises to identify loss scenarios that could put the Company's solvency in difficulty.

With reference to the stress scenarios, in order to assess potential adverse impacts caused by the prolonged health emergency linked to the spread of the COVID-19 pandemic, note that as part of the ORSA 2021 Report on assessments at 31 December 2020, the CRO developed a scenario characterised by i) added uncertainty in the development of the infection rate curve, ii) economic recovery less optimistic than expected, iii) a stronger downgrade as a result of the removal of government aid and iv) the combined effect of shock on multiple economic and financial variables and shock on technical-insurance variables. Of particular importance among the other stress scenarios defined and processed for the ORSA was that regarding climate risks in reference to transition risk and physical risk. The scenario identified to assess these risks is the Representative Concentration Pathways (RCP) 4.5, defined by the Intergovernmental Panel on Climate Change (IPCC) as an interim scenario in which emissions exceed the levels to be achieved by 2050 as set in the Paris Agreements, and then stabilise at an average temperature increase of 2.3°C.

Risk monitoring and reporting

In order to ensure prompt and constant monitoring of the evolution of the Risk Profile and compliance at the different levels of company responsibility with the defined Risk Appetite, a reporting system was implemented based on the principles of completeness, promptness and disclosure efficiency.

This system guarantees that the quality and quantity of information provided is commensurate with the needs of the various recipients and with the complexity of the business managed, in order for it to be used as a strategic and operating tool in assessing the potential impact of decisions on the company's risk profile and solvency.

In relation to the recipients, reporting is divided into "internal" and "external". "Internal" reporting is addressed to the bodies and internal structures of the Group and its companies, with the aim of steering strategic and business decisions and verifying sustainability over time. "External" reporting is directed to Supervisory Authorities and the market and meets the disclosure and transparency requirements of regulations in force.

With regard to internal reporting, in consideration of the recipients of the various requirements and uses, two types of reporting are provided:

- Strategic reporting on risk management, containing information important in supporting strategic decisions;
- Operational reporting on risk management with an adequate granularity in supporting business operations.

As part of the strategic reporting, the following are provided to the Board of Directors, the Control and Risk Committee and Top Management:

– annually, a proposal for approval of the Risk Appetite (Risk Appetite Statement);[6]
– quarterly, a report with the results of controls performed on observance of the Risk Appetite for the current year (Risk Appetite Monitoring);
– quarterly, a report with the results of controls performed on observance of the operational risk limits defined in the specific risk management policies;
– quarterly, a report on the monitoring of indicators represented in the "Pre-emptive recovery plan";

[6] In reference to the Parent, at consolidated level and at individual company level.

– at least annually, the results of stress testing.

Risk escalation and mitigation process

As part of the quarterly monitoring of indicators defined in the Risk Appetite Statement, performed by the Chief Risk Officer for the Board of Directors, any failure to comply with one of the defined thresholds triggers the escalation process described below:
With reference to the Risk Appetite:

- based on reporting from the Chief Risk Officer to the Unipol Gruppo Control and Risk Committee[7], or that of UnipolSai if it is UnipolSai that fails to comply with the limits, the Board of Directors assesses whether to approve a new Risk Appetite level or decide on action to be taken to restore the defined Risk Appetite level;

In the event of failure to comply with the Risk Tolerance or Risk Capacity, the escalation process requires the Chief Risk Officer to involve:

- the Chief Executive Officer and Group CEO, who will present the proposed contingency or remediation measures to be implemented, respectively, as regards the Parent or the subsidiaries, to the Parent's Board of Directors;
- the General Manager of UnipolSai, who will present the proposed contingency or remediation measures to be implemented, respectively, as regards UnipolSai or the subsidiaries, to the UnipolSai Board of Directors;
- the General Manager, if any, or the Chief Executive Officer of the Group Company, who will present the proposed contingency or remediation measures to be implemented, respectively, to the Company's Board of Directors.

In the event of a Risk Tolerance violation, the Boards of Directors of the Parent, of UnipolSai and of the Company involved in the threshold violation assess the need to deal with the situation through contingency measures, i.e. actions to restore the values of indicators of the threshold exceeded within a reasonable period of time based on the nature of the indicator concerned.
In the event of a Risk Capacity violation, the Boards of Directors of the Parent, of UnipolSai and of the Company involved in the threshold violation assess activation of the remediation measures identified.
If the Risk Appetite and/or Risk Tolerance and/or Risk Capacity of individual Companies are exceeded, the Boards of Directors of Unipol Gruppo SpA and of UnipolSai Assicurazioni SpA are informed, indicating any corrective action taken.

In order to mitigate existing or prospective levels of risk not in line with the defined risk objectives, the following measures can be adopted:

a) Financial hedges: these measures may take the form of hedging transactions on the market using financial derivatives. The Investment Policy defines the principles for the use and management of hedging instruments;
b) 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;
c) 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) agreements is also used as guarantees on credit risks.[8] If the Internal Model for measuring risks includes mitigation techniques, their compatibility and constant updating in line with performance must be guaranteed;
d) 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);
e) 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 an ongoing basis during the entire operational risk monitoring phase;
f) 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 Insurance

[7] Activities carried out for the other companies subject to pre-emptive or ordinary governance.
[8] The CSA requires the delivery of a collateral asset when the value of the contract exceeds the set threshold.

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;

g) 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.

Partial Internal Model

The Unipol Group, UnipolSai Assicurazioni and Arca Vita are authorised by IVASS to use the Partial Internal Model to calculate the Group and individual solvency capital requirement.

The Partial Internal Model is used to assess the following risk factors, as well as in the aggregation process:

- Non-Life and Health Technical Insurance risks relating to the earthquake catastrophe component;
- Life Technical Insurance risks;
- Market risk;
- Credit risk.

Note that on 28 April 2021, by Measure no. 0089983/21, IVASS authorised Unipol Gruppo SpA, UnipolSai Assicurazioni SpA and Arca Vita SpA to make significant changes to the partial internal model for calculating the Group solvency capital requirement and the individual requirements of UnipolSai Assicurazioni and Arca Vita. The significant changes relating to the market risk and credit risk modules were applied with effect from the assessments at 30 June 2021.

There is a plan for the extension of the Partial Internal Model to include all measurable risk modules and reach a Full Internal Model type configuration.

Non-Life and Health technical insurance risk is represented by the following sub-modules: tariff-setting risk, provisions risk, catastrophe risk and surrender risk. A Partial Internal Model that integrates Internal Model components (Earthquake catastrophe risk), Specific Company Parameters and the Standard Formula is used to calculate the solvency capital requirement.
In particular, the use of the Specific Parameters concerns the tariff-setting and provisions risks of the company UnipolSai in the segments of Non-Life insurance and reinsurance obligations under Annex II to EU Delegated Regulation 2015/35 of 10 October 2014, as specified below:

- Segment 1, Proportional insurance and reinsurance on TPL resulting from the circulation of vehicles;
- Segment 4, Proportional insurance and reinsurance against fire and other damage to property;
- Segment 5, Proportional insurance and reinsurance on general TPL.

In addition, except with regard to Earthquake risk, the catastrophe risks and surrender risk are assessed using the Standard Formula.

Life underwriting risk (mortality/longevity risk, surrender risk and expense risk) is measured using the Partial Internal Model based on the Least Square Monte Carlo approach, consistent with the principles indicated in Solvency II regulations, which allow calculation of the Probability Distribution Forecast in relation to Life risk factors. Catastrophe risk, in addition to the Life underwriting risks relating to Unit-Linked and Pension Fund products, are assessed using the Standard Formula.

The **market risk** of the securities portfolio, for which the investment risk is not borne by the policyholders, is measured using the Partial Internal Model that adopts a Monte Carlo VaR approach. As part of the Internal Market Model, Life liabilities are replicated through cash flows with a maturity equivalent to Life provisions run-off for the guaranteed component and polynomial functions (the Least Square Monte Carlo approach) to represent the Future Discretionary Benefits component. Market risk of the securities portfolio for which investment risk is borne by policyholders and concentration risk are measured using the Market Wide Standard Formula.

The table in the following paragraph analyses the main sensitivities to market risk factors.

Credit risk is measured using the Partial Internal Model that adopts a CreditRisk+ approach. This model makes it possible to measure the risk of default relating to bank counterparties, concerning exposures deriving from cash available at banks and financial risk mitigation operations through derivative contracts, and to the insurance and reinsurance exposures. Furthermore, the model allows the risk of default deriving from exposures to intermediaries and policyholders to be measured.

The **risk aggregation process**, adopted by the Group according to the methods defined in the Partial Internal Model, calls for a bottom-up approach and may be broken down into two phases:

- aggregation of the risk sub-modules which make up Market risks, Non-Life and Health Technical Insurance risks, Life technical insurance risks and Credit risks so as to obtain the Probability Distribution Forecast ("PDF") of each risk module;
- aggregation of the risk modules of Market risks, Non-Life and Health Technical Insurance risks, Life Technical Insurance risks and Credit risks in order to calculate the Basic SCR.

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 PDF);
- aggregation of multiple marginal distributions through coupling functions.

Below is additional information on the measurement methods and the main results for each risk at 31 December 2021.

Financial Risks

The Investment Policy establishes guidelines for investment activities, the type of assets considered suitable for investment and the breakdown of the medium/long-term investment portfolio, taking into account the risk profile of liabilities held to ensure integrated asset and liability management. It also defines the limits for underwriting and related monitoring methods in such a way as to ensure that total exposure is in line with the risk appetite expressed in the Group's strategic objectives, thus guaranteeing adequate portfolio diversification.

Market risk

Market risk refers to all risks which have the effect of diminishing investments of a financial or real estate nature as a result of adverse trends in the relevant market variables. The market risk modules are:
- Interest rate risk;
- Equity risk;
- Real estate risk;
- Exchange rate risk;
- Spread risk.

In the Partial Internal Model, the Value at Risk method is used to measure the market risk, calculated over a 1-year time period and with a confidence interval of 99.5%. In addition, sensitivity and stress test measurements are determined for each risk factor.

Interest rate risk for ALM purposes is quantified in terms of duration mismatch and Net Asset Value sensitivity to parallel changes in the forward interest rate curve. The assets falling under the calculation of the duration mismatch and Net Asset Value sensitivity include securities, cash, receivables and properties; the liabilities include the financial liabilities and technical provisions. The market value is used for financial assets and liabilities, whilst best estimates are used for the technical provisions. The duration mismatch is calculated as the difference between the duration of assets and the duration of liabilities weighted for the assets value, considering the adjusting effect of the derivatives.
For the UnipolSai Group, at 31 December 2021 the duration mismatch for Life business stood at -0.82, while it was +1.00 for Non-Life business.
With reference to Net Asset Value sensitivity to a parallel change in the forward interest rate curve, for the Life business the sensitivity +100 basis points equals +€353m, whilst for the Non-Life business the sensitivity +100 basis points equals -€184m.

Equity risk is the risk connected with a potential variation in the value of share assets, as a result of market volatility of the reference indexes.

Real estate risk is the risk connected with the occurrence of losses as a result of unfavourable changes in the market value of real estate assets.
The assets falling under the calculation of *real estate risk* include real estate funds, directly-owned properties and direct and indirect investments in real estate projects.
In particular, with reference to directly-owned properties, the value used to calculate the risk (fair value) is that deriving from the estimate made by independent experts.

Exchange rate risk for ALM purposes is defined as the risk of a possible variation in the value of financial statement assets and liabilities and the Net Asset Value as a result of unfavourable changes in exchange rates. Based on the Investment Policy, the total exposure to non-Euro currencies, net of currency hedging, must be limited to 3% of total investments.
The UnipolSai Group's exposure to currency risk was not significant at 31 December 2021.

Spread risk is the risk connected with a variation in the value of bond assets following a change in spreads representing the credit rating of individual issuers. In light of the policies and processes adopted to monitor and manage liquidity risk and the objective difficulty in quantifying the default risk of government bonds issued by European Union Member States, spread risk on government bonds has been excluded from the measurement of the market SCR based on the Partial Internal Model. It is not included because of:
- the nature of the business of the insurance companies, characterised by primarily buy and hold type long-term investment strategies and restrictions regarding the matching of liabilities expressed in terms of ALM;
- the objective difficulty of quantifying the probability of default and loss given default of developed countries, which represent the reference investment area for government bonds for risk measurement purposes.

The assessment of spread risk on government bonds is included within Pillar II risks and the relative measurement is carried out based on a stress testing type approach.

The level of sensitivity of the UnipolSai Group's portfolios of financial assets to the main market risk factors is shown below.
Sensitivity is calculated as a variation in the market value of the assets at 31 December 2021, following shocks resulting from a:

- parallel change in the interest rate curve of +10 bps;
- -20% change in the share prices;
- +10 bps change in the credit spread.

31/12/2021	INSURANCE BUSINESS		REAL ESTATE AND OTHER BUSINESSES		TOTAL	
Amounts in €m	Impact on Income Statement	Impact on Statement of financial position	Impact on Income Statement	Impact on Statement of financial position	Impact on Income Statement	Impact on Statement of financial position
UnipolSai Group						
Interest rate sensitivity (+10 bps)	30.00	(359.98)		(0.32)	30.00	(360.29)
Credit spread sensitivity (+10 bps)	(0.74)	(372.68)		(0.31)	(0.74)	(373.00)
Equity sensitivity (-20%)	(20.53)	(1,070.02)		(5.78)	(20.53)	(1,075.80)

The values include the hedging derivatives.

Liquidity risk

Liquidity risk is the risk of not having the liquid resources necessary to meet the assumed obligations, in the financial statements and off-balance sheet, pertaining to their business, without undergoing economic losses deriving from forced sales of assets in case of adverse scenarios.
The liquid resources functional for the core business deriving from cash and cash equivalents, from the sale of securities that can be swiftly turned into cash and from any financing activities.
The main principles on which the liquidity risk management model within the UnipolSai Group is based may be summarised as follows:

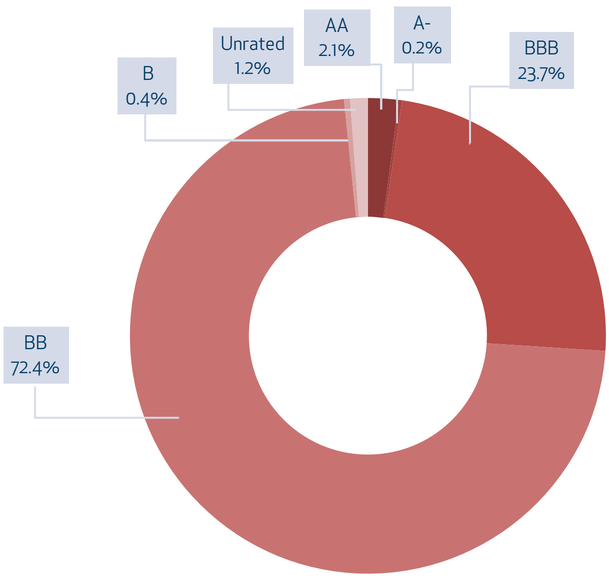
- punctual measurement of the contractual and forecast cash flows on different maturity dates;
- definition and approval of the liquidity risk tolerance in terms of "survival time" in ordinary and stress conditions;
- managing structural liquidity by keeping a balance between maturities of medium-term assets and liabilities in order to avoid critical situations in the short-term liquidity positions;
- managing short-term liquidity in order to have the necessary liquidity to fulfil short-term commitments, both foreseeable and unforeseeable, deriving from any stress scenarios, by keeping a suitable balance between cash in-flows and outflows;
- defining and periodically applying stress scenarios relating to the technical and financial variables in order to verify the ability of the individual Companies and of the Group as a whole to address these situations;
- maintaining an adequate amount of assets that can be swiftly turned into cash on the market, or able to be financed with repurchase agreements, so as to avoid significant economic impact if adverse scenarios should occur.

Credit risk

Credit risk (or Counterparty Default Risk) identifies the risk that a debtor or guarantor under an enforcement order may wholly or partially fail to honour its accrued monetary commitment to the Parent or one of the Group companies. Credit risk therefore reflects the potential losses from an unexpected default by counterparties and debtors of the insurance and reinsurance companies in the next twelve months. Counterparty default risk includes the risk mitigation contracts, e.g. reinsurance agreements, securitisations and derivatives, and likewise every other credit exposure not included among the financial risks (credit spread risk).
Credit risk management is defined in the Credit Policy which describes the roles and responsibilities of the parties involved, the risk assessment and mitigation principles and the operating limits monitored.
In relation to credit risk, the Risk Management Department monitors compliance with the limits defined in the Group Credit Policy and prepares reports to the administrative body, Top Management and the operating structures on developments in this risk.

Within the scope of the UnipolSai Group, the credit risk is mainly in the exposures to banks, in the insurance and outwards reinsurance areas.

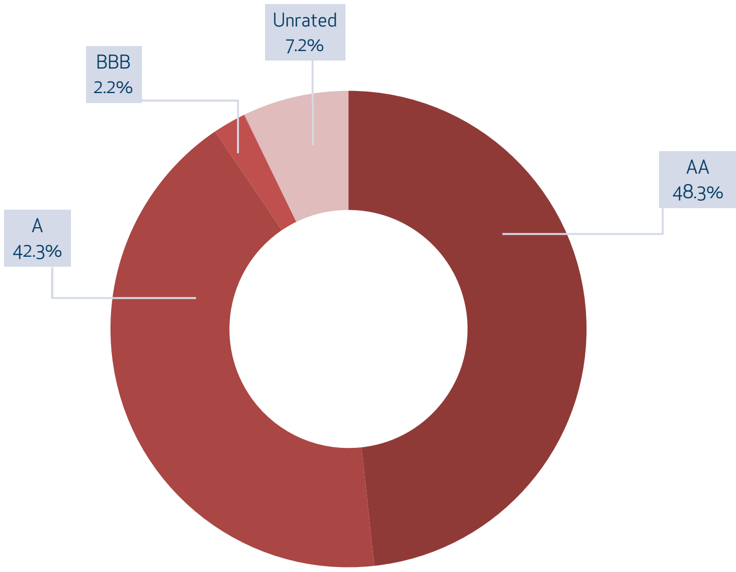
Banks
Existing exposure to banks refers to deposited liquidity and exposures in OTC derivatives. In particular, the derivatives exposure considered for risk management and monitoring purposes is equal to the sum of market values, if positive, of the current individual contracts and takes into account any risk mitigation arrangements (collateralisation) covered in the CSAs signed with individual counterparties. The following table shows the distribution of UnipolSai exposures to banks, broken down by rating class, recognised at 31 December 2021.



Bond classes of the insurance companies in the Group
This risk is calculated within the technical insurance risks (see relevant section) and monitored by the Bond and Credit Assignment Committee.

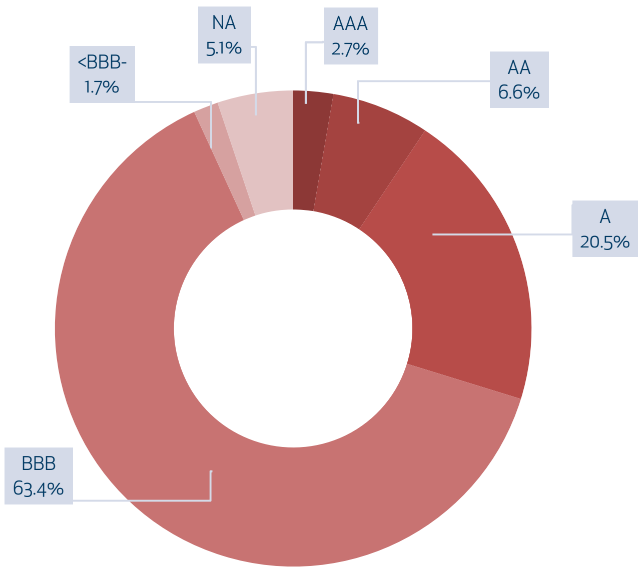
Outwards reinsurance
In this area, the existing exposure to credit risk is divided into:
- liquid receivables already due arising out of the bordereaux sent to the reinsurer listing the balances on each policy during the period and those still outstanding;
- potential estimated receivables for the provisions borne by the reinsurer (which will become due at the time of the payment to the policyholder and for the relative amounts). The exposure for provisions is always deemed to be net of any deposits retained or other collateral guarantees (e.g. Banking LOC, reinsurers' and Parent's commitment, etc.).

Provided below is the table showing the distribution of UnipolSai Group exposure to reinsurers, broken down by rating class, recognised at 31 December 2021 net of intragroup reinsurance.



Debt security Issuer Risk
The credit risk of debt securities is monitored within market risk based on credit spread volatility.
The following table shows the distribution of the UnipolSai Group's bonds portfolio, Insurance business and Real Estate and Other Businesses, broken down by rating class (figures at 31 December 2021).

Breakdown of debt securities by rating class



Information relating to exposure to sovereign debt securities

In accordance with Consob Communication DEM/11070007 of 5 August 2011 and ESMA document 2011/397 of 25 November 2011, relating to information to be provided in annual and interim financial reports on listed companies' exposures to Sovereign debt securities and current trends in international markets, details are provided of Sovereign exposures (i.e. bonds issued by central and local governments and by government organisations and loans granted to them) held by the UnipolSai Group at 31 December 2021, broken down by type of portfolio, nominal value, carrying amount and fair value.

Amounts in €m	Balance at 31 December 2021		
	Nominal value	Carrying amount	Market value
Italy	**21,423.0**	**23,488.5**	**23,910.4**
Available-for-sale financial assets	20,357.7	22,463.4	22,463.4
Financial assets at fair value through profit or loss	2.0	2.0	2.0
Held-to-maturity investments	312.7	301.0	430.7
Loans and receivables	750.5	722.2	1,014.4
Spain	**3,365.0**	**3,774.4**	**3,806.5**
Available-for-sale financial assets	3,060.5	3,456.7	3,456.7
Financial assets at fair value through profit or loss	20.0	26.4	26.4
Loans and receivables	284.5	291.3	323.4
France	**1,324.5**	**1,319.4**	**1,319.4**
Available-for-sale financial assets	1,324.5	1,319.4	1,319.4
Germany	**1,175.0**	**1,152.8**	**1,137.1**
Available-for-sale financial assets	1,075.0	1,052.7	1,052.7
Loans and receivables	100.0	100.0	84.3
Portugal	**418.8**	**516.7**	**517.5**
Available-for-sale financial assets	401.4	505.1	505.1
Loans and receivables	17.4	11.6	12.4
Ireland	**304.4**	**362.3**	**362.3**
Available-for-sale financial assets	304.4	362.3	362.3
Belgium	**301.9**	**302.8**	**297.3**
Available-for-sale financial assets	251.9	248.7	248.7
Loans and receivables	50.0	54.1	48.6
Slovenia	**209.1**	**240.5**	**240.5**
Available-for-sale financial assets	209.1	240.5	240.5
Great Britain	**143.7**	**141.7**	**141.7**
Available-for-sale financial assets	143.7	141.7	141.7
Slovakia	**98.1**	**119.4**	**119.4**
Available-for-sale financial assets	98.1	119.4	119.4
Serbia	**96.8**	**103.4**	**106.9**
Available-for-sale financial assets	34.2	37.7	37.7
Held-to-maturity investments	62.5	65.8	69.2
Israel	**91.0**	**98.9**	**98.9**
Available-for-sale financial assets	91.0	98.9	98.9
Cyprus	**75.0**	**80.2**	**80.2**
Available-for-sale financial assets	75.0	80.2	80.2
Romania	**64.5**	**62.2**	**62.2**
Available-for-sale financial assets	64.5	62.2	62.2

Amounts in €m	Balance at 31 December 2021		
	Nominal value	Carrying amount	Market value
Latvia	53.0	62.1	62.1
Available-for-sale financial assets	53.0	62.1	62.1
Turkey	46.6	39.8	39.8
Available-for-sale financial assets	46.6	39.8	39.8
Chile	46.5	46.5	46.5
Available-for-sale financial assets	46.5	46.5	46.5
Hong Kong	40.0	37.8	37.8
Available-for-sale financial assets	40.0	37.8	37.8
Mexico	38.5	35.8	35.8
Available-for-sale financial assets	38.5	35.8	35.8
Peru	31.0	30.7	30.7
Available-for-sale financial assets	31.0	30.7	30.7
China	21.5	20.9	20.9
Available-for-sale financial assets	21.5	20.9	20.9
Austria	19.0	18.6	18.6
Available-for-sale financial assets	19.0	18.6	18.6
Netherlands	17.3	18.1	18.1
Available-for-sale financial assets	17.3	18.1	18.1
Canada	10.5	10.6	10.6
Available-for-sale financial assets	10.5	10.6	10.6
Lithuania	10.0	10.5	10.5
Available-for-sale financial assets	10.0	10.5	10.5
USA	8.4	8.7	8.7
Available-for-sale financial assets	8.4	8.7	8.7
Poland	8.1	8.7	8.7
Available-for-sale financial assets	8.1	8.7	8.7
Croatia	5.0	5.2	5.2
Available-for-sale financial assets	5.0	5.2	5.2
Finland	5.0	5.1	5.1
Available-for-sale financial assets	5.0	5.1	5.1
Iceland	2.5	2.4	2.4
Available-for-sale financial assets	2.5	2.4	2.4
Swiss	0.8	0.8	0.8
Available-for-sale financial assets	0.8	0.8	0.8
TOTAL	29,454.2	32,125.8	32,562.8

The carrying amount of the sovereign exposures represented by debt securities at 31 December 2021 totalled €32,125.8m, 73% of which (75% in 2020) was concentrated on securities issued by the Italian State. Moreover, the bonds issued by the Italian State account for 38% of total investments of the UnipolSai Group.

Technical-insurance risks

Risks relating to Life portfolios

The guidelines of the underwriting and provisions activities of the Life business are defined in the "Underwriting Policy - Life Business" and in the "Provisions Policy - Life Business".

The Underwriting Policy defines the guidelines addressing underwriting activities and the related risk management, governing the assumption principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Life business.

The Provisions Policy defines the guidelines addressing provisioning activities for direct business and the related risk management, governing the provisioning principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Life business, in compliance with national and international accounting standards and the Solvency II prudential supervisory system.

Technical-insurance risks relating to Life business underwriting are divided into:
- 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.

The options included in the tariffs that can affect the assessment of risks present in the portfolio are monitored. The most significant of these are illustrated below.

<u>Surrender</u>
This option allows the customer to surrender the contract and receive the surrender value (does not apply to the pure-risk tariffs and annuities currently being distributed). Depending on the contract type, more or less significant penalties can be applied, often based on claim seniority.

<u>Conversion to annuity</u>
In individual products where the benefit is expressed in the form of capital, there is often the option to accept disbursement as an annuity.
Among the individual products portfolio there are products for which the conversion ratios are determined at the time of issue of the contract and others, the majority of which (generally those issued after 2000) with the amount of the annuity determined only at the time of the option. In this case the demographic risk is considerably mitigated.
In the supplementary pensions segment, especially collective, the ratios are often associated with each sum paid in, but the risk is mitigated by the frequency at which the offer conditions can be reviewed.

<u>Maturity deferment</u>
The portfolio includes individual term life products (not "whole-life") that often provided the option to extend the validity of the contract after its original maturity date. During maturity deferment the payment of further premiums is not normally allowed.
The conditions applied during deferment vary according to the contractual terms, and continuation of the contract's financial guarantees or the application of those used at the time of the option can be granted.
Depending on the conditions, even the duration of the maturity deferment can be determined or extended year by year.
The impact on the portfolio of exercising the maturity deferment option is not particularly significant at present.

Risks relating to Non-Life portfolios

With regard to risk assessment relating to the Non-Life portfolio, the reference guidelines are contained in the "Policy for the governance and amendment of the Undertaking Specific Parameters to calculate the SCR of the Technical-Insurance Non-Life and Health risks", the "Underwriting Policy - Non-Life Business", the "Provisions Policy - Non-Life Business" and the "Reinsurance and Other Risk Mitigation Techniques Policy".

The Policy for the governance and amendment of the Undertaking Specific Parameters to calculate the SCR of the Technical-Insurance Non-Life and Health risks defines the guidelines on governance and amendment of the USP methodology by defining the roles and responsibilities of the corporate bodies and functions involved.

The Underwriting Policy defines the guidelines addressing underwriting activities and the related risk management, governing the assumption principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Non-Life business.

The Provisions Policy defines the guidelines addressing provisioning activities and the related risk management, governing the provisioning principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Non-Life business, in compliance with national and international accounting standards and the new Solvency II prudential supervisory system.

The Reinsurance and Other Risk Mitigation Techniques Policy aims to define the guidelines on outwards reinsurance and other techniques for mitigating risk.

During 2021 the Non-Life technical-insurance risks were calculated using the Non-Life Partial Internal Model, consistent with the standards of Solvency II.

With regard to the assessment of Non-Life and Health underwriting and provisions risks, in the initial transition phase it was decided to adopt the use of parameters calculated by Undertaking Specific Parameter methods (USP) for the high-volume lines of business, in place of market parameters. These methods allow a more accurate representation of the Group's risk characteristics, which have specific features in terms of dimension, business type and reference market, that cannot be captured by average estimates performed on the European market.

Action continued in 2021 for the development of the Non-Life Internal Model project, which envisages the gradual development of models based on phased extension of the scope of application (insurance companies, risks, lines of business). Specifically, the new model uses a level of granularity based on uniform risk groups consistent with:

- the reinsurance strategies;
- the provisioning process;
- product pricing.

With reference to Earthquake risk, the Group adopts one of the main global models for the analytical evaluation of such risk. This tool consists of three modules:

- *Hazard*, which assesses the uncertainty associated with the possibility of an earthquake occurring in a given area (frequency) and the uncertainty relating to its magnitude (intensity). The following chance variables are modelled in this module:
  - Location (uncertainty associated with determining the possible point of origin of the event);
  - Frequency (period of recurrence of the events);
  - Intensity (the severity of the event in terms of energy released).
- *Vulnerability*, which assesses the seismic vulnerability of different types of insurable assets to a seismic event of a given intensity. The assessment is based on specific parameters such as the type of building (residential, commercial, etc.), the construction quality, the number of floors in the building and the type of assets present.
- *Financial*, which identifies the economic loss to the insurance company (in terms of deductibles, the sum insured, reinsurance cover, etc.).

In 2021, in addition to help in calculating risk capital, this tool also provided support to the Group in the Underwriting and Tariff-setting processes and in defining the reinsurance strategy.

With reference to other Catastrophe Risks, the assessments were performed using the standardised scenario approach proposed by EIOPA, in which the following events are taken into consideration:

- natural disasters such as flood and hail;
- man-made disasters such as large-scale fires and acts of terrorism;
- "health" risks, such as the risk of a pandemic.

Consistent with the internal model expansion plan relating to catastrophe risks, in the course of the last two years, the licences of the Italy Flooding and Italy Severe Convective Storm (SCS) models were acquired from a leading software house specialised in catastrophe modelling.

Operational risks

The Framework of Operational Risk Management

In order to ensure a complete analysis of company risks, the UnipolSai Group has an "Operational Risk Management Policy", updated annually, and has drafted a framework to identify, measure, monitor and manage Operational Risk. This term means "*the risk of losses deriving from the inadequacy or malfunctioning of processes, human resources or systems, or from external events*". Based on the Operational Risk Management framework, relations and reciprocal impacts between operational and other risks are also considered, with the objective of understanding the direct and indirect effects of events linked to operational risk. In particular, the analysis schemes adopted are aimed at understanding, based on a causal approach, the risk factors, events and effects, both financial and non-financial, and the impacts these can have on the Group's solvency and on the achievement of the objectives set.

Within the Group governance structure, the monitoring of Operational Risks is entrusted to the Operational Risks function of the Risk Management Department. The objectives assigned to this unit, within the internal control system, are aimed at ensuring the Group's assets are safeguarded and at adequate risk control.

Operational risk identification consists in gathering as much information as possible about the risk event, its possible causes and effects with a view to increasing awareness of the specific exposure of the various company areas. In addition, this activity also aims to assess the adequacy of controls and identify the best management solutions for any critical situations.
The operational risk identification essentially involves carrying out two separate processes.

- Loss Data Collection ("LDC") with a backward-looking approach: LDC is a process that aims to analyse and quantify historic operational risk events. External loss data is also collected, which helps to enhance the wealth of information on how operational risk can arise in comparable companies.
- Collection of expert opinions through the Risk Self Assessment process ("RSA") with a forward-looking approach: the data collected through the RSA includes an estimate of the potential economic impact of the risk event and an estimate of the related expected annual occurrence frequency.

The organisational model for operational risk governance and control envisages a network of analysts in a number of UnipolSai Assicurazioni SpA Divisions and the main Group companies which, after following a specific training course on operational risk management, provide support to the Risk Management Department in identifying operational risk and monitoring this risk within their own areas of operations.
Operational risk assessment is performed annually by the main Group Companies.

2021 saw the continuation of development activities on the internal model for operational risk assessment and measurement, to determine the distribution of operating losses on a scenario-based approach, taking into account the risk events identified and quantitative information gathered through risk self-assessment.

Standard compliance risk

With regard to Standard compliance risk, the Group's compliance risk management process is transversal and comprises organisational and operating monitoring activities carried out by resources from the various company functions. The Compliance Function is tasked with assessing whether the organisation and the internal corporate procedures are suitable to reach the objective of preventing this risk, according to a risk-based approach.

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 Management Department, a dedicated Observatory was created at Group level, called "Reputational & Emerging Risk Observatory", whose key elements are the involvement of an interfunctional Technical Panel and of all the main Business Departments, the use of a consolidated predictive model and methodologies based on futures studies to ensure a forward-looking view of the medium/long-term in order to anticipate the risks and future opportunities, and a holistic approach aimed at grasping and governing the interconnections, both in reading the external context for an integrated vision of the different emerging macro trends (social, technological, political and environmental), and in the internal response for a unified view of the different corporate areas and of the different steps of the value chain.
The purpose of the Observatory is to assure effective monitoring of emerging risks, strategic risk and reputational risk, verifying the constant alignment between stakeholders' expectations and the Group's responses and anticipating the most significant phenomena to catch new business opportunities and prepare for emerging risks.

At Group level, a structured process was developed within the Observatory for the assessment and prioritisation of the main emerging risk areas, identified on the basis of the systemic analysis of macrotrends regarding changes in the external context, currently present in the Observatory's Radar. The assessment process envisages integration of the "outside-in" view of a panel of external experts with the "inside-out" view of a panel of internal experts and combines multiple parameters.

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 analyses carried out within the Observatory using methodologies based on futures studies and on anticipation, 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 "Risk Management" functions, with the goal of stably integrating these assets in the strategic planning processes. Over the course of the 2019-2021 Plan, development of the risk management framework was completed from a multistakeholder perspective: in fact, reputational risk measurement was extended to all the Group's key stakeholder categories.

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 setup 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.

ESG risks

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.

Within the scope of ESG risks, a particular focus is dedicated to climate risks, specifically with regard to underwriting and investment activities.

The Group has mapped the risks and opportunities linked to the climate, prepared in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. This map includes both physical and transition risks. As regards the impact of climate change on physical and transition risks, specific stress test analyses have been implemented and integrated into the Group's stress test framework.

As regards the ESG risks generated, at Group level, a dedicated KRI dashboard has been developed, making it possible to monitor the risk level of each area - environmental, social and governance - while integrating oversight and listening indicators in order to combine the "inside-out" with the "outside-in" view.

Capital management

The Group's capital management strategies and objectives are outlined in the "Capital management and dividend distribution policy", which describes the reference context and the process for managing capital and distributing dividends also in terms of the roles and responsibilities of the players involved. The document also identifies the principles of capital management and the distribution of dividends or other elements of own funds, in line with the return on capital objectives and the risk appetite defined by the Board of Directors.

The general aims pursued by the "Capital management and dividend distribution policy" are:
- ex ante definition of the return objectives on allocated capital, consistent with the profitability targets and in line with the risk appetite;
- maintaining a sound and efficient capital structure, considering growth targets and risk appetite;
- outlining the capital management process for the definition of procedures to ensure, inter alia, that:
  - the elements of own funds, both at the time of issue and subsequently, satisfy the requirements of the applicable capital regime and are correctly classified;
  - the terms and conditions for each element of own funds are clear and unequivocal;
- ex ante definition of a sustainable flow of dividends, in line with the profit generated, free cash flow and risk appetite, identifying and documenting any situations in which the postponement or cancellation of distributions from an element of own funds could arise;
- outlining the dividend distribution process for the definition of procedures to ensure sound and efficient capital management, considering that the growth and profitability targets are in line with the risk appetite;
- defining the roles, responsibilities and reporting in relation to capital management and the distribution of dividends or other elements of own funds.

The capital management and dividend distribution process is divided into five steps, in close relation with other corporate processes:
- final measurement of available capital and the capital required;
- preparation of the mid-term capital management plan;
- monitoring and reporting;
- management action on capital, including any contingency measures;
- distribution of dividends or other elements of own funds.

Bologna, 24 March 2022

The Board of Directors

4
TABLES APPENDED TO THE NOTES TO THE FINANCIAL STATEMENTS

4 Tables appended to the Notes to the Financial Statements

Consolidation scope

Name	Country of registered office		Registered office	Country of operations (5)	Method (1)	Business activity (2)
UnipolSai Assicurazioni SpA	086	Italy	Bologna		G	1
UnipolSai Finance SpA	086	Italy	Bologna		G	9
UniSalute SpA	086	Italy	Bologna		G	1
Compagnia Assicuratrice Linear SpA	086	Italy	Bologna		G	1
Unisalute Servizi Srl	086	Italy	Bologna		G	11
Centri Medici Dyadea Srl	086	Italy	Bologna		G	11
Midi Srl	086	Italy	Bologna		G	10
Arca Vita SpA	086	Italy	Verona		G	1
Arca Assicurazioni SpA	086	Italy	Verona		G	1
Arca Vita International Dac	040	Ireland	Dublin		G	2
Arca Direct Assicurazioni Srl	086	Italy	Verona		G	11
Arca Inlinea Scarl	086	Italy	Verona		G	11
Arca Sistemi Scarl	086	Italy	Verona		G	11
BIM Vita SpA	086	Italy	Turin		G	1
Incontra Assicurazioni SpA	086	Italy	Milan		G	1
Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni	086	Italy	Genoa		G	1
Ddor Novi Sad	289	Serbia	Novi Sad (Serbia)		G	3
Ddor Re	289	Serbia	Novi Sad (Serbia)		G	6
UnipolRe Dac	040	Ireland	Dublin (Ireland)		G	5
UnipolSai Nederland Bv	050	Netherland	Amsterdam (NL)		G	11
Finsai International Sa	092	Luxembourg	Luxembourg		G	11
UnipolGlass Srl	086	Italy	Turin		G	11
UnipolService Spa	086	Italy	Turin		G	11
Casa di Cura Villa Donatello - SpA	086	Italy	Florence		G	11
Centro Oncologico Fiorentino Casa di Cura Villanova Srl in Liquidazione	086	Italy	Sesto Fiorentino (FI)		G	11
Florence Centro di Chirurgia Ambulatoriale Srl	086	Italy	Florence		G	11
Tenute del Cerro SpA - Societa' Agricola	086	Italy	Montepulciano (SI)		G	11
UnipolSai Servizi Previdenziali Srl	086	Italy	Florence		G	11
Sogeint Societa' a Responsabilita' Limitata	086	Italy	San Donato Milanese		G	11
UnipolAssistance Scrl	086	Italy	Turin		G	11

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
				100.00%
100.00%		100.00%		100.00%
98.99%		98.99%		100.00%
100.00%		100.00%		100.00%
	100.00% UniSalute SpA	98.99%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
63.39%		63.39%		100.00%
	98.12% Arca Vita SpA	62.20%		100.00%
	100.00% Arca Vita SpA	63.39%		100.00%
	100.00% Arca Vita SpA	63.39%		100.00%
	60.22% Arca Vita SpA	62.92%		100.00%
	39.78% Arca Assicurazioni SpA			
	77.03% Arca Vita SpA	63.19%		100.00%
	16.97% Arca Assicurazioni SpA			
	5.00% Arca Vita International Dac			
	1.00% Arca Inlinea Scarl			
50.00%		50.00%		100.00%
51.00%		51.00%		100.00%
94.69%		94.69%		100.00%
100.00%		100.00%		100.00%
	0.00% Ddor Novi Sad	100.00%		100.00%
	100.00% UnipolRe Dac			
	100.00% UnipolSai Nederland Bv	100.00%		100.00%
100.00%		100.00%		100.00%
63.85%		100.00%		100.00%
	36.15% UnipolSai Finance SpA			
	70.00% UnipolService Spa	70.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
	100.00% Casa di Cura Villa Donatello - SpA	100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
95.65%		99.89%		100.00%
	0.25% UniSalute SpA			
	3.00% Compagnia Assicuratrice Linear SpA			
	0.10% Unisalute Servizi Srl			
	0.10% Arca Assicurazioni SpA			

4 Tables appended to the Notes to the Financial Statements

Consolidation scope

Name	Country of registered office		Registered office	Country of operations (5)	Method (1)	Business activity (2)
UnipolAssistance Scrl	086	Italy	Turin		G	11
Gruppo UNA SpA	086	Italy	Milan		G	11
Consorzio Castello	086	Italy	Florence		G	10
Ital H&R Srl	086	Italy	Bologna		G	11
Marina di Loano SpA	086	Italy	Loano (SV)		G	10
Meridiano Secondo Srl	086	Italy	Turin		G	10
Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	086	Italy	Florence		G	10
Tikal R.E. Fund	086	Italy			G	10
Athens R.E. Fund	086	Italy			G	10
UnipolTech Spa	086	Italy	Bologna		G	11
Leithà Srl	086	Italy	Bologna		G	11
UniAssiTeam Srl	086	Italy	Bologna		G	11
Fondo Emporion	086	Italy			G	10
Fondo Landev	086	Italy			G	10
UnipolRental SpA	086	Italy	Reggio Emilia		G	11
Immobiliare C.S. Srl	086	Italy	Reggio Emilia		G	10
Unica Lab Srl	086	Italy	Bologna		G	11
Fondo Oikos	086	Italy			G	10
Cambiomarcia Srl	086	Italy			G	11
UnipolPay Spa	086	Italy	Bologna		G	11
MNTTN Spa	086	Italy	Bologna		G	11

(1) Consolidation method: G=on a line-by-line basis; P=proportional=P; U=on a line-by-line basis as per unitary management.
(2) 1=Italyn insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 4.1=mixed financial holding companies; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=other holdings; 10=real estate companies; 11=other.
(3) The product of investment relations concerning all companies which, positioned in an investment chain, may be between the company responsible for the consolidated financial statements and the company in question. If the latter is a direct investee of multiple subsidiaries, add together the individual products first.
(4) Total % availability of votes at ordinary general meetings if different from the direct or indirect investment.
(5) This disclosure is required only if the country of operations is different from the country of the registered office.

% Direct holding	% Indirect holding		% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	0.15%	Incontra Assicurazioni SpA	99.89%	0.00%	100.00%
	0.25%	UnipolTech Spa			
	0.50%	UnipolRental SpA			
100.00%			100.00%		100.00%
	99.57%	Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	99.57%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
89.59%			89.59%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
	65.00%	UnipolSai Finance SpA	65.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
	100.00%	UnipolRental SpA	100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%

E-MARKET SDIR CERTIFIED

Consolidation scope: interests in entities with material non-controlling interests

Amounts in €m

Name	% non-controlling interests	% Votes available at Ordinary General Meetings to non-controlling interests	Consolidated profit (loss) attributable to non-controlling interests	Shareholders' Equity attributable to non-controlling interests
Arca Vita SpA	36.61%		64.0	154.9

Details of unconsolidated investments

Name	Country of registered office		Registered office	Country of operations (5)	Business activity (1)
Assicoop Toscana SpA	086	Italy	Siena		11
Pegaso Finanziaria SpA	086	Italy	Bologna		9
Fondazione Unipolis	086	Italy	Bologna		11
Uci - Ufficio Centrale Italiano	086	Italy	Milan		11
SCS Azioninnova SpA	086	Italy	Bologna		11
Garibaldi Sca	092	Luxembourg	Luxembourg		11
Isola Sca	092	Luxembourg	Luxembourg		11
Fin.Priv. Srl	086	Italy	Milan		11
UnipolSai Investimenti Sgr SpA	086	Italy	Turin		8
Ddor Auto - Limited Liability Company	289	Serbia	Novi Sad (Serbia)		3
Funivie del Piccolo San Bernardo SpA	086	Italy	La Thuile (AO)		11
Ddor Garant	289	Serbia	Belgrad (Serbia)		11
Borsetto Srl	086	Italy	Turin		10
Golf Club Poggio dei Medici Spa Societa' Dilettantistica Sportiva	086	Italy	San Piero (FI)		11
UnipolReC SpA	086	Italy	Bologna		11
Assicoop Bologna Metropolitana SpA	086	Italy	Bologna		11
Hotel Villaggio Citta' del Mare SpA in Liquidazione	086	Italy	Modena		11
Assicoop Modena & Ferrara SpA	086	Italy	Modena		11
Assicoop Romagna Futura SpA	086	Italy	Ravenna		11
Assicoop Emilia Nord Srl	086	Italy	Parma		11
Promorest Srl	086	Italy	Castenaso (BO)		11

(1) 1=Italyn insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 4.1=mixed financial holding companies; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=other holdings; 10=real estate companies; 11=other
(2) a=subsidiaries (IFRS10); b= associates (IAS28); c=joint ventures (IFRS11)
(3) the product of investment relations concerning all companies which, positioned in an investment chain, may be between the company responsible for the consolidated financial statements and the company in question. If the latter is a direct investee of multiple subsidiaries, add together the individual products first
(4) total % availability of votes at ordinary general meetings if different from the direct or indirect investment
(5) this disclosure is required only if the country of operations is different from the country of the registered office

Summary income and financial position data							
Total assets	Investments	Technical provisions	Financial liabilities	Shareholders' equity	Profit (loss) for the year	Dividends distributed to non-controlling interests	Gross premiums written
13,851.9	13,410.3	11,246.3	2,080.0	423.0	174.9	18.2	1,622.1

Type (2)	% Direct holding	% Indirect holding		% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	Carrying amount (€m)
b		46.77%	UnipolSai Finance SpA	46.77%		2.3
b		45.00%	UnipolSai Finance SpA	45.00%		5.5
a	100.00%			100.00%		0.3
b	38.14%			38.24%		0.2
		0.00%	Compagnia Assicuratrice Linear SpA			
		0.01%	Arca Assicurazioni SpA			
		0.002%	Incontra Assicurazioni SpA			
		0.092%	Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni			
b		42.85%	UnipolSai Finance SpA	42.85%		2.9
b	32.00%			32.00%		2.9
b	29.56%			29.56%		0
b	28.57%			28.57%		41.5
b	49.00%			49.00%		14,8
a		100.00%	Ddor Novi Sad	100.00%		0.0
b	23.55%			23.55%		1.4
b		32.46%	Ddor Novi Sad	40.00%		0.6
		7.54%	Ddor Re			
b	44.93%			44.93%		0.5
b		40.32%	Athens R.E. Fund	36.13%		0.9
b	14.76%			14.76%		65,1
b		49.19%	UnipolSai Finance SpA	49.19%		9.7
b	49.00%			49.00%		0
b		43.75%	UnipolSai Finance SpA	43.75%		8.3
b		50.00%	UnipolSai Finance SpA	50.00%		7.6
b		50.00%	UnipolSai Finance SpA	50.00%		6.9
b		49.92%	UnipolSai Finance SpA	49.92%		5.0

Statement of financial position by business segment

		Non-Life business		Life business	
	Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020
1	INTANGIBLE ASSETS	681.4	634.9	264.3	271.5
2	PROPERTY, PLANT AND EQUIPMENT	1,565.6	1,469.4	73.8	73.3
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	808.1	808.3	23.2	27.1
4	INVESTMENTS	15,417.2	15,461.0	49,673.2	49,290.7
4.1	Investment property	480.7	495.7	4.1	4.3
4.2	Investments in subsidiaries, associates and interests in joint ventures	97.4	88.1	29.9	28.1
4.3	Held-to-maturity investments	47.5	50.8	319.2	370.0
4.4	Loans and receivables	2,449.6	2,703.4	2,735.8	2,536.0
4.5	Available-for-sale financial assets	12,181.0	11,963.2	38,170.8	39,075.9
4.6	Financial assets at fair value through profit or loss	161.0	159.9	8,413.3	7,276.4
5	SUNDRY RECEIVABLES	2,545.5	2,506.2	835.8	674.8
6	OTHER ASSETS	818.7	773.5	95.0	88.9
6.1	Deferred acquisition costs	37.1	38.8	63.1	60.3
6.2	Other assets	781.6	734.6	32.0	28.6
7	CASH AND CASH EQUIVALENTS	240.3	334.5	567.9	267.8
	TOTAL ASSETS	22,076.8	21,987.7	51,533.3	50,694.0
1	SHAREHOLDERS' EQUITY				
2	PROVISIONS	396.4	403.2	6.9	14.6
3	TECHNICAL PROVISIONS	14,714.9	14,387.8	42,413.4	43,319.2
4	FINANCIAL LIABILITIES	1,428.9	1,946.9	6,943.2	5,082.4
4.1	Financial liabilities at fair value through profit or loss	80.3	129.1	6,276.1	4,250.2
4.2	Other financial liabilities	1,348.6	1,817.8	667.1	832.2
5	PAYABLES	922.1	874.4	171.6	117.4
6	OTHER LIABILITIES	827.1	772.8	341.2	415.8
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				

Other businesses		Real Estate		Inter-segment eliminations		Total	
31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
17.2	14.3	0.0	0.0			962.9	920.6
217.3	164.2	574.3	572.9			2,431.0	2,279.8
						831.3	835.3
309.3	295.0	1,753.5	1,794.2	(199.7)	(200.5)	66,953.5	66,640.4
23.1	30.8	1,647.9	1,730.8			2,155.8	2,261.5
48.2	45.9	0.9	0.9			176.5	162.9
						366.7	420.8
208.5	188.8	50.9	28.7	(199.7)	(200.5)	5,245.1	5,256.4
29.4	29.4	53.8	33.9			50,435.0	51,102.3
0.1	0.2					8,574.3	7,436.5
60.6	83.5	31.4	20.6	(48.5)	(75.4)	3,424.9	3,209.7
11.0	17.7	177.4	138.6	(131.4)	(160.5)	970.8	858.1
						100.1	99.2
11.0	17.7	177.4	138.6	(131.4)	(160.5)	870.7	758.9
54.3	52.0	22.3	26.3			884.8	680.6
669.7	626.7	2,559.0	2,552.5	(379.6)	(436.4)	76,459.3	75,424.5
						8,233.8	8,144.0
13.6	15.1	5.1	4.8			422.0	437.8
						57,128.3	57,707.0
37.0	18.9	201.7	207.4	(199.5)	(200.4)	8,411.2	7,055.3
						6,356.4	4,379.3
37.0	18.9	201.7	207.4	(199.5)	(200.4)	2,054.8	2,676.0
73.2	65.4	68.5	41.5	(43.8)	(72.7)	1,191.5	1,026.0
26.6	14.9	13.7	14.3	(136.2)	(163.3)	1,072.4	1,054.5
						76,459.3	75,424.5

4 Tables appended to the Notes to the Financial Statements

Income statement by business segment

Amounts in €m		Non-life business		Life business	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
1.1	Net premiums	7,780.4	7,604.7	4,098.2	3,744.5
1.1.1	*Gross premiums earned*	*8,235.0*	*8,051.3*	*4,114.1*	*3,759.0*
1.1.2	*Earned premiums ceded to reinsurers*	*(454.6)*	*(446.7)*	*(16.0)*	*(14.5)*
1.2	Commission income	4.4	2.5	41.1	32.1
1.3	Gains and losses on financial instruments at fair value through profit or loss	165.1	(250.5)	23.6	63.4
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	2.8	3.4	4.4	8.1
1.5	Gains on other financial instruments and investment property	625.5	770.3	1,180.0	1,419.3
1.6	Other revenue	739.8	687.2	62.9	45.3
	TOTAL REVENUE AND INCOME	9,318.0	8,817.5	5,410.2	5,312.7
2.1	Net charges relating to claims	(5,095.1)	(4,324.3)	(4,714.0)	(4,520.0)
2.1.1	*Amounts paid and changes in technical provisions*	*(5,269.6)*	*(4,487.1)*	*(4,722.5)*	*(4,528.2)*
2.1.2	*Reinsurers' share*	*174.5*	*162.8*	*8.5*	*8.1*
2.2	Commission expenses	(5.8)	(4.5)	(30.5)	(15.1)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	(1.1)	(0.1)	(0.3)	(0.3)
2.4	Losses on other financial instruments and investment property	(334.0)	(232.0)	(63.9)	(328.6)
2.5	Operating expenses	(2,222.0)	(2,202.2)	(254.4)	(232.3)
2.6	Other costs	(907.6)	(948.9)	(129.5)	(143.2)
2	TOTAL COSTS AND EXPENSES	(8,565.7)	(7,712.1)	(5,192.7)	(5,239.6)
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	752.3	1,105.4	217.5	73.2

Other businesses		Real Estate		Intersegment eliminations		Total	
31/12/2021	31/12/2020	**31/12/2021**	31/12/2020	**31/12/2021**	31/12/2020	**31/12/2021**	31/12/2020
						11,878.5	11,349.2
						12,349.1	*11,810.4*
						(470.6)	*(461.2)*
				(0.1)	(0.2)	45.3	34.4
0.1	0.0					188.8	(187.0)
5.8	4.2					13.0	15.7
3.8	2.4	68.3	47.8	(17.4)	(11.5)	1,860.2	2,228.3
154.8	106.7	36.9	23.1	(59.4)	(43.9)	935.1	818.4
164.5	**113.4**	**105.2**	**70.9**	**(76.9)**	**(55.6)**	**14,921.0**	**14,259.0**
						(9,809.2)	(8,844.3)
						(9,992.1)	*(9,015.2)*
						183.0	*170.9*
(0.0)	(0.0)	(0.0)	(0.0)			(36.4)	(19.7)
(0.1)	(0.0)					(1.6)	(0.5)
(1.1)	(1.9)	(96.8)	(42.6)	3.3	1.5	(492.5)	(603.6)
(111.0)	(87.2)	(34.9)	(31.0)	11.4	10.8	(2,611.0)	(2,541.9)
(63.5)	(49.7)	(37.1)	(31.8)	62.2	43.3	(1,075.5)	(1,130.4)
(175.8)	**(138.8)**	**(168.8)**	**(105.5)**	**76.9**	**55.6**	**(14,026.1)**	**(13,140.4)**
(11.3)	**(25.4)**	**(63.6)**	**(34.6)**			**894.9**	**1,118.6**

4 Tables appended to the Notes to the Financial Statements

Details of property, plant and equipment and intangible assets

Amounts in €m	At cost	At restated value or at fair value	Total carrying amount
Investment property	2,155.8		2,155.8
Other property	1,500.8		1,500.8
Other tangible assets	930.2		930.2
Other intangible assets	449.3		449.3

Details of financial assets

	Investments held to maturity		Loans and receivables		Available-for-sale financial assets	
Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Equity instruments and derivatives at cost					4.4	4.8
Equity instruments at fair value					1,686.4	840.8
listed securities					*1,484.9*	*645.8*
Debt securities	366.7	420.8	4,018.9	3,936.4	44,777.2	47,043.2
listed securities	*366.7*	*420.8*			*44,315.2*	*46,396.0*
UCITS units					3,967.0	3,213.4
Loans and receivables from bank customers						
Interbank loans and receivables						
Deposits with ceding companies			105.8	86.3		
Financial receivables on insurance contracts						
Other loans and receivables			1,120.4	1,233.7		
Non-hedging derivatives						
Hedging derivatives						
Other financial investments						
Total	366.7	420.8	5,245.1	5,256.4	50,435.0	51,102.3

Financial assets at fair value through profit or loss				Total carrying amount	
Held-for-trading financial assets		Financial assets at fair value through profit or loss			
31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
				4.4	4.8
0.9	1.5	155.0	138.8	1,842.2	981.1
0.9	*1.5*	*155.0*	*138.8*	1,640.8	*786.1*
80.7	142.4	3,206.4	2,987.1	52,450.0	54,529.8
80.5	*141.1*	*3,206.1*	*2,986.7*	47,968.6	*49,944.6*
1.9	1.8	4,266.5	3,015.2	8,235.5	6,230.5
				105.8	86.3
		716.6	1,036.6	716.6	1,036.6
				1,120.4	1,233.7
66.3	22.7			66.3	22.7
80.0	90.4			80.0	90.4
229.8	258.7	8,344.5	7,177.8	64,621.2	64,216.0

Details of assets and liabilities relating to insurance contracts where the investment risk is borne by policyholders and arising from pension fund management

	Benefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Recognised assets	3,992.6	2,849.2	4,351.9	4,328.5	8,344.5	7,177.8
Intragroup assets *						
Total assets	**3,992.6**	**2,849.2**	**4,351.9**	**4,328.5**	**8,344.5**	**7,177.8**
Recognised financial liabilities	3,681.9	2,568.4	2,217.2	1,465.6	5,899.2	4,033.9
Recognised technical provisions	310.7	280.9	2,135.1	2,863.2	2,445.8	3,144.1
Intragroup liabilities *						
Total liabilities	**3,992.6**	**2,849.2**	**4,352.3**	**4,328.7**	**8,344.9**	**7,178.0**

* Assets and liabilities eliminated on consolidation.

Details of technical provisions – reinsurers' share

Amounts in €m	Direct business		Non Direct business		Total carrying amount	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Non-Life provisions	760.5	790.0	47.6	18.3	808.1	808.3
Premium provisions	220.8	214.3	3.3	3.2	224.1	217.5
Claims provision	539.7	575.7	44.4	15.1	584.0	590.8
Other provisions						
Life provisions	21.7	25.2	1.5	1.9	23.2	27.1
Provision for amounts payable	6.0	8.3	0.1	0.0	6.0	8.3
Mathematical provisions	15.7	16.9	1.4	1.9	17.1	18.7
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management						
Other provisions						
Total technical provisions - reinsurers' share	782.2	815.2	49.1	20.1	831.3	835.3

Details of technical provisions

Amounts in €m	Direct business		Non Direct business		Total carrying amount	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Non-Life provisions	13,886.7	13,791.8	828.2	596.1	14,714.9	14,387.8
Premium provision	3,282.8	3,314.5	92.6	74.5	3,375.5	3,389.0
Claims provision	10,577.1	10,444.8	735.5	521.5	11,312.6	10,966.3
Other provisions	26.8	32.5	0.0	0.0	26.9	32.5
including provisions allocated as a result of the liabilityadequacy test						
Life provisions	42,409.9	43,314.9	3.5	4.3	42,413.4	43,319.2
Provision for amounts payable	335.5	572.2	1.6	1.3	337.1	573.5
Mathematical provisions	35,785.5	34,075.5	1.9	3.0	35,787.4	34,078.5
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management	2,445.8	3,144.1			2,445.8	3,144.1
Other provisions	3,843.1	5,523.2			3,843.1	5,523.2
including provisions allocated as a result of the liability adequacy test						
including deferred liabilities to policyholders	*3,694.8*	*5,379.8*			*3,694.8*	*5,379.8*
Total technical provisions	56,296.6	57,106.7	831.7	600.4	57,128.3	57,707.0

Details of financial liabilities

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Held-for-trading financial liabilities		Financial liabilities at fair value through profit or loss					
Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Equity instruments								
Subordinated liabilities					1,446.1	2,088.3	1,446.1	2,088.3
Liabilities from financial contracts issued by insurance companies			5,911.0	4,055.1			5,911.0	4,055.1
Arising from contracts where the investment risk is borne by policyholders			*3,693.8*	*2,589.5*			*3,693.8*	*2,589.5*
Arising from pension fund management			*2,217.2*	*1,465.6*			*2,217.2*	*1,465.6*
Arising from other contracts								
Deposits received from reinsurers					130.5	134.7	130.5	134.7
Financial items payable on insurance contracts								
Debt securities issued								
Payables to bank customers								
Interbank payables								
Other loans obtained					478.1	453.0	478.1	453.0
Non-hedging derivatives	38.5	36.7					38.5	36.7
Hedging derivatives	406.9	287.6					406.9	287.6
Sundry financial liabilities					0.1		0.1	
Total	445.4	324.3	5,911.0	4,055.1	2,054.8	2,676.0	8,411.2	7,055.3

Details of technical insurance items

Amounts in €m	31/12/2021 Gross amount	31/12/2021 Reinsurers' share	31/12/2021 Net amount	31/12/2020 Gross amount	31/12/2020 Reinsurers' share	31/12/2020 Net amount
Non-Life business						
NET PREMIUMS	8,235.0	(454.6)	7,780.4	8,051.3	(446.7)	7,604.7
a Written premiums	8,214.3	(463.2)	7,751.1	8,107.5	(439.9)	7,667.6
b Change in premium provision	20.6	8.6	29.3	(56.1)	(6.8)	(62.9)
NET CHARGES RELATING TO CLAIMS	(5,269.6)	174.5	(5,095.1)	(4,487.1)	162.8	(4,324.3)
a Amounts paid	(5,086.3)	188.4	(4,897.9)	(5,337.8)	296.4	(5,041.4)
b Change in claims provision	(318.4)	(5.1)	(323.5)	717.2	(126.1)	591.2
c Change in recoveries	135.2	(8.9)	126.4	134.8	(7.6)	127.2
d Change in other technical provisions	(0.1)		(0.1)	(1.3)		(1.3)
Life business						
NET PREMIUMS	4,114.1	(16.0)	4,098.2	3,759.0	(14.5)	3,744.5
NET CHARGES RELATING TO CLAIMS	(4,722.5)	8.5	(4,714.0)	(4,528.2)	8.1	(4,520.0)
a Amounts paid	(3,177.5)	11.8	(3,165.7)	(3,984.6)	15.9	(3,968.7)
b Change in provision for amounts payable	244.4	(1.9)	242.5	(168.0)	3.9	(164.1)
c Change in mathematical provisions	(1,748.6)	(1.4)	(1,749.9)	(969.3)	(11.7)	(981.0)
d Change in technical provisions where the investment risk is borne by policyholders and arising from pension fund management	(28.6)		(28.6)	671.8		671.8
e Change in other technical provisions	(12.4)	0.0	(12.4)	(78.1)	(0.0)	(78.1)

Investment income and charges

Amounts in €m	Interest	Other income	Other charges	Realised gains	Realised losses
Balance on investments	1,412.4	330.1	(200.3)	345.4	(231.1)
a Arising from investment property		71.2	(24.8)	73.8	(0.6)
b Arising from investments in subsidiaries, associates and interests in joint ventures		13.0	(1.6)		
c Arising from held to maturity investments	17.3		(0.0)		
d Arising from loans and receivables	132.2		(0.0)	0.5	(0.4)
e Arising from available-for-sale financial assets	1,213.6	162.4	(1.5)	164.2	(114.8)
f Arising from held-for-trading financial assets	2.7	61.8	(93.4)	45.2	(85.0)
g Arising from financial assets at fair value through profit or loss	46.5	21.7	(79.0)	61.6	(30.3)
Balance on sundry receivables	4.0				
Balance on cash and cash equivalents	0.9		(0.0)		
Balance on financial liabilities	(80.7)	0.0	(161.2)	0.1	
a Arising from held-for-trading financial liabilities				0.1	
b Arising from financial liabilities at fair value through profit or loss		0.0	(159.8)		
c Arising from financial liabilities	(80.7)		(1.3)		
Balance on payables	(1.4)		(0.2)		
Total	1,335.2	330.1	(361.6)	345.4	(231.1)

Total realised gains and losses	Unrealised gains		Unrealised losses		Total unrealised gains and losses	Total gains and losses 31/12/2021	Total gains and losses 31/12/2020
	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment			
1,656.4	664.7	0.0	(328.3)	(49.6)	286.8	1,943.3	1,621.0
119.7			(52.4)	(42.5)	(94.9)	24.8	8.5
11.4						11.4	15.3
17.3						17.3	18.4
132.4		0.0			0.0	132.4	36.8
1,423.9	19.3		(160.0)	(7.1)	(147.7)	1,276.2	1,653.5
(68.7)	201.3		(16.1)		185.2	116.5	(268.6)
20.5	444.1		(99.8)		344.2	364.7	157.2
4.0						4.0	1.9
0.8						0.8	1.2
(241.8)	0.6		(137.5)		(136.9)	(378.7)	(168.7)
0.1						0.1	0.0
(159.8)			(132.7)		(132.7)	(292.5)	(75.6)
(82.0)	0.6		(4.8)		(4.2)	(86.2)	(93.2)
(1.5)						(1.5)	(2.5)
1,418.0	665.3	0.0	(465.8)	(49.6)	149.9	1,567.9	1,452.9

Details of insurance business expenses

	Non-Life business		Life business	
Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Gross commissions and other acquisition costs	(1,885.5)	(1,873.3)	(118.2)	(103.8)
a Acquisition commissions	(1,364.5)	(1,329.3)	(72.1)	(59.2)
b Other acquisition costs	(362.7)	(387.5)	(42.7)	(39.3)
c Change in deferred acquisition costs	(1.2)	(1.0)	2.7	1.2
d Collection commissions	(157.1)	(155.5)	(6.2)	(6.5)
Commissions and profit-sharing received from reinsurers	144.8	129.3	2.3	3.1
Investment management expenses	(51.7)	(56.4)	(47.7)	(46.9)
Other administrative expenses	(429.6)	(401.8)	(90.8)	(84.8)
Total	(2,222.0)	(2,202.2)	(254.4)	(232.3)

Details of other consolidated comprehensive income

Amounts in €m	Amounts allocated		Adjustments from reclassification to the Income Statement adjustments	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Other income items not reclassified to profit or loss	**(0.8)**	**(26.0)**		
Reserve deriving from changes in the shareholders' equity of the investees	(0.0)	(20.5)		
Revaluation reserve for intangible assets				
Revaluation reserve for property, plant and equipment				
Gains or losses on non-current assets or disposal groups held for sale				
Actuarial gains and losses and adjustments relating to defined benefit plans	0.4	(5.4)		
Other items	(1.3)			
Other income items reclassified to profit or loss	**(195.9)**	**359.8**	**151.7**	**(185.8)**
Reserve for foreign currency translation differences	(0.1)	(1.1)		
Gains or losses on available-for-sale financial assets	(163.8)	344.5	151.7	(185.8)
Gains or losses on cash flow hedges	(42.1)	4.2		
Gains or losses on hedges of a net investment in foreign operations				
Reserve deriving from changes in the shareholders' equity of investees	10.1	12.1		
Gains or losses on non-current assets or disposal groups held for sale				
Other items				
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	(196.7)	333.8	151.7	(185.8)

Other changes		Total changes		Income tax		Balance	
31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
		(0.8)	(26.0)	(0.5)	3.3	(30.2)	(29.3)
		(0.0)	(20.5)	0.0	0.8	0.7	0.7
		0.4	(5.4)	(0.5)	2.5	(30.9)	(31.3)
		(1.3)					1.3
		(44.2)	174.0	17.4	(69.0)	1,304.2	1,348.4
		(0.1)	(1.1)			3.9	4.0
		(12.1)	158.8	(0.5)	(67.6)	1,304.1	1,316.2
		(42.1)	4.2	18.8	(1.9)	(26.1)	16.0
		10.1	12.1	(0.4)	0.4	22.3	12.1
		(45.0)	148.1	16.9	(65.7)	1,274.0	1,319.1

4 Tables appended to the Notes to the Financial Statements

Assets and liabilities at fair value on a recurring and non-recurring basis: breakdown by fair value level

		Level 1		Level 2		Level 3		Total	
	Amounts in €m	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Assets and liabilities at fair value on a recurring basis									
Available-for-sale financial assets		47,316.8	48,637.0	403.6	463.4	2,714.7	2,001.9	50,435.0	51,102.3
Financial assets at fair value through profit or loss	Held for trading financial assets	95.8	161.5	130.2	69.5	3.8	27.7	229.8	258.7
	Financial assets at fair value through profit or loss	8,292.7	7,171.3			51.8	6.5	8,344.5	7,177.8
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets at fair value on a recurring basis		*55,705.3*	*55,969.8*	*533.8*	*532.8*	*2,770.2*	*2,036.1*	*59,009.3*	*58,538.8*
Financial liabilities at fair value through profit or loss	Held for trading financial liabilities	13.0	25.6	401.6	292.4	30.9	6.3	445.4	324.3
	Financial liabilities at fair value through profit or loss					5,911.0	4,055.1	5,911.0	4,055.1
Total liabilities measured at fair value on a recurring basis		*13.0*	*25.6*	*401.6*	*292.4*	*5,941.9*	*4,061.4*	*6,356.4*	*4,379.3*
Assets and liabilities at fair value on a non-recurring basis									
Non-current assets or assets of disposal groups held for sale									
Liabilities associated with disposal groups									

Details of changes in level 3 assets and liabilities at fair value on a recurring basis

		Financial assets at fair value through profit or loss					Financial liabilities at fair value through profit or loss	
Amounts in €m	Available-for-sale financial assets	held for trading financial assets	at fair value through profit or loss	Investment property	Property, plant and equipment	Intangible assets	held for trading financial liabilities	at fair value through profit or loss
Opening balance	2,001.9	27.7	6.5				6.3	4,055.1
Acquisitions/Issues	765.1	0.2	38.3					
Sales/Repurchases	(35.9)		(0.0)					
Repayments	(154.9)	(0.3)	(2.3)				(0.0)	
Gains or losses recognised through profit or loss		0.0	9.3				0.8	
- of which unrealised gains/losses		0.0	9.3				0.8	
Gains or losses recognised in the statement of other comprehensive income	159.3							
Transfers to level 3								
Transfers to other levels	(20.3)							
Other changes	(0.6)	(23.8)	0.0				(25.3)	(1,855.9)
Closing balance	2,714.7	3.8	51.8				30.9	5,911.0

4 Tables appended to the Notes to the Financial Statements

Assets and liabilities not measured at fair value: breakdown by fair value level

Amounts in €m	Carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Assets										
Held-to-maturity investments	366.7	420.8	343.8	519.3	22.9	0.9			366.7	520.2
Loans and receivables	5,245.1	5,256.4			3,336.8	3,284.8	1,908.4	1,963.5	5,245.1	5,248.3
Investments in subsidiaries, associates and interests in joint ventures	176.5	162.9					176.5	162.9	176.5	162.9
Investment property	2,155.8	2,261.5					2,475.5	2,459.7	2,475.5	2,459.7
Property, plant and equipment	2,431.0	2,279.8					2,580.1	2,398.0	2,580.1	2,398.0
Total assets	10,375.2	10,381.4	343.8	519.3	3,359.7	3,285.7	7,140.4	6,984.2	10,843.9	10,789.2
Liabilities										
Other financial liabilities	2,054.8	2,676.0	2,087.8	1,954.8			163.4	831.0	2,251.2	2,785.7

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STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-TER OF CONSOB REGULATION NO. 11971/1999

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-ter, CONSOB REGULATION No. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned, Carlo Cimbri, as designated Chairman, and Maurizio Castellina, as Manager in charge of financial reporting of UnipolSai Assicurazioni S.p.A., hereby certify, also taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures for the preparation of the **consolidated financial statements** for the period 1 January 2021-31 December 2021.
2. The assessment of the adequacy of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2021 is based on a process defined by Unipol Gruppo S.p.A., inspired by the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organisations of the Treadway Commission), internationally recognised as the reference standards for the implementation and evaluation of internal control systems.
3. It is also certified that:

   3.1. the consolidated financial statements at 31 December 2021:
   - were prepared in compliance with the International Accounting Standards recognised in the European Community in accordance with: the Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, the Legislative Decree 38/2005, the Legislative Decree 209/2005 and applicable IVASS measures, regulations and circulars;
   - correspond to the book results and accounting records;
   - are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer and of the consolidated companies;

   3.2. the management report includes a reliable analysis of the performance and of the operating result, and of the situation of the issuer and of the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Bologna, 24 March 2022

The Manager in charge of financial reporting	The Chairman
Maurizio Castellina	*Carlo Cimbri*

(signed on the original)

UnipolSai Assicurazioni S.p.A.

Sede Legale: via Stalingrado, 45 - 40128 Bologna (Italia) - unipolsaiassicurazioni@pec.unipol.it - tel. +39 051 5077111 - fax +39 051 7096584
Capitale sociale i.v. Euro 2.031.456.338,00 - Registro delle Imprese di Bologna, C.F. 00818570012 - P. IVA 03740811207 - R.E.A. 511469
Società soggetta all'attività di direzione e coordinamento di Unipol Gruppo S.p.A., iscritta all'Albo Imprese di Assicurazione e riassicurazione Sez. I al n. 1.00006 e facente parte del Gruppo Assicurativo Unipol iscritto all'Albo delle società capogruppo al n. 046

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SUMMARY OF FEES FOR THE YEAR FOR SERVICES PROVIDED BY THE INDEPENDENT AUDITORS

Summary of fees for the year for services provided by the Independent Auditors (Art. 149-duodecies of Issuer's Regulation)

Amounts in €k

Type of services	Provider of the service	Recipient	Fees (*)
Legally-required audit	EY SpA	UnipolSai SpA	1,315
Attestation services	EY SpA	UnipolSai SpA	400
Other professional services	EY SpA	UnipolSai SpA	195
Other professional services	EY Advisory SpA	UnipolSai SpA	24
Total UnipolSai			**1,934**
Legally-required audit	EY SpA	Subsidiaries	574
Legally-required audit	Ernst & Young Ireland Unlimited Company - Ireland	Subsidiaries	155
Legally-required audit	Ernst & Young DOO - Serbia	Subsidiaries	83
Legally-required audit	Ernst & Young Société Anonyme - Luxembourg	Subsidiaries	9
Legally-required audit	Ernst & Young Accountants LLP - Netherlands	Subsidiaries	24
Attestation services	EY SpA	Subsidiaries	73
Other professional services	EY SpA	Subsidiaries	38
Other professional services	Ernst & Young Ireland Unlimited Company - Ireland	Subsidiaries	90
Total subsidiaries			**1,045**
Grand total			**2,979**

(*) fees do not include any non-deductible VAT nor charged back expenses

UnipolSai Assicurazioni S.p.A.

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Share capital
€ 2,031,456,338.00 fully paid-up
Bologna Register of Companies
Tax No. 00818570012
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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