

Consolidated interim financial report
at 30 june 2019



Unipol Gruppo S.p.A.
**Consolidated Interim
Financial Report at 30 June 2019**

Company bodies

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MANAGER IN CHARGE OF FINANCIAL REPORTING		Maurizio Castellina
INDEPENDENT AUDITORS		PricewaterhouseCoopers SpA

Board of Directors and Board of Statutory Auditors appointed by the Shareholders' Meeting on 18 April 2019

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Macroeconomic background and market performance

Macroeconomic background

2018 was a positive year in terms of global growth which stood at approximately 3% with this expansion boost continuing in the first six months of 2019.

In the first quarter of 2019, US economic activity developed at a rate greater than 3% compared with the same quarter of the previous year (2.8% in 2018) thanks to good performance in the domestic demand, stimulated by the announcement, by the Fed, of a more accommodating monetary policy. At the end of 2018, inflation rate was aligned with a 2% monetary policy target and it was below target again (1.6%) in the first quarter of 2019 due to changes in the oil prices and the weakening of global demand. Consensus data show a slight slow-down in the US growth in the second quarter of 2019 which should stand at 2.5% compared with the same period of the previous year.

China showed slowdown signs in the second half of 2018, which is mostly to be attributed to a deceleration in international trade and to the trade war with the United States, as well as to a slower internal demand. The Government's tax and monetary stimulus as well as the broader availability of credit are supporting the demand for investments and some encouraging signs are emerging from the real estate market and exports. These are the reasons why China has maintained a sustained growth rate also in the first quarter of 2019 (6.5% in the first quarter of 2018). The inflation rate trend in the first quarter of 2019 declined to 1.8%. Prices have gained back some strength in the second quarter of 2019: inflation in June 2019 was 2.6% compared to the same month of the previous year. Based on this, the Chinese growth will show a moderate slowdown in the second half of 2019 where, according to consensus data, will stand at 6.2% compared with the same quarter of the previous year.

The beginning of the year was essentially positive, from an economic perspective, for the emerging countries although the slowdown in international trade and the fall in oil prices and commodities are affecting future growth prospects.

Despite the deceleration in growth experienced in the last quarters of 2018, in early 2019 Japan showed a growth rate of 0.9% over the first quarter of 2018. The Bank of Japan continued its non-conventional monetary policies, but within a full employment context (2.4% unemployment as of March, a datum that was also confirmed in the second quarter of 2019), the inflation rate trend in the first quarter of 2019 stood at only 0.3% while in the second quarter saw a rise in prices with an inflation reaching, in June 2019, 0.8% compared to the same month of the previous year. However, consensus data showed a slight slow-down in the Japanese economic growth in the second quarter of 2019 with a GDP up by 0.4% from the same quarter of the previous year.

In the first quarter of 2019, the Eurozone reported a GDP growth of 1.2% compared with the first quarter of 2018, thus continuing the deceleration already noted in 2018. This slowdown is to be primarily attributed to factors internal to the Eurozone such as the deceleration in the German automobile industry which led to a GDP growth below 1% in Germany, the uncertainties related to the development of Brexit and the weakness of the economic cycle in Italy. Despite the slowdown observed in the first quarter, the consensus for the Eurozone in the second quarter of 2019 is for a growth substantially stable with a 1.2% change in the GDP compared with the same quarter of the previous year.

Although within a context of economic slowdown, the European labour market continues to show some strength with an unemployment rate in the first quarter of 2019 below 8% and near 6.6% in the long term level of unemployment (NAIRU). This consolidation, according to the most recent data, should also continue in the second quarter of 2019. Inflation is significantly lower at 1.4% at the end of the first quarter compared to the first quarter of 2018. This datum is due to both a low inflation core (0.9%) and a drop in oil prices (-5.4%). In the second quarter of 2019, inflation seemed to have stabilised, standing in June at 1.3% compared to the same period of the previous year.

Downward revisions of growth and inflation expectation led the ECB to announce that the official discount rate shall remain anchored at the current level. In October 2018, purchases related to the quantitative easing declined from €30bn to €15bn a month while subsequently falling to zero beginning with January 2019. In order to support growth in bank lending, the ECB has also announced new medium-long term refinancing auctions (TLTRO-III) which will help the banks that are more dependent on the ECB financing to renew the auctions which are near closing.

The Italian economy in 2018 has shown a significant slowdown compared to the previous year. This negative trend continues also in the first quarter of 2019: the GDP declined by 0.1% compared with the first quarter of 2018 due to the prolongation of a technical recession (negative growth quarter-on-quarter) to which Italy was subject in the last two quarters of 2018. Italy should come out of the technical recession in the second quarter of 2019 with a zero growth compared to the same quarter of 2018.

The growth below expectations reflects both the weakness of the international economy and some specific weaknesses of the Italian economy, such as the persistent slowdown in exports growth and the deterioration in consumer confidence. Unemployment rate declined again, although only marginally (9.9% in May). The inflation rate trend in the first and second quarters of 2019 was below 1%, driven by a core inflation below 0.5%.

The effects of an uncertain budgetary policy and rising tensions with European institutions have negatively impacted the internal demand and have caused an increase in public debt as well as a deterioration of companies and households expectations. Lower public finance balances have required a corrective manoeuvre to avoid an infraction procedure.

Financial markets

The announcement of a more accommodating monetary policy by the ECB and the new long term banking refinancing auctions (TLTRO III) translated in 2019 into relevant changes along the forward-structure of interest rates in the monetary and interbank markets. Euribor and Swap rates within the Eurozone remain in negative territory with maturities up to 3 years. The 3 month Euribor rate declined by about 40 basis points compared with the same figure at the end of 2018. The German Government yield curve recorded modest volatility on short-term maturities but a significant reduction in long-term rates, with the 10-year Bund down by around 56 basis points at 30 June 2019, from the end of 2018, and to date consistently in a negative territory.

In Italy, the curve of the maturity structure of interest rates has been substantially stable for over two years due, on the one hand, to the compression of the long term rates implemented by the ECB's quantitative easing and on the other hand to the anchoring of short term rates resulting from policy rate stability. At the end of June 2019, the spread between Italian and German securities showed a decline compared to the beginning of the year, at 241 basis points.

After the negative performance of the stock markets in 2018, the first half of 2019 was characterised by a rise in prices on all the main international price lists: June closed with the Eurostoxx 50 index, referring to the European stock exchange listings, above the levels of the end of 2017 and with a 15.7% increase compared to 2018.

Thanks to the change in tone of the Fed, with more accommodating monetary policies, and as a result of the tax reform of the Trump administration, from the beginning of the year till June 2019, the S&P Index 500 posted a 17.3% increase. Increased geopolitical tensions maintained an implied volatility of options prices over the high figures at the end of 2018.

Slow-down expectations in the international economic cycle have limited the growth in emerging stock markets, mostly driven by the more accommodating policy of the Fed.

Insurance sector

The collection of premiums in the Italian insurance market, in the first quarter of 2019, stood at €36.55bn, up by 1.4% compared to the first quarter of 2018.

In the first quarter of 2019, total Life premiums in the Italian direct business amounted to €27.2bn, slightly up (+0.5%) from the first quarter of 2018. Growth was driven by Class IV (+28.3%) and Class I (+14.5%) while Class III, Class V and Class VI recorded significant declines, respectively of -26.5%, -26.0% and -6.7%. In the first quarter of 2019, the balance between inflows and outflows of the Life segment was €6.5bn, down by 21.8% compared to the first quarter of 2018. The total amount of outflows, in the same period, showed a 10.3% increase compared to the previous year, equal to €20.7bn. Technical reserves at the end of the 1st quarter of 2019 amounted to €700.6bn, up by 5.3% versus the same period of 2018 and 2.4% versus the end of the previous quarter.

At the end of the first quarter of 2019, total premiums of the direct Italian portfolio in the Non-Life business amounted to €9.4bn, up by 4.0% over the first quarter of 2018. In the same period, total premiums in the MV TPL business amounted to €3.5bn, up by 0.8%, in Land Vehicle Hulls business they amounted to €0.8bn (+4.9%) and the average price of renewed policies showed a modest decline, from €345 to €343. Other Non-Life businesses confirmed the positive trend of the last few years, with more than €5.1bn at the end of the first quarter of 2019, a growth rate of 6.1%. In particular, the general businesses that have recorded a change greater than average, from March 2018 to March 2019 are: Health (+16.5%), Other damage to property (+10.4%) and Pecuniary Losses (+8.3%). The businesses that recorded growth rates below average were: Marine Vessels TPL (+0.9%), Credit (+2.4%), Bonds (+4.7%), Fire and other natural events (+5.7%), Accidents (+5.9%) and Legal Expenses (+6.0%).

According to the ANIA outlook, the phase of moderate expansion of the Italian insurance market continued in the second quarter with a growth in premiums in line with the same figure of the previous year (+3.2% for 2019). Growth should be supported by a good performance of both the premiums from the Non-Life business (+3.2%) and those from the Life business (+2.5%). The upward trend of the Non-Life segment should continue for all businesses except for the MV TPL segment, the premiums of which should remain fairly stable. Conversely, the premiums of the Life segment should mostly

keep the same growth rates as those reached during the year. As of June, the ISTAT index of the MV TPL prices, which are comparable to the list prices, showed a -0.58% contraction, on an annual basis, reaching about 128.7.

Banking sector

In the first half of 2019, a strengthening of the Italian banking sector was noted, supported by lesser tensions in the market of the sovereign debt and by the realignment of the banking stock prices. Despite these conciliatory measures, in 2019 a decrease in capital and liquidity reserves was recorded.

From the start of the year to May 2019, direct premiums increased by 1.3%. Bond funding ended its downward trend which characterised 2018 and started showing more stability (-0.4% from the beginning of the year). Conversely, growth in deposits declined from 2.6% in 2018 to 1.5% from January to May 2019. Funding from abroad showed a lower growth than in 2018 (from 8% in 2018 to 5% in the first half of 2019).

In early 2019, loans in the private sector, adjusted in order to take into account the securitised debt and the other assigned receivables and written off from the bank financial statements, decreased by 2.4% for companies and increased by 0.9% for households. Growth in credit within the private sector was quite below the EMU growth.

In the first quarter of 2019, bad and doubtful loans declined (-5.5% and -8% respectively, from the beginning of the year) with a ratio of impaired loans to total loans down to 8.9%. The coverage rate of impaired loans was up in 2019, standing at 59.7%, a level above the average of the main banks of the European Union.

The cost of credit remained at historically low levels. Interest rate on new loans to companies decreased reaching almost 1.43% as of May (from 1.47% at the end of 2018), as did the interest rate for new mortgages to families for the purchase of homes, down to approximately 1.85% (from 1.9% at the end of 2018).

The weight of Italian government bonds, representing about 11% of the total assets, showed an increase in the first quarter of 2019.

Real Estate market

The economic survey carried out by the Bank of Italy on the housing market for 2018 and the first two quarters of 2019 shows an increasing number of operators who see a growth in the demand even if the intensity is declining. This is reflected in an increasingly lower number of real estate agencies that expect a sale and rent price reduction. Expectations for a market growth in the next two years are worsening.

The Real Estate Market Observatory (Tax Authorities and Bank of Italy) reported that in 2018 the sale of homes in the residential segment continued to post a positive growth trend (+6.5% over 2017) which also continued in 2019. In the first quarter, the number of transactions increased by approximately 9% over the first quarter of 2018 and in the second quarter, according to Nomisma, the number of operators who expect an increase in sales remains high.

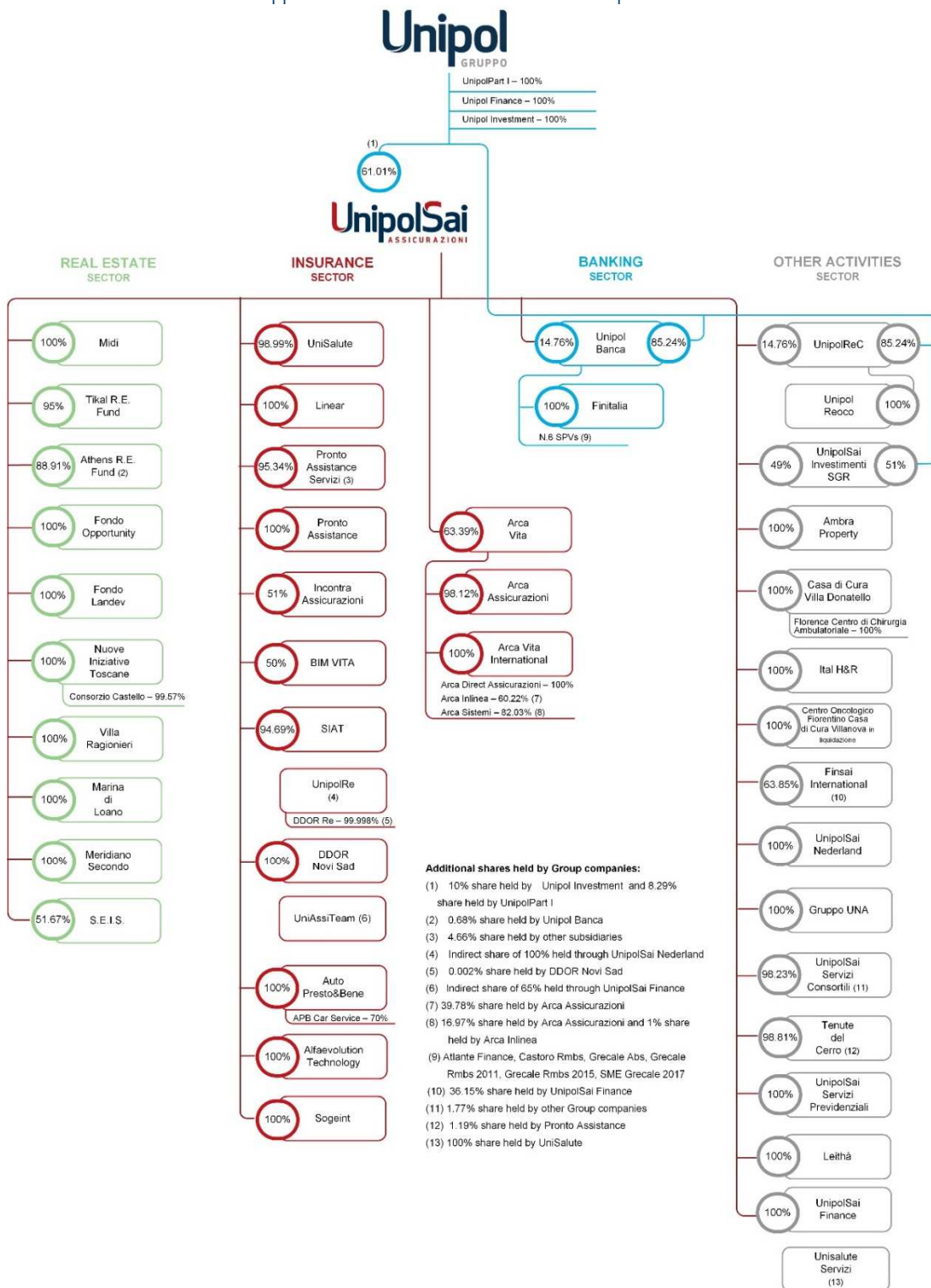
The index of home prices in the 13 largest cities provided by Nomisma shows that the price cycle continues the 22 consecutive half-year negative growth rate, with a cumulative 12.5% write-down. In the second six months of 2018, the prices were down by 1%. In the first six months of 2019, a reversal of this negative trend was noted: in fact household prices posted a growth (+0.2% in the second six months of 2018).

Unlike 2018 which recorded a growth in the sale of non-residential properties, driven by the positive performance of the production segment, i.e. warehouses and other agricultural and industrial properties, the first half year of 2019 was characterised by the expansion of the service-commercial sector. In fact, the production sector recorded a 0.3% growth while the growth in the number of transactions in the service-commercial segment was 5.9% thanks to a particularly positive performance in the hotel industry (+59% due to some mega-transactions). The negative cycle of the service-commercial sector started 22 half-years ago with an accumulated deflation of respectively -14% and -11% for offices and retail. In the first half of 2019, offices declined by 0.5% and retail by 0.1%. Milan is the only city that recorded positive growth rates in both sectors, respectively +0.9% for offices and +0.8% for retail.

Consolidation Scope at 30 June 2019

(line-by-line method - direct holding out of total share capital).

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



1. Management Report

Group highlights

	Amounts in €m	30/6/2019	30/6/2018	31/12/2018
Non-Life direct insurance premiums		4,109	4,007	7,953
<i>% variation</i>		2.6	(0.5)	1.1
Life direct insurance premiums		3,185	2,251	4,396
<i>% variation</i>		41.5	(2.1)	(0.6)
<i>variation on a like-for-like basis %</i>		48.4		
of which Life investment products		162	286	508
<i>% variation</i>		(43.5)	(12.7)	(16.3)
<i>variation on a like-for-like basis %</i>		(43.4)		
Direct insurance premiums		7,294	6,258	12,349
<i>% variation</i>		16.6	(1.1)	0.5
<i>variation on a like-for-like basis %</i>		18.5		
Net gains on financial instruments (*)		1,186	1,198	1,969
<i>% variation</i>		(1.0)	n.s.	14.7
Consolidated profit (loss)		740	644	628
<i>% variation</i>		14.9	n.s.	n.s.
Balance on the statement of comprehensive income		1,441	50	(288)
Investments and cash and cash equivalents		64,650	70,279	59,445
<i>% variation</i>		8.8	(1.9)	(17.0)
Technical provisions		55,902	52,713	53,223
<i>% variation</i>		5.0	(1.3)	(0.4)
Financial liabilities		7,229	15,823	6,922
<i>% variation</i>		4.4	(3.5)	(57.8)
Non-current assets or assets of a disposal group held for sale		10,829	138	10,758
Liabilities associated with disposal groups held for sale		9,597		9,201
Shareholders' Equity attributable to the owners of the Parent		6,092	5,352	5,032
<i>% variation</i>		21.1	(2.4)	(8.3)
Solvency ratio		153	160	163
No. staff		14,696	14,641	14,241

(*) 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

To facilitate a benchmarking analysis with the corresponding period of the previous year, the like-for-like data are also shown, redetermined on the basis of the consolidation scope at 30 June 2019, except for discontinued operations. Compared with the balance data of the first half of 2018, the figures related to Popolare Vita, Lawrence Life and the banking sector were not included. In addition, if necessary for a better representation of the current operating performance, a comparison was carried out, normalising the economic results of the first halves of 2019 and 2018, with the exclusion, respectively, of the gains due to the first time consolidation of the investment held in BPER Banca according to the equity method, and the capital gain due to the sale of Popolare Vita.

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Alternative performance indicators¹

Alternative performance indicators	classes	30/06/2019	30/06/2018	31/12/2018
Loss ratio - direct business (including OTI ratio)	non-life	65.8%	66.2%	67.2%
Expense ratio calculated on written premiums - direct business	non-life	27.4%	26.8%	27.2%
Combined ratio - direct business	non-life	93.2%	93.0%	94.4%
Loss ratio - net of reinsurance (including OTI ratio)	non-life	66.7%	67.8%	66.8%
Expense ratio (calculated on earned premiums) - net of reinsurance	non-life	27.9%	27.3%	27.4%
Combined ratio - net of reinsurance (*)	non-life	94.6%	95.1%	94.2%
Premium retention ratio	non-life	94.0%	94.2%	95.0%
Premium retention ratio	life	99.6%	99.5%	99.6%
Premium retention ratio	total	96.3%	95.9%	96.5%
Group pro-rata APE (amounts in €m) (**)	life	260	196	397
Expense ratio - direct business	life	3.4%	5.4%	5.2%

(*) with expense ratio calculated on earned premiums

(**) Values on a like-for-like basis

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.

Unipol Group Performance

Information on significant events during the first six months

Exercise by UnipolSai of the put option on Unipol Banca and Unipol ReC and agreement about the granting of a loan by UnipolSai

On 7 February 2019, UnipolSai's Board of Directors resolved to exercise the put option relating to 27.49% of the share capital of Unipol Banca and UnipolReC, held by Unipol based on the option contract signed on 31 December 2013 between Unipol and the former Fondiaria-Sai SpA.

On 14 February 2019, UnipolSai informed Unipol that it had exercised this option; the transfer of the shares was carried out on 1 March 2019 against payment by Unipol of a total €579.1m, calculated on the basis of the option agreement. Based on the outcome of the put option, the direct investment held by Unipol in Unipol Banca and in UnipolReC stood at 85.24% of the respective share capital and UnipolSai has maintained the ownership of the remaining shares of these companies (14.76% of the respective share capital).

UnipolSai also granted to Unipol, within the scope of the afore-mentioned sale option, a 5-year loan of €300m, also repayable early, at an interest rate of the 3-month Euribor plus a spread of 260 basis points. For Unipol, the aforementioned loan is targeted at maintaining a high level of financial flexibility with an important available liquidity buffer.

Sale of Unipol Banca to BPER Banca and acquisition of the NPL portfolio

The Board of Directors of Unipol, at the meeting of 7 February 2019, approved the sale to BPER Banca of the entire investment it held, also through UnipolSai, in Unipol Banca, representing the entire share capital of the latter, upon a consideration of €220m (the "Unipol Banca sale") in addition to the purchase from the BPER Group, by UnipolReC, of two distinct portfolios represented by impaired loans, one held by BPER Banca and one by Banco di Sardegna (jointly, the "Portfolio") for a gross book value of € 1.3bn, upon the payment of €130m, equal to 10% of the gross value of the portfolio (the "Portfolio Purchase" and jointly with the Unipol Banca sale, the "Transaction").

For the Unipol Group, the Transaction:

- completes the process of requalification of its strategy in the banking sector, by exiting from the direct business of a medium sized bank, in order to take on the role of a long-term stable investor of one of the main Italian banking groups;
- increases the scale of operations of UnipolReC, by enhancing its expertise in debt collection;
- emphasises the focus on the core insurance business;
- enhances the value of the investment held in BPER Banca, supporting its growth process with potential development of additional businesses in the future.

On the same date, the Transaction was approved also by the Boards of Directors of the other companies involved in the Transaction, within the area of their respective competence, and in particular (i) as regards the Unipol Banca Sale, by BPER Banca and UnipolSai (the latter concerning its capital share held in Unipol Banca); (ii) as regards the Purchase of the Portfolio, from the same BPER Banca, its subsidiary Banco di Sardegna and UnipolReC.

Following the afore mentioned Board Meetings, the parties executed contractual agreements that govern the Transaction, effective on 31 July 2019, following the occurrence of all the condition precedents, primarily of a regulatory and authorisation nature, as set forth contractually.

Completed the acquisition of a qualified investment in BPER Banca

In the second quarter of 2019, Unipol Group completed the acquisition of a qualified investment in BPER Banca S.p.A. ("BPER" or the "Bank"), upon obtaining authorisations, in the previous period, from the European Central Bank and the competent Italian Supervisory Authorities. Unipol Group has in fact purchased 23,600,000 BPER ordinary shares, representing about 4.9% of the share capital of the Bank. At the end of the first half-year of 2019, Unipol Group held an investment, both direct and indirect, represented by a total of 96,100,000 BPER ordinary shares, equal to 19.97% of the share capital of the Bank.

As regards the overall increased share capital held, taking into consideration the significant transactions already carried out or in progress between the Unipol Group and BPER, in June 2019, at the end of the purchases, Unipol has quantified its

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overall investment in BPER as a significant interest (in an associate company) to be subsequently consolidated according to the equity method. The half-year report at 30 June 2019 reflects the effects of the first application of the consolidation according to the equity method of the investee company, with a positive impact on the consolidated income statement equal to €388m. This benefit, of a non-recurrent nature, was temporarily recognised based on the subsidiary's data, as at 31 March 2019, that were made available to the public; it will be adjusted accordingly, within the maximum term of the 12 months after its first time recognition, in order to take into account the amount that will be attributable to the subsidiary in reference to the acquisition date.

Unipol ranked first for reputation within the financial sector

For the third consecutive year, Unipol has been the company that was ranked first for reputation within the financial sector (banking and insurance) according to the 2019 Italy RepTrak classification, published in April by the Reputation Institute, a global company leader in the area of measurement of corporate reputation. The reputation profile of Unipol is primarily based on the good perception by the general public of its products/services, performance and innovation. Capital strength and prospects for growth are also relevant as are the research and development of technological solutions.

Unipol considers reputation to be a managerial leverage for the activation of cultural changes that would promote value and it adopts an integrated approach which keeps into constant alignment activities for building and protecting its corporate reputation.

MISSION EVOLVE – *Always one step ahead*: the new 2019-2021 strategic plan

On 9 May, the Board of Directors of Unipol Gruppo SpA has approved the Strategic Plan for the three year period 2019-2021 “MISSION EVOLVE – *Always one step ahead*”. The Strategic Plan has the objective of strengthening the leadership of Unipol in the next three years, establishing the basis for confirming its leadership position also beyond the Plan's scope.

The New Plan is part of a scenario involving a profound change in the insurance market as regards customers' expectations, technological and digital evolution, new competitors and regulatory developments.

Within this context, UnipolSai intends to strengthen its leadership position in Italy:

- in the Non-Life insurance business in terms of customers' portfolio, market share, distribution network and number of black boxes installed (leader in Europe);
- by extending its leadership to the Mobility, Welfare and Property ecosystems.

By leveraging on distinctive assets, the “MISSION EVOLVE – *Always one step ahead*” is structured based on five strategic guidelines:

- development of technical excellence, with the objective of reaching a combined ratio in the Non-Life business of 93%, in the Life segment the goal is to go beyond the traditional logics based on products by ensuring that the offerings are developing into a life and welfare integrated vision;
- development of distribution excellence, with the objective of reaching in 2021 a revenue at a consolidated level of €8.7bn in the Non-Life business and €5.0bn in the Life business, thus confirming its central role as the top Italian agency network and distinctively positioning itself in the process of developing bancassurance and partnerships;
- beyond insurance, by characterising itself as a reference point for the needs of the customers in the Mobility ecosystems (planning for the launch of new solutions such as long term leases and an online platform for the re-use), Welfare (with tele-medicine) and Property (planning for the development of an integration of insurance, home automation and assistance) offering integrated solutions;
- people and technology, by accelerating the development process complementing the staff professionalism with new digital skills and the use of technology and automation to simplify the operating model;
- shared value and sustainable development, by contributing to reaching the sustainable development objectives of the UN Agenda 2030.

Fitch raised the UnipolSai rating to “BBB+”

On 29 May, the rating agency Fitch Ratings communicated the upgrade of the Insurer Financial Strength (IFS) rating of UnipolSai Assicurazioni SpA to “BBB+” with a negative outlook, from “BBB”.

At the same time, the rating agency confirmed the *Long-Term Issuer Default Rating (IDR)* assigned to Unipol Gruppo SpA and UnipolSai Assicurazioni SpA as “BBB” with a negative outlook. The ratings of the debt securities issued by the Unipol Group were also confirmed: the Unipol Gruppo SpA senior loans were confirmed at “BBB-”, the subordinated loans with maturity of UnipolSai Assicurazioni SpA were confirmed at “BBB-” and the perpetual subordinated loan of UnipolSai Assicurazioni SpA was confirmed at “BB+”.

Mergers and spin-offs within the Group

In June 2019, the Board of Directors of UnipolSai and the involved subsidiaries, within their areas of competence, resolved on the following merger and spin-off transactions (the “Transaction”) which involve UnipolSai and the companies fully controlled thereby:

- merger by incorporation of Pronto Assistance SpA into UnipolSai;
- full spin-off project of Ambra Property Srl in favour of UnipolSai, of Gruppo UNA SpA and Midi Srl;
- partial spin-off project of Casa di Cura Villa Donatello SpA in favour of UnipolSai, as well as a total spin-off of Villa Ragionieri Srl in favour of the Company itself and Casa di Cura Villa Donatello SpA,

These Transactions are to be completed by the end of the current year, subject to obtaining the necessary authorisations by IVASS and issuance of the related resolutions by the competent corporate bodies.

These Transactions fall within the scope of a rationalisation and simplification project of the assets of the Unipol Group in order to:

- i) simplify and making more effective the business management and administrative, equity and financial organisation of the companies belonging to the Group, eliminating duplication of structures and responsibilities which, to date, are placed in companies or corporate structures that no longer meet the requirements of managerial autonomy and/or capacity for generating revenue;
- ii) concentrate into UnipolSai, or under its direct control, assets or corporate structures functional to the pursuit of the strategic objectives set forth in the Business Plan 2019-2021.

Still in the month of June 2019, the Board of Directors of the subsidiaries UniSalute and Unisalute Servizi have approved, within their areas of competence, the proportional partial spin-off of Unisalute Servizi, with the transfer to a company newly established (the “NewCo”) of the business consisting of the provision of medical-healthcare services and the subsequent transfer of the investment in NewCo to UnipolSai.

Following the spin-off, Unisalute Servizi can focus its activities on the marketing, promotion and management of socio-medical assistance services.

Operating performance

Unipol Group ended the first half-year of 2019 with a normalised **consolidated net profit** of €353m, a significant growth compared to the normalised results and on a like-for-like basis of the corresponding period of the previous year, equal to €311m.

The normalised results of the first half-year of 2019 was determined by disregarding, from the actual results amounting to €740m, the impact of €388m (calculated on the basis of the information currently available), the consolidation with the equity method of the BPER Group, after the acquisition by the Unipol Group at the end of June 2019, of 20% of the shares held by the Parent BPER Bank.

However, the normalised results of the first half-year of 2018 were determined by disregarding the actual results, equal to €644m and the capital gain (€309m) generated by the transfer of the investment held by UnipolSai in Popolare Vita SpA as well as of the contribution of Unipol Banca (€13m), which, being classified among the assets held for sale at 31 December 2018 and assessed according to realisation values pursuant to the transfer to the BPER Group agreement, no longer changes the consolidated 2019 Income Statement. In addition, in order to make the comparison more homogeneous

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based on the actual scope, the result of the first half-year 2018 was redetermined by excluding the results achieved by Popolare Vita and its subsidiary Lawrence Life before the sale.

In the first half-year of 2019, **direct insurance premiums**, before transfers to reinsurance, stood at €7,294m, up by 16.6% compared with 30 June 2018 (€6,258m). By excluding the total premiums of Popolare Vita in 2018, the premiums from the new scope of the Group were significantly higher, i.e. +18.5% referring, in particular, to the profit achieved by the Life segment (+48.4%).

Direct **Non-Life premiums** at 30 June 2019, amounted to € 4,109m (€4,007m at 30/6/2018, +2.6%). The MV business amounted to €2,151m (-0.3%) while in the Non-MV business, the premiums reached € 1,958m, up by 5.8%, thanks mostly to a significant development in the Health business (+18%).

The increase in the Non-Life segment has involved both the company UnipolSai SpA which has reported a 0.5% growth and, even more significantly, the other main companies of the Group. UniSalute has reached premiums totalling € 238m, up by 5.4%, while Linear, the other main company of the Group, operating in the MV segment, has totalled premiums for €96m, up by 3.7%. SIAT, focused on the Sea Vehicles segment, recorded €77m in premiums, up by 12.8%. The performance of the Non-Life Bancassurance segment was also positive: Arca Assicurazioni recorded €69m in premiums, up by 13.6%, and Incontra Assicurazioni doubled its total premiums (to €102m) thanks, in particular, to the placement by the Unicredit network of new Health products.

As regards Non-Life claims, in the MV segment, the technical performance of UnipolSai is still characterised by a decline in the MV TPL average premium due to market competition, but the business started showing positive signs both in terms of claim frequency and related average cost. The Land Vehicle Hulls business, due to damaging hailing storms at the end of June in some cities, in particular in Emilia Romagna, posted worse results while the Non-MV segment which was positively affected by several activities aimed at increasing the segment profitability recognised in the last few years and outlined in the Business Plan, showed signs of improvement. The **combined ratio**, net of reinsurance, of the Group stood at 94.6% (93.2% direct business combined ratio), up compared with 95.1% at 30/6/2018 (93.0% direct business combined ratio), with a loss ratio, including the balance of the other technical items, standing at 66.7%, against 67.8% of the first half-year of 2018 and a 27.9% expense ratio in premiums earned against 27.3% at 30 June 2018 (the expense ratio of direct business to premiums written stood at 27.4% and 26.8% respectively).

The **pre-tax result** in the Non-Life segment, including the portion of the non-recurrent benefit deriving from the first time consolidation of BPER Banca according to the equity method for €160m, amounted to €546m: the normalised results, at €386m, were up compared with the normalised results of the first six months of 2018, standing at €326m, thanks to technical improvements and greater revenue from investments.

In the **Life segment**, on a like-for-like basis, in the first few months of the current year, the Unipol Group posted a significant growth in turnover thanks to the attractiveness of the performance provided by our segregated funds and the deposits exceeding €600m, as a result of the addition of two new closed pension funds. Direct premiums at 30 June 2019 amounted to €3,185m (+48.4% versus the same figure at 30/6/2018).

UnipolSai posted €2,327m in direct premiums (+51.8%) while in the bancassurance channel, in particular, Arca Vita confirmed its strong growth and, jointly with the subsidiary Arca Vita International, recorded direct premiums for €811m with a 42.2% increase compared to the first six months of 2018.

New business in terms of APE, net of non-controlling interests, amounted to €260m, up +37.4% compared to €189m at 30 June 2018 on a like-for-like basis, of which €215m contributed by traditional companies and €44m by bancassurance companies.

The **pre-tax profit** of the Life segment stood at €139m, below the normalised results and, on a like-for-like basis, below the first six months of 2018 (€200m) due to a reduced contribution in financial revenue.

As regards the **management of financial investments**, the first six months of 2019 were characterised by geo-political tensions and in Italy, by instability and concerns about keeping the national accounts. Nevertheless, an accommodating policy adopted by the main central banks has created the conditions for a buoyant growth in the main financial stock markets and for interest rate cuts. Within this context, the gross profitability of the insurance financial investment portfolio of the Group continues to show a significant profitability of 3.5% of the invested assets (4.0% in the first half of 2018) of which 3.3% related to the coupons and dividends component in line with the same figures of the first six months of the previous year.

Real estate management continued to focus on the renovation of a number of properties, in order to seek out opportunities to increase value or generate income. During the half-year, capital gains on sales reached roughly €17m (referring totally to the Non-Life segment), while it is worth mentioning that the first half of 2018 was impacted by a write-down of €36m on the land located in the Castello Area (Florence) (pertaining to the real estate sector).

Pre-tax result of the Real Estate, Holding and Other Business sectors amounted to €176m including the share of the non-recurring benefit deriving from the first time consolidation of BPER Banca, according to the net equity method, for €228m (normalised -€51m versus €-100m at 30/06/2018), thanks to the improvement in the results of the Group's diversified and real estate companies. In reference to the hotel sector, to be noted are the results obtained by Gruppo UNA which closed with a positive result for €1m, a trend reversal compared with the loss recorded in the first six months of 2018.

The positive contribution from UnipolReC, which recorded a significant net profit of approximately €10m, should also be noted.

At 30 June 2019, **consolidated shareholders' equity** amounted to €7,547m (€6,327m at 31/12/2018). The main factors increasing shareholders' equity were linked to the profit for the period and the considerable growth in the valuation reserve on AFS securities, due in particular to the decrease in interest rates. Shareholders' equity attributable to the owners of the Parent amounted to €6,092m (€5,032m at 31/12/2018).

As regards the **Group's solvency ratio**, calculated based on the Partial Internal Model, at 30 June 2019 the ratio between own funds and capital required was 153%, down from 163% at 31 December 2018, mainly because of the treatment for investment in BPER Banca as an associate shareholding. This shareholding, starting from 30 June 2019, contributes in fact to the solvency ratio of the Group based on the share of own funds pertaining to the Unipol Group and the capital requirements of BPER Banca itself, in compliance with the applicable sector provisions (Basel III).

At the level of the Unipol Banking Group, the CET 1 was 31.4% (30.5% at 31/12/2018).

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Condensed Consolidated Operating Income Statement broken down by business segment

	Non-Life business			Life business			Insurance Sector		
	Jun-19	Jun-18	% var.	Jun-19	Jun-18	% var.	Jun-19	Jun-18	% var.
<i>Amounts in €m</i>									
Net premiums	3,885	3,751	3.6	3,012	1,955	54.1	6,897	5,705	20.9
Net commission income	(1)	(1)	(30.5)	7	10	(29.4)	6	9	(29.2)
Financial income/expense (**)	379	217	75.0	614	1,057	(41.9)	993	1,274	(22.0)
<i>Net interest income</i>	162	173		534	573		696	746	
<i>Other income and charges</i>	262	24		45	33		306	57	
<i>Realised gains and losses</i>	77	53		74	458		152	510	
<i>Unrealised gains and losses</i>	(122)	(34)		(39)	(6)		(161)	(40)	
Net charges relating to claims	(2,502)	(2,451)	2.1	(3,334)	(2,332)	43.0	(5,836)	(4,783)	22.0
Operating expenses	(1,115)	(1,058)	5.4	(122)	(127)	(3.9)	(1,238)	(1,185)	4.4
<i>Commissions and other acquisition costs</i>	(872)	(827)	5.4	(57)	(54)	5.9	(929)	(882)	5.4
<i>Other expenses</i>	(243)	(231)	5.4	(65)	(73)	(11.2)	(308)	(304)	1.4
Other income/charges	(100)	(128)	21.6	(38)	(40)	5.4	(138)	(168)	17.7
Pre-tax profit (loss)	546	329	66.0	139	523	(73.5)	685	852	(19.6)
Income taxes	(84)	(81)	4.1	(39)	(62)	(36.9)	(123)	(142)	(13.6)
Profit (loss) from discontinued operations									
Consolidated profit (loss)	462	248	86.1	100	461	(78.4)	562	709	(20.8)
<i>Profit (loss) attributable to the Group</i>									
<i>Profit (loss) attributable to non-controlling interests</i>									

(*) The real estate sector only includes Group real estate companies

(**) 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

The factors that marked the economic performance of the Group included the following:

- **direct premiums from the insurance segment**, gross of reinsurance, totalled €7,294m (€6,258m at 30/6/2018, +16.6%; +18.5% on a like-for-like basis). Non-Life direct premiums amounted to €4,109m (€4,007m at 30/6/2018, +2.6%) and Life direct premiums amounted to €3,185m (€2,251m at 30/6/2018, +41.5%, +48.4% on a like-for-like basis), of which €162m related to investment products in the Life business (€286m at 30/6/2018), -43.5%; -43.4%, on a like-for-like basis);
- **net premiums earned**, net of reinsurance, amounted to €6,897m (€5,705m at 30/6/2018, +20.9%; on a like-for-like basis +23.1%), of which €3,885m in the Non-Life business (€3,751m at 30/6/2018, +3.6%;) and €3,012m in the Life business (€1,955m at 30/6/2018, +54.1%; on a like-for-like basis +62.8%);
- **net charges related to claims**, net of reinsurance, amounted to €5,836m (€4,783m at 30/6/2018, +22.0%; on a like-for-like basis +25.2%), of which €2,502m in the Non-Life business (€2,451m at 30/6/2018, +2.1%), and €3,334m in the Life business (€2,332m at 30/6/2018, +43.0% and +50.9% on a like-for-like basis), including €122m in net gains on financial assets and liabilities at fair value (net losses of €60m at 30/6/2018);
- **operating expenses** amounted to €1,330m (€1,240m at 30/6/2018, +7.3%; on a like-for-like basis +7.9%). In the Non-Life business, they amounted to 1,115m (€1,058m at 30/6/2018, +5.4%), in the Life business they amounted to €122m (€127m at 30/6/2018, -3.9%; on a like-for-like basis +5.2%), in the Holding and Other business sector, they amounted to €95m (€61m at 30/6/2018), in the real estate sector, they amounted to €10m (€11m at 30/6/2018). Intersegment eliminations amounted to €12m (€17m at 30/6/2018);

Banking Sector			Holding and Other businesses Sector			Real Estate Sector (*)			Intersegment elimination		Total Consolidated		
Jun-19	Jun-18	% var.	Jun-19	Jun-18	% var.	Jun-19	Jun-18	% var.	Jun-19	Jun-18	Jun-19	Jun-18	% var.
			4	4	9.6				(4)	(4)	6,897	5,705	20.9
			222	(31)	n.s.	(19)	(38)	(50.1)	(10)	(8)	6	9	(26.3)
			(34)	(39)		(3)	(3)				1,186	1,197	(0.9)
			231	(4)		7	7		(10)	(8)	659	704	
			27	17			1				535	52	
			(3)	(5)		(23)	(42)				179	528	
											(186)	(87)	
			(95)	(61)	56.8	(10)	(11)	(4.4)	12	17	(5,836)	(4,783)	22.0
			(95)	(61)	56.8	(10)	(11)	(4.4)	12	17	(1,330)	(1,240)	7.3
			72	35	105.3	3	1	n.s.	2	(5)	(929)	(881)	5.4
			203	(53)	n.s.	(26)	(48)	44.3			861	751	14.6
			1	13	(89.6)	1	10	(92.5)			(121)	(120)	0.8
	13	n.s.										13	n.s.
	13	n.s.	204	(40)	n.s.	(26)	(38)	32.1			740	644	14.9
											627	482	
											114	162	

- the **combined ratio**, net of reinsurance, in the Non-Life business, amounted to 94.6% (95.1% at 30/6/2018);
- **net gains on investments and financial income** from financial assets and liabilities (excluding net gains on financial assets and liabilities designated at fair value related to the Life business) were €1,186m (€1,197m at 30/6/2018), including the capital gain from the transfer of the subsidiary Popolare Vita);
- **taxes** for the year represented a net expense of €121m (loss of €120m at 30/6/2018);
- net of the third-party income for €114m, **the profit attributable to the owners of the Parent** at 30 June 2019 was a positive €627m (a positive €482m at 30/6/2018), the normalised profit attributable to the owners of the Parent was €270m (€214m as the normalised results and on a like-for-like basis);
- the gross profit of the second quarter alone of 2019 was a positive €623m (a positive €209m in the second quarter of 2018); the normalised gross profit of the second quarter of 2019 was positive for €236m (a positive €219m in the second quarter of 2018).

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Insurance Sector performance

Overall, the insurance activities of the Group closed with a pre-tax profit of €685m (€852m at 30/6/2018, -19.6%; €527m on a like-for-like basis, +30.0%), of which €546m related to the Non-Life business (€329m at 30/6/2018, +66.0%), including 160m derived from the first time consolidation on an equity basis of the investment in BPER Banca, and €139m from the Life business (€523m at 30/6/2018, -73.5%; €200m on a like-for-like basis, -30.9%). It should be noted that in the first six months of 2018, the insurance sector benefited from the capital gain deriving from the disposal of Popolare Vita and amounting to €309m (of which €306m from the Life business and €3m from the Non-Life business).

At 30 June 2019, Investments and cash and cash equivalents of the Insurance sector amounted to €62,502m (€57,965m at 31/12/2018), of which €16,767m from the Non-Life business (€15,613m at 31/12/2018) and €45,735m from the Life business (€42,353m at 31 December 2018).

Technical reserves amounted to €55,902m (€53,223m at 31/12/2018), of which €15,229m from the Non-Life business (€15,212m at 31/12/2018) and €40,673m from the Life business (€38,011m at 31/12/2018).

Financial liabilities amounted to €5,262m (€4,955m at 31/12/2018), of which €1,751m from the Non-Life business (€1,581m at 31/12/2018) and €3,511m from the Life business (€3,374m at 31/12/2018).

Total premiums (direct and indirect premiums and investment products) at 30 June 2019 amounted to €7,473m (€6,393m at 30/6/2018, +16.9%, +18.8% on a like-for-like basis). Non-Life direct premiums amounted to €4,288m (€4,141m at 30/6/2018, +3.5%) and Life direct premiums amounted to €3,185m (€2,252m at 30/6/2018, +41.5%, +48.3% on a like-for-like basis), of which €162m related to investment products (€286m at 30/6/2018), -43.5%; -43.4% on a like-for-like basis).

Total premiums in the second quarter of 2019 only amounted to €4,017m (€2,774m in the second quarter of 2018; €3,007m on a like-for-like basis).

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 30 June 2019, for €162m, related to Class III (Unit- and Index-Linked policies) and Class VI (pension funds).

Direct premiums amounted to €7,294m (€6,258m at 30/6/2018, +16.6%; +18.5% on a like-for-like basis), of which €4,109m from the Non-Life business (+2.6%) and €3,185m from the Life business (+41.5%; +48.4% on a like-for-like basis).

	Amounts in €m	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Non-Life direct premiums		4,109	56.3	4,007	64.0	2.6
Life direct premiums		3,185	43.7	2,251	36.0	41.5
Total direct premium income		7,294	100.0	6,258	100.0	16.6

Indirect premiums from Non-Life and Life businesses at 30 June 2019 amounted to €179m (€135m at 30/6/2018, +32.8%), almost entirely attributable to the Non-Life business.

	Amounts in €m	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Non-Life indirect premiums		179	99.9	134	99.8	32.9
Life indirect premiums			0.1		0.2	(20.6)
Total indirect premiums		179	100.0	135	100.0	32.8

The Group's Premiums ceded amounted to €270m (€252m at 30/6/2018), of which €258m were transferred to reinsurance from the Non-Life business (€241m at 30/6/2018) and €11m were transferred to reinsurance from the Life business (€11m at 30/6/2018). Retention ratio remained substantially stable in both the Non-Life and Life businesses.

	Amounts in €m	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Non-Life ceded premiums		258	95.8	241	95.7	7.2
Retention ratio - Non-Life business (%)		94.0%		94.2%		
Life ceded premiums		11	4.2	11	4.3	4.7
Retention ratio - Life business (%)		99.6%		99.5%		
Total premiums ceded		270	100.0	252	100.0	7.1
Overall retention ratio (%)		96.3%		95.9%		

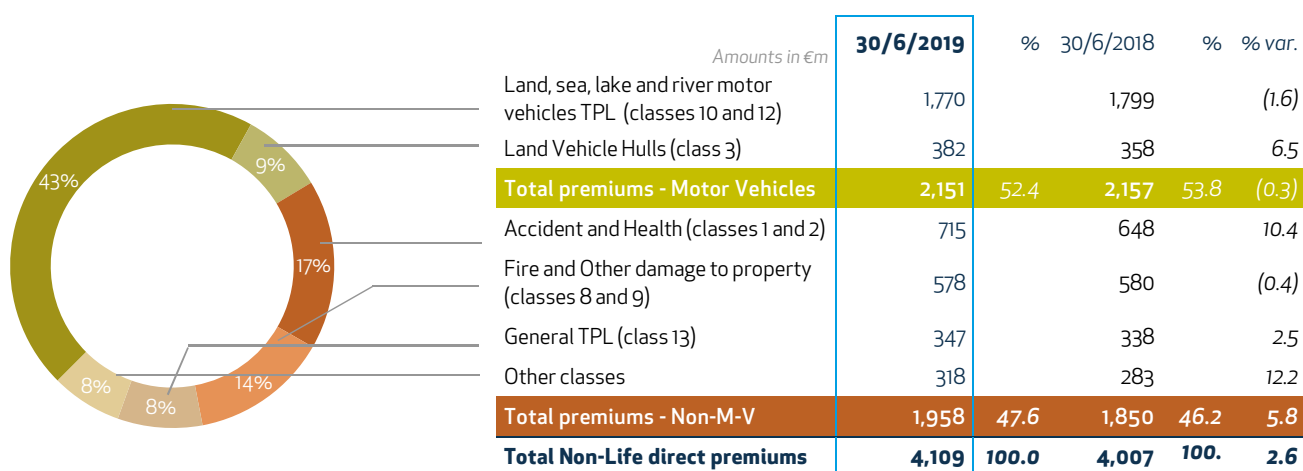
The retention ratio is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.

At 30 June 2019, the transfers to reinsurance from the Non-Life and Life businesses generated a profit for the reinsurers.

Non-Life business

Total Non-Life premiums (direct and indirect) at 30 June 2019 were €4,288m (€4,141m at 30/6/2018, +3.5%). Direct business premiums alone were €4,109m (€4,007m at 30/6/2018, +2.6%).

Non-Life business direct premiums



In the **MV segment**, MV TPL premiums were €1,770m, down by 1.6% compared to 30/6/2018. An increase of 6.5% was instead reported in the Land Vehicle Hulls class with premiums equal to €382m (€358m at 30/6/2018). The **Non-MV segment**, with premiums amounting to €1,958m, recorded a 5.8% growth.

Non-Life claims

The positive performance of the MV TPL business, in terms of claim frequency and related average cost, that allows to counteract the on-going competitive pressure, continued while the Land Vehicle Hulls business showed a worsening due to abnormal hail storms that occurred at the end of June. The Non-MV business showed an improvement which benefited from activities aimed at recovering profitability, carried out recently and also included in the Business Plan.

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The **claim ratio** (loss ratio of the direct business for Non-Life segment), including the OTI ratio, stood at 65.8% (66.2% at 30/6/2018).

The number of claims reported, without considering the MV TPL business, was up by 12.5%.

Number of claims reported (excluding MV TPL)

	30/6/2019	30/6/2018	var. %
Land Vehicle Hulls (class 3)	176,845	166,443	6.2
Accident (class 1)	73,344	69,929	4.9
Health (class 2)	2,164,427	1,861,725	16.3
Fire and Other damage to property (classes 8 and 9)	147,012	152,616	(3.7)
General TPL (class 13)	47,244	48,217	(2.0)
Other classes	255,016	247,826	2.9
Total	2,863,888	2,546,756	12.5

As regards the MV TPL class, where the CARD agreement is applied, in the first six months of 2019, cases relating to "fault" claims (Non-Card, Debtor Card or Natural Card) totalled 330,291, down by 0.1% compared to 30/6/2018.

The reported claims that present at least one Debtor Card claim handling, were 193,136, down by 0.04% with respect to the same period of the previous year.

Reported Handler Card claims totalled 251,475 (including 56,973 Natural Card claims, i.e. between policyholders of the same company), down by 1.4%. Settlement rate in the first six months of 2019 was 68.7% against 68.2% recorded in the same period of the previous year.

The weight of cases to which the Card agreement may be applied (both Handler Card and Debtor Card claims) out of the total cases (Non-Card + Handler Card + Debtor Card) as at June 2019 was equal to 84.7% (84.6% as at June 2018).

Expense ratio of the Non-Life direct business was 27.4% (26.8% at 30/6/2018).

The **Combined ratio**, calculated on direct business, was at 30 June 2019 equal to 93.2% (93% at 30/6/2018).

Non-Life premiums of the main Group insurance companies

Direct premiums pertaining to **UnipolSai**, the main company of the Group, amounted to €3,480m (+0.5%) of which €2,022m from the MV businesses (-0.5%) and €1,458m from the Non-MV businesses (+1.9%).

UnipolSai Assicurazioni Spa - Non-Life business direct premiums

	Amounts in €m	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Land, sea, lake and river motor vehicles TPL (classes 10 and 12)		1,660		1,692		(1.9)
Land Vehicle Hulls (class 3)		362		341		6.3
Total premiums - Motor Vehicles		2,022	58.1	2,033	58.7	(0.5)
Accident and Health (classes 1 and 2)		379		372		1.7
Fire and Other damage to property (classes 8 and 9)		546		550		(0.6)
General TPL (class 13)		338		330		2.4
Other classes		196		180		9.2
Total premiums - Non-M-V		1,458	41.9	1,431	41.3	1.9
Total Non-Life premiums		3,480	100.0	3,464	100.0	0.5

As regards premiums from the MV businesses, €1,660m pertain to the MV TPL and to the Sea, lake and river vessel TPL (€1,692m at 30/6/2018, -1.9%).

In the **MV** business, the decline in premiums was due to the **MV TPL** because of a slight decline recorded in the number of insured vehicles, and a reduced average premium which has not yet reached a stable level, while the growth recorded in the component **Land Vehicle Hulls** was confirmed. With reference to the latter, the premiums from the business recorded a positive trend consistent with the positive results of the market. The satisfactory development is attributable to both the individual and cumulative policies.

Within the **Non-MV** businesses, to be noted is instead a growth in earned premiums among the various Companies and People macro segments. In particular, an increase was posted in the premiums from the **Accident** business: in the retail area, this result was positively affected by the numerous commercial and sales campaigns aimed at incentivising the development and improving the retention of the customers in the portfolio, thus stabilising the number of insurance agreements. To be noted is also the increase in premiums from the **Pecuniary Losses** business, concerning both the accessory guarantees included in the MV packages, which compose the largest part of the business, and the risks related to the companies and tourism sectors. The businesses **Legal Expenses** and **Assistance** continued to show a good increase in the volume of premiums, thanks to the upselling and upgrading campaigns on the MV products, accompanied by a concurrent revision and customisation of the tariffs.

Arca Assicurazioni recorded direct premiums for €69m (+13.6%), an increase in both the Non-MV (+17.8%) and the MV segments (+3.4%). In terms of results for the period, a net profit of €12.7m was posted, down from the same figure at the end of the first six months of 2018 (€13.6m) due to a decline in technical results which are primarily affected by a loss ratio increase.

Compagnia Assicuratrice Linear, specialised in the direct sale of insurance products through online channels (internet and central telephone station,) in the first six months of 2019 has issued premiums for €96.1m, up by 3.7% compared with the same period of the previous year (€92.6m at 30/6/2018), concentrated primarily in the MV businesses and showing a profit at 30 June 2019 of €4.6m (in line with 30/6/2018, when it stood at €4.4m). Insurance agreements in the portfolio stood at around 612 thousand units (+5.6% compared with June 2018). It should also be noted that the combined ratio stood at 96.5%, in line with the end of 2018 and down by 0.5 percentage points over the first six months of 2018.

DDOR Novi Sad recorded a €2.8m profit (Non-Life and Life segments) at 30 June 2019 (down by €0.8m from 30/6/2018) following a growth in premiums (Non-Life and Life segments), from €50m at 30 June 2018 (of which about €43m in the Non-Life segment) to €52.5m at 30 June 2019 (of which approximately €45m in the Non-Life segment). The largest increases in direct business are to be attributed primarily, within the Non-Life segment, to the MV and Other damages to property (both up by about 10%) while direct premiums in the Life segment grew by more than 8%.

Incontra Assicurazioni, at 30 June 2019, posted a profit of approximately €5m (€2.8m at 30/6/2018), a growth in premiums compared to the previous year, i.e. from €50.8m at the end of the first six months of 2018 to €102.2m at 30 June 2019, concentrated primarily in the Health and Pecuniary Losses businesses. At 30 June 2019, the volume of total investments was approximately €228m (€194m at 31 December 2018), while gross technical provisions stood at €297m (€251m at 31/12/2018).

Pronto Assistance, active in placing assistance services insurance policies in the home, health, MV and business segments, personalisable to meet the customer's needs, closed the first half of 2019 with a profit of approximately €0.3m (€2.4m recorded in the first six months of 2018). At 30 June 2019, total premiums amounted to €83.9m (€70.9m at 30/6/2018), with an increase of approximately 18.3% mainly referring to the indirect business undertaken by some of the Group companies.

The company **SIAT**, focused on the Sea Vehicles segment, recorded direct premiums amounting to €87m (+11.3%) which was positively affected, even if in a contained manner, by the modest appreciation (+2.4%) of the US dollar (currency used in significant amounts in the transport business, particularly in the Hulls segment) versus the regular currency. Premiums are essentially referring to "Transports" and, to a lesser extent, to "Aviation" (for €1.9m). The increase in premiums is to be attributed to the "Hulls" segment, whereas in the Freight transport the premiums showed a decline.

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UniSalute, an insurance company specialised in the healthcare segment, taking also into consideration the indirect business, at 30 June 2019 posted €261.1m in premiums (a slight increase compared to €260.6m) at 30/6/2018. The first six months of 2019 showed a profit of about €15m against approximately €19m at 30/6/2018. More specifically, in the first half of the year, new policies acquired in the portfolio included: Regulatory Authority for Environmental Electricity Networks, DepoBank, University of Genoa, CNPADC Cassa Dipendenti Commercialisti and Agespi. Finally, it should be noted that the service level (telephone calls processed out of the total received ones) was 77.4%, a slight decrease compared to the first six months of 2018, whereas the managed calls recorded in the first six months of 2019 showed a 21.0% increase, reaching a volume exceeding 1.8 million calls.

New products

The first six months of 2019 saw tariff adjustments mostly relating to the MV TPL and Land Vehicle Hulls segments. The Vehicle "Dynamic Pricing" project also continued for the *Km&Servizi* product, which envisages the application, starting in January 2019, of differentiated discounts.

Due to the introduction of new legislative provisions, the information packages of the *Km&Servizi*, *KmSicuri e Nuova 1^* Global catalogues were updated. The new regulations, in fact, require that the companies draw-up a new information set containing two items: the pre-contractual information document and the supplement to the pre-contractual information document.

Furthermore, an increasing number of drivers are now satisfied users of the black boxes of UnipolSai which, in addition to a discount on the Motor, Theft and Fire policy, provide other added value services. With an average of 100k new devices being installed on a monthly basis, at the end of the first six months 2019, UnipolSai has reached the target of 4 million black boxes installed on vehicles and combined with the MV TPL policy. These important results confirm the leadership role played by UnipolSai not only in Italy, but also at a European level.

As regards the Non-Life price list in the Non-MV segment, to be noted, for the first six months of 2019, is:

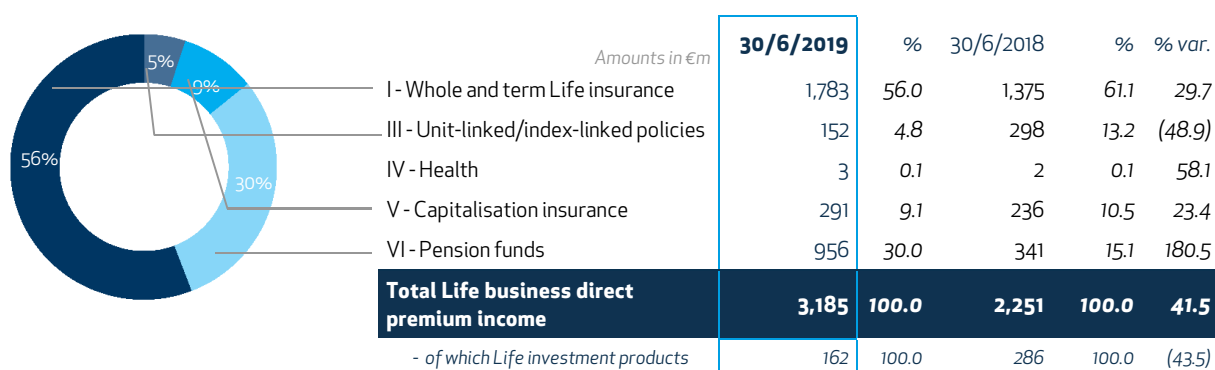
- the new *UnipolSai Agriculture&Services*, intended for agricultural and agri-tourism companies, offers several new features including: the possibility to insure Damages to property also under All Risks, a coverage for Earthquake and Floods, a coverage for the protection of agricultural revenue, a cyber risk protection, a service of Prompt Recovery (consisting of a prompt response provided by specialised technicians in emergency interventions and rescues) in addition to Direct Repair.

The new product *UnipolSai Tertiary Sector*, conceived and implemented for associations and organisations that pursue objectives such as solidarity and providing social assistance, typical of this sector. The product is structured in five macro-areas, i.e. homogeneous groups of aggregated activities based on the social purpose they pursue: volunteer work, amateur sports, socialisation and culture, childhood and other events/shows of temporary duration. The following strength points and innovations of the product should be noted: the rationalisation of the insurance offer, to the reference target market, through only one standardised multi-risk product, the proposal for a granular offer intended to meet in a complete and flexible manner the insurance requirements of the tertiary sector, the simplification and speeding up, for the agencies, of the preventive and issuing process, and finally a proposal for an offer covering temporary risks.

Life business

Life **direct premiums**, which represent almost the entire premiums, amounted to a total €3,185m (€2,251m at 30/6/2018) of which €162m in investment products concerning primarily Class III (€286m at 30/6/2018), composed of the following:

Life business direct premiums



June 2019, the new business volume in terms of **APE**, net of non-controlling interests, amounted to €260m, (€196m at 30/6/2018, +37.4% on a like-for-like basis), of which €44m contributed by bancassurance companies and €216m by traditional companies.

Expense ratio of the direct Life business was 3.4% (5.4% at 30/6/2018).

Pension Funds

The Unipol Group retained its leading position in the supplementary pension market, despite a difficult competitive scenario.

At 30 June 2019, UnipolSai Assicurazioni was managing a total of 26 **Occupational pension fund** mandates (20 of them for accounts "with guaranteed capital and/or minimum return"). As at the same date, resources under management totalled €4,697m (€4,039m of which with guaranteed capital). At 31 December 2018, UnipolSai managed a total of 23 Occupational Pension Fund mandates (17 of which "with guaranteed capital and/or minimum return"); resources under management totalled €3,830m (of which €3,223m with guaranteed capital). In the first six months, 3 Occupational Pension Fund mandates with guarantee (Fondo Pensione Concreto, Fondo Pensione Espero and Fondo Pensione Banco Popolare) were acquired for a total of €656m.

At 30 June 2019, the assets of the Open Pension Funds managed by the Unipol Group through UnipolSai and BIM (UnipolSai Previdenza FPA, Fondo Pensione Aperto BIM Vita) reached a total of approximately €895m and 42,632 members. At 31 December 2018, the assets of the Open Pension Funds totalled €852m and 43,218 members.

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Life premiums of the main Group insurance companies

Direct premiums for **UnipolSai** alone were equal to €2,327m (€1,533m at 30/6/2018, +51.8%). Class VI Pension Funds, with premiums amounting to €954m, was up by 181.8%, while Class I Traditional Policies, amounting to €1,020m and accounting for 43.8% of total premiums, recorded an increase of 19.9%. Class V Capitalisation policies were up (+28.4%).

UnipolSai Group - life business direct premiums

	<i>Amounts in €m</i>					
	30/6/2019	% comp.	30/6/2018	% comp.	% var.	
I Whole and term life insurance	1,020	43.8	851	55.5	19.9	
III Unit-linked/index-linked policies	59	2.5	115	7.5	(48.7)	
<i>of which investment products</i>	<i>59</i>	<i>2.5</i>	<i>115</i>	<i>7.5</i>	<i>(48.7)</i>	
IV Health	3	0.1	2	0.1	58.1	
V Capitalisation insurance	291	12.5	227	14.8	28.4	
VI Pension funds	954	41.0	338	22.1	181.8	
<i>of which investment products</i>	<i>13</i>	<i>0.5</i>	<i>14</i>	<i>0.9</i>	<i>(5.6)</i>	
Total life business	2,327	100.0	1,533	100.0	51.8	
<i>of which investment products</i>	<i>72</i>	<i>3.1</i>	<i>128</i>	<i>8.4</i>	<i>(44.1)</i>	

The single policies sector was up by 17.9% due to both an increase in the single premiums of Class I, confirming the attractiveness of UnipolSai Guaranteed Investment, and to an important capitalisation agreement entered into with the Cisl Pension Fund. In the first six months, given some unfavourable market conditions, Class III premiums declined (-55.4%) even if, among the Multi-business products, Piano Individuale Pensionistico UnipolSai Previdenza Futura continued to show an excellent performance. Again in this sector, the increase recorded in Class IV premiums (+50.5%), continued, and albeit not significant in absolute values, demonstrates a growing interest in products for long-term care coverage.

Premiums from collective policies showed a strong increase compared to the same period of the previous year (+102.8%) due particularly to Class IV products (189.4%) and to the addition of two new agreements executed with Fondo Pensione Gruppo Banco Popolare for approximately €434m and Fondo Espero for approximately €205m.

BIM Vita posted a profit at 30 June 2019 of €0.8m (€0.6m at 30/6/2018). Premiums amounted to €30.2m (€28.9m at 30/6/2018, +4.5%). The volume of total investments amounted to €615m (€609m at 31/12/2018).

The bancassurance channel of the ArcaVita Group (Arca Vita and Arca Vita International) posted direct premiums for €810.9m (€570.2m, at 30/6/2018 +42.2%) a significant increase compared to the first six months of last year, attributable primarily to the Class I products.

New products

In the first six months of the year, UnipolSai, continuing its allocation of new investments in order to optimise cash flows and revenues, updated the Segregated Funds of the main revaluable products.

In particular, since 10 April 2019, the Class I Investment product with single premium, *UnipolSai Guarantee Investment*, has been available on the market. It features the possibility of making additional payments, to remodulate penalties, to introduce a new overhead bracket and a new variable management fee according to Active Premium Accumulation (Cumulo Premi Attivi (CPA)).

As for the Arca Group, design activities during the six month period focused on the development of a new *Multi-business* product launched in May and known commercially as *Ingegno*. This is a platform, rather than a product, since the underlying idea is that it could be a tool in constant development that can incorporate updates and enhancements. The platform was created in order to ensure that any future developments would be accessible also to the customers who have subscribed to previous versions: it is in fact possible to combine in a single agreement, in addition to the Segregated Funds, internal funds, external funds and also external fund portfolios. This product allows for a flexible mix of Class I and Class III.

Reinsurance

Unipol Group reinsurance policy

As regards the risks undertaken in the Non-Life business, the reinsurance strategy of the Group has proposed again the same structures of the coverages already available in 2018, maximising the efficacy of the most operative parts of the main non-proportional agreements. The renewal for the year 2019 that ensured continuity of the treaty due to expire, included the following improvement actions applied to risk mitigation:

- extension of the capacity of the Property XL Treaty by Event, which rose to €1.7bn, with a view to optimising capital relief;
- acquisition of coverage for the protection from natural disasters. (weather events, excess of snow, flood) with an aggregated XL Treaty plus Cat Bond, Atmos Re. I;
- acquisition of a "Bridge" coverage, while waiting for the evaluation of a new issue of a Cat Bond Azzurro Re. II.

At the Group level, the following coverages were negotiated and acquired:

- excess of loss treaties for the protection of the following portfolios: MV TPL, General TPL, Fire (by risk and by event), weather events for Land Vehicle Hulls, Theft, Accidents and Transports;
- stop loss treaty for the Hail business;
- 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, Hulls and TPL, the retention of which is protected by a "loss attaching" excess of loss), Assistance, Legal Expenses, "D & O" TPL and "Cyber".

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. Risks related to Assistance, Legal Expenses and part of the Transport businesses are instead ceded to specialised reinsurers and/or specialist Group companies.

Also in the Life business, the renewal of reinsurance coverages for 2019 occurred fully in line with those due to expire, therefore the risks underwritten in the Life business are mainly covered at the Group level with two treaties, one for single risks and one for collective, proportional 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. Two proportional coverages are also available for LTC and Weighted Risks.

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Banking Sector performance

Following the planned disposal of Unipol Banca, the statement of financial position and income statement values of discontinued operations were stated in these financial statements pursuant to the provisions of IFRS 5. Details of the relevant items are available in section 4.4 of the Notes, according to the normal layout of insurance financial statements.

It must be noted that the profit at 30 June 2019 of the banking sector, for €21m, has a zero impact on the consolidated income statement of the Unipol Group since, in application of the IFRS5, the discontinued operation has been already adjusted, on 31 December 2018, according to the realisation value which, to date, has not been modified. For more information, see section 4.4 of the Notes to the Financial Statements.

At 30 June 2019, **investments and cash and cash equivalents** of the banking sector totalled €10,985m (€11,099m at 31/12/2018), of which €7,833m in receivables from bank customers (€7,648m at 31/12/2018).

Bank direct customer deposits amounted to €9,874m (€10,053m at 31/12/2018); Interbank payables amounted to €454m (€444m at 31/12/2018).

Real Estate Sector performance

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

Income Statement - Real Estate Sector

	Amounts in €m	30/6/2019	30/6/2018	% var.
Gains on other financial instruments and investment property		12	13	(0.7)
Other revenue		16	18	(11.8)
Total revenue and income		29	31	(7.3)
Losses on other financial instruments and investment property		(31)	(50)	(37.8)
Operating expenses		(10)	(11)	(4.4)
Other costs		(13)	(17)	(22.3)
Total costs and expenses		(55)	(78)	(29.8)
Pre-tax profit (loss) for the year		(26)	(48)	44.3

The **pre-tax result** at 30 June 2019 was a loss of €26m (-€48m at 30/6/2018), after having applied property write-downs and depreciation for €31m (€55m at 30/6/2018).

At 30 June 2019, **Investments and cash and cash equivalents** in the Real Estate sector (including instrumental properties for own use) totalled €1,528m (€1,303m at 31/12/2018), and were composed primarily of investment properties for €739m (€586m at 31/12/2018) and Properties for own use for €608m (€603m at 31/12/2018).

Financial liabilities were, at 30 June 2019, €329m (unchanged from 31/12/2018).

Main property transactions

In the first six months of 2019, the most significant sales concerned a property for hospital use located in Sesto San Giovanni, a hotel in Florence, a commercial/office property in Milan, some residential properties in Florence and the fractioned sales of properties located in Turin - Grossi/Da Vinci/Cellini, Milan - via Pantano - via Monti - via Castellanza and the complex "Le Terrazze", Florence - via Castelnuovo Tedesco and Rome - via Ciro Menotti.

During the period, three properties were purchased, of which two were commercial/office properties, part of which were already producing an income, located in Milan via Sassetti and in Padua, corso Garibaldi 25, in addition to a vacant industrial site located in Bologna in via Calzoni 2 corner via Stalingrado 59, adjacent to the Group facility.

Some important recovery works were carried out also in Turin, in particular the restructuring of the Hotel Principi di Piemonte, located in Via Gobetti, managed by the UNA Group, which involved the restoration of the building façades in order to reduce the environmental impact of the structure in terms of energy consumption.

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Holding and Other Businesses Sector Performance

The main **income statement** figures for the Holding and Other Businesses sector are summarised below:

Income Statement - Holding and Other Businesses Sector

	<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Commission income		4	4	16.4
Gains (losses) on financial instruments at fair value through profit or loss		1	(2)	n.s.
Gains on investments in subsidiaries, associates and interests in joint ventures		230		n.s.
Gains on other financial instruments and investment property		46	27	72.4
Other revenue		129	107	20.2
Total revenue and income		410	136	n.s.
Losses on other financial instruments and investment property		(55)	(56)	(2.5)
Operating expenses		(95)	(61)	56.8
Other costs		(57)	(72)	(21.1)
Total costs and expenses		(207)	(189)	9.6
Pre-tax profit (loss) for the year		203	(53)	n.s.

Pre-tax profit at 30 June 2019 amounted to €203m (-€53m at 30/6/2018). It should be noted that the profit at 30 June 2019 includes €228m deriving from the effects of the first time consolidation of the investment held in BPER Banca, according to the equity method.

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 30 June 2019, **Investments and cash and cash equivalents** of the Holding and Other Businesses sector (including properties for own use of €176m) totalled €2,889m (€2,604m at 31/12/2018).

Financial liabilities amounted to €2,503m (€2,237m at 31/12/2018) and consist primarily:

- for €1,802m of three senior bond loans issued by Unipol with a total nominal value of €1,817m (€1,811m at 31/12/2018);
- for €677m of current loans granted to the subsidiaries Unipol and UnipolReC, payable to UnipolSai (€377m at 31/12/2018).

In the first six months of 2019, the diversified companies of the area continued their activities focusing on commercial development and on improving the efficiency of the different operating platforms.

Within the **hotel sector**, the subsidiary Gruppo UNA increased its revenue by 1.3%, compared with the first six months of 2018, from approximately €56.3m in 2018 (adjusted data so as to exclude the structures that are not on a like-for-like basis in 2019) to about €57.1m at 30 June 2019. Ebit, amounting to -€2.1m, remained unchanged from the previous year. Pre-tax profit, compared with the previous year, was up by 68.7%, from -€3.8m in 2018 (excluding the structures not on a like-for-like basis in 2019) to -€1.2m in 2019. After recognising taxes with a positive effect for approximately €2m, the first six months of 2019 closed with a net profit of €0.8m, a turnaround from the loss of €2.8m in 2018, on a like-for-like basis.

As regards the **health sector**, at 30 June 2019, the subsidiary Villa Donatello posted an income of €13.1m, against €12.5m in the first six months of 2018, up by 4%. 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). To be noted, in the current period and following the transfer of the assets of Villa Donatello to the Villa Ragonieri structure (formerly Centro Oncologico Fiorentino site), in August 2018, as well as the strategic decision to maintain active the site in down-town Florence (Villa Vittoria building), there will be an increase in the fixed costs of the structure along with the completion of important renovation works carried out in Villa Ragonieri, which has remained inactive for the last two years. The company closed the first six months of 2019 with a profit of approximately €0.3m, against a profit in the first six months of 2018 of €0.6m.

As regards **agricultural activities**, at 30 June 2019, Tenute del Cerro showed an increase in turnover of approximately 4% compared with 30 June 2018 (from about €3.5m to €3.6m). Ebit, standing at €7k, improved by €30k compared with the first six months of 2018.

Net result, negative for €69k, down by €88k compared with the first six months of 2018, was due to the tax impact following the end of the "Aid to economic growth" (Aiuto alla crescita economica, ACE) programme.

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Asset and financial performance

Investments and cash and cash equivalents

At 30 June 2019, the amount of **Investments and Cash and cash equivalents** of the Group was €64,650m (€59,445m at 31/12/2018), after reclassifying €10,237m pursuant to IFRS 5, with the following breakdown by business segment:

Investments and cash and cash equivalents - Breakdown by business segment

	Amounts in €m					
	30/6/2019	% comp.	31/12/2018	% comp.	% var.	
Insurance sector	62,502	96.7	57,965	97.5	7.8	
Banking sector		(0.0)		0.0	n.s.	
Holding and other businesses sector	2,889	4.5	2,604	4.4	10.9	
Real Estate sector	1,528	2.4	1,303	2.2	17.2	
Intersegment eliminations	(2,269)	(3.5)	(2,428)	(4.1)	(6.5)	
Total Investments and cash and cash equivalents	64,650	100.0	59,445	100.0	8.8	

The breakdown for investment category is the following:

	Amounts in €m					
	30/6/2019	% comp.	31/12/2018	% comp.	% var.	
Property (*)	3,725	5.8	3,634	6.1	2.5	
Investments in subsidiaries, associates and interests in joint ventures	883	1.4	74	0.1	n.s.	
Held-to-maturity investments	453	0.7	460	0.8	(1.4)	
Loans and receivables	4,051	6.3	3,921	6.6	3.3	
<i>Debt securities</i>	3,521	5.4	3,410	5.7	3.3	
<i>Deposits with ceding companies</i>	44	0.1	33	0.1	34.7	
<i>Other loans and receivables</i>	486	0.8	478	0.8	1.6	
Financial assets at at amortised cost	451	0.7	490	0.8	(8.0)	
<i>Loans and receivables from bank customers</i>	451	0.7	490	0.8	(8.0)	
Available-for-sale financial assets	46,739	72.3	43,439	73.1	7.6	
Financial assets at fair value through OCI	723	1.1	663	1.1	8.9	
Financial assets at fair value through profit or loss	7,442	11.5	6,498	10.9	14.5	
<i>of which held for trading</i>	223	0.3	288	0.5	(22.7)	
<i>of which at fair value through profit or loss</i>	7,214	11.2	6,206	10.4	16.3	
<i>of which mandatorily at fair value</i>	5	0.0	5	0.0	3.8	
Cash and cash equivalents	183	0.3	265	0.4	(30.7)	
Total investments and cash and cash equivalents	64,650	100.0	59,445	100.0	8.8	

(*) Including properties for own use

Transactions carried out in the first half of the year

This paragraph provides information on those financial activities referring to investments of the Group that are different from those where the risk is undertaken by the customer, with only the exclusion of the portfolios held by the foreign companies DDOR and DDOR Re, since their value, within the overall portfolio of the Group, is not very significant.

In the first six months of 2019, the investment policies adopted in the financial area continued to apply, in the medium/long-term, a general criteria of prudence and preservation of asset quality, in compliance 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.

The **bond segment** was the main focus of operations, mainly affecting Italian government bonds and non-government bonds, applying a medium/long-term investment approach.

The exposure to government bonds during the half year recorded an increase of around €673m. Within the Government segment a policy was adopted for their replacement with the purchase of Italian government securities following the sale of securities issued by other European countries. In particular, the Parent liquidated entirely the core Government securities and the securities issued by supranational European entities, with medium-long term maturity, following the purchase of Italian Government securities; the maturity of the purchased securities are consistent with the maturity of the liabilities of the Unipol Group. As regards insurance portfolios, to be noted is the increase in the exposure to Italian government securities following the sale of Government securities, primarily Spanish, an activity carried out in the first quarter of the year. The non-governmental component of bonds during the half-year remained unchanged.

Asset portfolio simplification activities continued in the first half of 2018. There was a €74m reduction in exposure to Level 2 and 3 structured bonds.

Amounts in €m	30/06/2019			31/12/2018			variation	
	Carrying amount	Market value	Implied +/-	Carrying amount	Market value	Implied +/-	Carrying amount	Market value
Structured securities - Level 1	43	41	(1)	42	40	(2)		1
Structured securities - Level 2	602	562	(40)	607	540	(68)	(5)	22
Structured securities - Level 3	163	125	(38)	232	193	(39)	(69)	(68)
Total structured securities	808	728	(80)	881	773	(108)	(73)	(45)

Share exposure increased during the first half of 2019 by around €239m (carrying amounts). The increase in exposure concerned primarily securities belonging to the banking sector: for the residual part, transactions were carried out on single share securities and ETF, representative of stock indexes. Almost all equity instruments belong to the main European share indexes. Hedges in options on the Eurostoxx50 index were revalued on the equity portfolio, by maturity and value for the year, in order to mitigate volatility and preserve the value of the portfolio.

Exposure to alternative funds, a category to which Private Equity, Hedge Fund and investments in Real Asset belong, stood at €952m, thus recording a net increase of €57m, during the first half of 2019.

Currency transactions were carried out primarily to hedge the currency risk of outstanding equity and bond positions.

The overall Group duration stood at 6.59 years, up compared to the end of 2018 (5.93 years). The Non-Life segment duration was 3.69 years (3.09 years at the end of 2018); the Life duration was 7.75 years (7.15 years at the end of 2018). The Holding portfolio duration was 2.19 years, up compared to the end of the previous year (1.44 years). The fixed rate and floating rate components of the bond portfolio amounted respectively to 86.8% and 13.2%. The government component accounted for

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approximately 71.1% of the bond portfolio whilst the corporate component accounted for the remaining 28.9%, split into 21.9% financial and 7% industrial credit.

89.3% of the bond portfolio was invested in securities with ratings above BBB-.

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 €	30/6/2019	30/6/2018	% var.
Gains/losses on investment property		13	(30)	n.s.
Gains/losses on investments in subsidiaries and associates and interests in joint ventures		452	312	45.1
Net gains on held-to-maturity investments		9	11	(17.4)
Net gains on loans and receivables		44	62	(28.8)
Net gains on financial assets recognised at amortised cost		20	14	41.8
Net gains on available-for-sale financial assets		958	962	(0.4)
Net gains on financial assets at fair value through OCI		19	2	n.s.
Net gains on financial assets at fair value through profit or loss (*)		(246)	(53)	n.s.
Total net gains on financial assets, cash and cash equivalents		1,270	1,280	(0.7)
Net losses on held-for-trading financial liabilities and at fair value through profit or loss (*)		(1)		
Net losses on other financial liabilities		(84)	(83)	0.9
Total net losses on financial liabilities		(84)	(83)	1.6
Total net gains (*)		1,186	1,197	(0.9)
Net gains on financial assets at fair value (**)		292	(87)	
Net losses on financial liabilities at fair value (**)		(170)	28	
Total net gains on financial instruments at fair value (**)		122	(60)	
Total net gains on investments and net financial income		1,308	1,137	15.0

(*) 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 for which investment risk is borne by customers (index- and unit-linked) and arising from pension fund management

Net gains at 30 June 2019, standing at € 1,186m, include net gains for €388m, deriving from the effects of the first time consolidation of the investment in BPER Banca (associate company) according to the equity method. It should be noted that the net gains at 30/6/2018 (€1,197m) included a capital gain of €309m, under the item Gains/losses on investments in subsidiaries, associates and joint ventures resulting from the sale of Popolare Vita.

Impairment losses on financial instruments classified in the Available-for-sale asset category amounted to €8m (€4m at 30/6/2018). The item Gains/losses on investment property included €16m in depreciation and €19m in write-downs (respectively €16m and €38m at 30/6/2018).

Shareholders' equity

At 30 June 2019, Shareholders' equity amounted to €7,547m (€6,327m at 31/12/2018). **Shareholders' equity attributable to the owners of the Parent**, standing at €6,092m (€5,032m at 31/12/2018), was composed of:

	Amounts in €m	30/06/2019	31/12/2018	variation in amount
Share capital		3,365	3,365	
Capital reserves		1,639	1,729	(90)
Income-related and other equity reserves		(119)	(478)	359
(Treasury shares)		(4)	(6)	2
Reserve for foreign currency translation differences		4	4	
Gains/losses on available-for-sale financial assets		590	65	525
Gains/losses on financial assets at fair value through OCI		19	(34)	53
Other gains or losses recognised directly in equity		(29)	(14)	(15)
Profit (loss) for the year		627	401	225
Total shareholders' equity attributable to the owners of the Parent		6,092	5,032	1,059

The main changes over the year were as follows:

- a decrease of €129m due to dividend distribution;
- an increase of €525m due to a positive change in the Gains and losses reserve on financial assets held for sale;
- an increase of €627m due to a Group positive economic result at 30 June 2019.

Shareholders' equity attributable to non-controlling interests was €1,455m (€1,294m at 31/12/2018). The increase recorded in the first half year was due primarily to the positive results of the period and the increase in the Gains and losses on financial assets held for sale and attributable to non-controlling interest, partially offset by the distribution of dividends to the minority shareholders of the subsidiaries.

Treasury shares

At 30 June 2019, the ordinary treasury shares held by Unipol and its subsidiaries totalled 1,040,898 (2,003,299 at 31/12/2018), of which 405,049 shares held directly. The changes during the first half of the year concerned the following transactions being carried out in execution of Compensation Plans based on financial instruments of a *performance share* type, intended for the executives of Unipol and of its subsidiaries:

- purchase of 1,265,200 Unipol shares by Unipol and its subsidiaries;
- assignment, on 25 April 2019, of 2,227,601 Unipol shares related to the first tranche of the Compensation Plan based on financial instruments 2016-2018.

1 Management Report

Technical provisions and financial liabilities

30 June 2019, Technical provisions amounted to €55,902m (€53,223m at 31/12/2018) and Financial liabilities amounted to €7,229m (€6,922m at 31/12/2018).

Technical provisions and financial liabilities

	Amounts in €m	30/6/2019	31/12/2018	% var.
Non-Life technical provisions		15,229	15,212	0.1
Life technical provisions		40,673	38,011	7.0
Total technical provisions		55,902	53,223	5.0
Financial liabilities at fair value		2,828	2,539	11.4
<i>Investment contracts - insurance companies</i>		2,461	2,261	8.9
<i>Other</i>		367	278	31.8
Financial liabilities at amortised cost		4,401	4,382	0.4
<i>Subordinated liabilities</i>		2,218	2,247	(1.3)
<i>Other</i>		2,183	2,135	2.2
Total financial liabilities		7,229	6,922	4.4
Total		63,130	60,145	5.0

Unipol 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. It should be noted that, starting from 1 January 2019, this datum includes the recognition of financial liabilities for future instalments payable on the basis of leasing agreements recorded according to the financial method pursuant to IFRS 16.

Group debt structure (excluding net interbank business)

	Amounts in €m	30/6/2019	31/12/2018	variation in amount
Subordinated liabilities issued by UnipolSai		2,218	2,247	(30)
Debt securities issued by Unipol		1,795	1,804	(9)
Other loans		224	165	59
Total debt		4,237	4,216	21

In reference to **Subordinated Liabilities** issued by UnipolSai, the change is primarily due to the accrued interest for the period.

The **Debt securities issued by Unipol**, net of intergroup subscriptions, totalled €1,795m and related to three senior unsecured bonds listed on the Luxembourg Stock Exchange, with a total nominal value of €1,817m.

Other loans, standing at €224m (€165m at 31/12/2018), refer primarily to:

- a loan obtained for the purchase of properties and restructuring works by Fondo Chiuso Immobiliare Athens R.E. Fund for a nominal value of €170m and granted, through the company Loan Agency Service Srl, by a pool of 13 banks including Unipol Banca (the latter for a nominal value of €10m which was eliminated through the consolidation process);
- financial liabilities deriving from the current value of future instalments regarding leasing agreements recognised pursuant to IFRS 16.

Transactions with related parties

The "Procedure for related party transactions" (the "**Procedure**"), prepared in accordance with Art. 4 of Consob Regulation no. 17221 of 12 March 2010 as amended (the "**CONSOB Regulation**") was ultimately approved by the Board of Directors of Unipol Gruppo S.p.A. ("**Unipol**"), upon favourable opinion issued by the Independent Directors Committee on 8 February 2018, effective at the same date.

The Procedure - published on the Unipol's web site (www.unipol.it) in the *Governance/Related Party Transactions* section - defines the rules, methods and principles that ensure the transparency and substantive and procedural fairness of the transactions with related parties executed by Unipol, either directly or through its subsidiaries.

On 1 March 2019, Unipol:

- acquired the investments held in Unipol Banca S.p.A. and in UnipolReC S.p.A., equal to 27.49% of the respective share capitals, following a resolution issued by the Board of Directors of UnipolSai Assicurazioni S.p.A. ("**UnipolSai**" or the "**Company**") about the exercise by the latter of the put option for the same investments, in compliance with a put/call option agreement executed by Unipol and the former Fondiaria-Sai S.p.A., on 31 December 2013;
- within the scope of the afore mentioned put option, has executed a loan agreement with the subsidiary UnipolSai, approved by the Board of Directors of the Company on 7 February 2019, which provides for the granting, by the Company, of an unsecured loan amounting to €300m, at an interest rate equal to Eurobor 3 months, increased by 260 basis points. The execution of the loan agreement falls under the scope of exemptions from the application of the procedural rules dictated by the CONSOB Regulation, pursuant to the Procedure, since this is a transaction carried out with a subsidiary.

The exercise of the put option and the granting of the loan have been, in turn, approved by the Board of Directors of UnipolSai on 7 February 2019, with a previous reasoned favourable opinion issued by the Company's Committee for all the transactions with related parties. 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 14 February 2019 on the website www.unipolsai.com, in the section *Governance/Transactions with Related Parties*.

Furthermore, on 27 May 2019, Unipol acquired from the subsidiary Unipol Finance S.r.l., no. 282,743,682 UnipolSai shares at the price of € 2,269 each, equal to the price posted at the close of the market of 27 May, for a total of €641.5m ("**Purchase of UnipolSai shares**"). Also in this case, the Purchase of UnipolSai shares falls under the scope of exemptions from the application of the procedural rules dictated by the CONSOB Regulation, pursuant to the Procedure, since it is a transaction carried out with a subsidiary.

As regards the disclosure required by IAS 24 and Consob Communication DEM/6064293/2006, please refer to paragraph 4.5 - Transactions with related parties in the Notes to the financial statements.

Furthermore, for the sake of full disclosure, it should be noted that the aforementioned restructuring Operation of the banking segment of the Unipol Group regarding (i) the sale by Unipol and, as it may concern, by UnipolSai, in favour of BPER Banca SpA ("**BPER**"), of the investments held in Unipol Banca SpA and indirectly in Finitalia SpA and (ii) the purchase, by UnipolReC SpA of two distinct portfolios consisting of impairments, one of BPER and one of its subsidiary Banco di Sardegna SpA, was subject, on a voluntary basis, to the application of the procedural and deliberation controls set forth, for the most significant transactions, in the internal procedures applicable to transactions with related and with associated parties. The Transaction was therefore submitted for review to the Unipol Related and Associated Party Transactions Committee, which, on 6 February 2019, issued its reasoned favourable opinion.

Also UnipolSai and UnipolReC, again on a voluntary basis and within their areas of competence, submitted for approval the Transaction respectively to the Related Party Transaction Committee and to the Committee for the management of transactions with associated parties, applying in both cases the procedures set forth for transactions of "minor significance". The afore-mentioned Committees have issued their favourable opinion on 6 February 2019.

Other Information

Renewed the partnership between UnipolSai and Ducati Corse for the MotoGP World Championship 2019 and 2020

On 18 January 2019, UnipolSai has formalised and consolidated, for a further two years, the partnership that will see the company as the official sponsor of Ducati Corse in the MotoGP 2019 World Championship and in the subsequent 2020 edition. The agreement with the Ducati team will entail the UnipolSai brand appearing on the tail of the red sport bikes of Borgo Panigale of two Italian racers.

UnipolSai and UniSalute recognised at Le Fonti Awards

The 2019 edition of the "*Le Fonti*" awards was dedicated to the digital evolution and the possible synergies with the insurance world. At the event held on 28 May 2019, UnipolSai and UniSalute were also awarded prizes, respectively for the agency network and for UniSalute Up.

In the category of insurance companies, UnipolSai Assicurazioni was awarded the prize for *Best Insurance Agency Network* whereas UniSalute was awarded for the best App. UniSalute Up, with a completely redesigned interface and important improvements in its usability, received the recognition for the best App of the year in the Health Insurance category.

Fight against fraud - UnipolSai wins for the development of innovative solutions

At the event "*Digital & Connected Insurance*" held in Milan, the Italy Insurance Awards 2019, celebrating the best insurance services in terms of innovation, were presented to the winners.

At this event, UnipolSai won first prize for the Best anti-fraud project, with the following opinion expressed by the Jury: "for having developed innovative solutions within the scope of data management, Artificial Intelligence (AI) and predictive learning thanks to a better usage of data and the most effective fulfilment of improvement requirements in terms of efficacy in the identification and analysis of frauds. The project was implemented using GFT technologies, specialised in the fight against fraud".

In particular, the project entailed the introduction of new tools for the automatic identification of suspicious activities and the analysis of the interactions among the various subjects involved in said activities, through the adoption of technologically innovative solutions which, by using big data and relational graphics, allow for a visual representation of the suspicious interactions to be reviewed by the investigators.

UnipolSai Official Partner at the 2019 Rimini Meeting

UnipolSai Assicurazioni, for the fifth consecutive year, will be the Official Partner of the "Meeting per l'Amicizia fra i Popoli" [Meeting for Friendship among People] - to be held in Rimini from 18 to 24 August 2019 - which for this 40th edition will be titled "Nacque il tuo nome da ciò che fissavi" ("You were given your name after what you were gazing").

An important international event that from its start has been highlighting man's knowledge and encounters with different cultures, religions and experiences that, during the Meeting, find an opportunity for sharing and exchanging ideas.

For UnipolSai, being the Official Partner of the Rimini Meeting represents a continuation on a path consistent with its choice to remain close to people and to pursue social responsibility.

Significant events after the reporting period and business outlook

Significant events after the reporting period

Sale of Unipol Banca to BPER Banca and acquisition of the NPL portfolio finalised

On 31 July 2019 - since all the contractual preconditions had been met, with all necessary authorisations having been obtained from the applicable Supervisory Authorities - the extraordinary transaction regarding the Group's banking business was completed in a single operation in accordance with the agreements signed on 7 February 2019 between Unipol Gruppo S.p.A. ("**Unipol**") and UnipolSai Assicurazioni S.p.A. ("**UnipolSai**") on the one part and BPER Banca S.p.A. ("**BPER**"), along with the subsidiary Banco di Sardegna S.p.A. ("**Banco di Sardegna**") on the other.

More specifically:

- Unipol and UnipolSai sold BPER their shareholdings in it, representing the entire share capital of Unipol Banca S.p.A. (which in turn controls Finitalia S.p.A.), amounting to 85.24% and 14.76% of the capital respectively, for a total price of €220,000,000, allocated on a pro rata basis between the two selling companies for approx. €187.5m and approx. €32.5m respectively;
- UnipolReC S.p.A., in turn acquired two separate portfolios of non-performing loans, one owned by BPER and the other by Banco di Sardegna (the "**Portfolios**") with a gross book value of approx. €1.2bn, for a definitive price of €102m, which price takes account of the debt management activities carried out between the reference date and 31 July 2019.

This operation enabled the Unipol Group to complete the restructuring of its banking business strategy by pulling out of the direct management of a mid-sized bank and taking on the role of significant investor in one of the leading Italian banking groups.

The operating scale of UnipolReC was also increased, and since it became a financial intermediary entered on the register pursuant to article 106 of the Consolidated Banking Law, it can avail of its expertise in debt collection.

Car Server Acquisition

On 1 August 2019, the purchase by UnipolSai of the controlling interest equal to 100% of the share capital in Car Server S.p.A. ("**Car Server**") was finalised for €96m.

Car Server is one of the leading operators on the Italian market for the long term rental of corporate vehicles and more in general the management of companies' mobility. With this transaction, the Group has laid the foundation for the execution of the Strategic Plan 2019-2021 within the mobility ecosystem.

Trade union agreement on staff

On 18 July last, UnipolSai and all the trade unions signed an agreement on the "Solidarity Fund" and other forms of voluntary redundancy falling within the scope of the strategic guidelines of the 2019-2021 Industrial Plan regarding staff. This agreement gives the opportunity to approximately 750 employees who fulfil the necessary requirements to voluntarily decide whether to take early retirement, with a series of incentives. The agreement also calls for pro-active policies on employment to capitalise on human resources and the hire of approximately 300 resources whose new skills will be put to use for the development and evolution of the Group.

1 Management Report

Repayment of subordinated liabilities

On 24 July 2019, in application of the current repayment plan, UnipolSai provided for repayment of the first of five annual instalments in equal amounts of €80m of the Restricted Tier 1 subordinated loan disbursed on 24 July 2003 by Mediobanca - Banca di Credito Finanziario SpA for a total nominal amount of €400m, maturing on 24 July 2023.

Business outlook

After 30 June, no significant changes have occurred in the international macro-economic scenario which remains based on a generalised economic growth, even if in deceleration mode and negatively affected by trading tensions resulting from a constant threat of tariffs on imports.

In Italy, although in the presence of a still weak economic trend, the withdrawal, at the beginning of July, of the EU procedure for excessive debt and the expectations, after the renewal of the ECB executive board, about a continuation of expansionary monetary policies, has favoured an additional generalised decline in the yield of our government securities.

Under this scenario, the goal of the financial management of the Group is to maintain a balance between assets and liabilities as well as to continue to meet the high quality standards of the portfolio with the adoption of a criteria of diversification of the issuers thus placing emphasis on their strength and liquidity of assets.

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

Within the **insurance segment**, in the presence of a market which remains strongly competitive, the Group has been undertaking the commercial and liquidation actions that are set forth in the Business Plan 2019-2021, aimed at strengthening the leadership of the Group in the core insurance business and at launching a transformation process representing an extension of the insurance core business within the Mobility, Welfare and Property business.

The trend at the end of the first six months projects for the end of the period and excluding possible extraordinary and unpredictable events, an operating performance in line with the objectives set out in the Business Plan 2019-2021.

Bologna, 1 August 2019

The Board of Directors

2. Condensed Consolidated Half-Yearly Financial Statements at 30 June 2019

Tables of Consolidated Financial Statements

- **Statement of financial position**
- **Income statement and comprehensive income statement**
- **Statement of changes in shareholders' equity**
- **Statement of cash flows**

2 Consolidated Financial Statements

Statement of Financial Position

Assets

		Amounts in €m	30/6/2019	31/12/2018
1	INTANGIBLE ASSETS		1,935.9	1,955.3
1.1	Goodwill		1,581.7	1,581.7
1.2	Other intangible assets		354.1	373.5
2	PROPERTY, PLANT AND EQUIPMENT		1,929.6	1,887.4
2.1	Property		1,661.0	1,637.2
2.2	Other tangible assets		268.5	250.2
3	TECHNICAL PROVISIONS - REINSURERS' SHARE		1,013.4	982.0
4	INVESTMENTS		62,805.2	57,543.0
4.1	Investment property		2,063.6	1,996.7
4.2	Investments in subsidiaries, associates and interests in joint ventures		882.7	74.5
4.3	Held-to-maturity investments		453.2	459.6
4.4	Loans and receivables		4,051.3	3,921.0
4.4bis	Financial assets at amortised cost		451.0	490.1
4.5	Available-for-sale financial assets		46,738.8	43,439.2
4.5bis	Financial assets at fair value through OCI		722.5	663.3
4.6	Financial assets at fair value through profit or loss		7,442.1	6,498.5
4.6.1	<i>Held-for-trading financial assets</i>		222.7	288.0
4.6.2	<i>Financial assets at fair value</i>		7,214.2	6,205.5
4.6.3	<i>Other financial assets mandatorily at fair value</i>		5.2	5.0
5	SUNDRY RECEIVABLES		2,463.1	2,762.2
5.1	Receivables relating to direct insurance business		1,070.8	1,365.5
5.2	Receivables relating to reinsurance business		226.8	137.3
5.3	Other receivables		1,165.5	1,259.4
6	OTHER ASSETS		11,987.2	12,186.3
6.1	Non-current assets or assets of a disposal group held for sale		10,828.7	10,758.3
6.2	Deferred acquisition costs		106.0	98.1
6.3	Deferred tax assets		622.5	944.3
6.4	Current tax assets		4.2	23.8
6.5	Other assets		425.7	361.9
7	CASH AND CASH EQUIVALENTS		183.5	264.6
	TOTAL ASSETS		82,317.8	77,580.8

Statement of Financial Position

Shareholders' equity and liabilities

		<i>Amounts in €m</i>	30/6/2019	31/12/2018
1	SHAREHOLDERS' EQUITY		7,547.2	6,326.7
1.1	attributable to the owners of the Parent		6,091.8	5,032.4
1.1.1	Share capital		3,365.3	3,365.3
1.1.2	Other equity instruments			
1.1.3	Capital reserves		1,639.4	1,729.4
1.1.4	Income-related and other equity reserves		(119.4)	(478.0)
1.1.5	(Treasury shares)		(3.7)	(6.1)
1.1.6	Reserve for foreign currency translation differences		4.1	4.0
1.1.7	Gains or losses on available-for-sale financial assets		590.0	64.7
1.1.7bis	Gains or losses on financial assets at fair value through OCI		18.8	(34.5)
1.1.8	Other gains or losses recognised directly in equity		(29.1)	(13.9)
1.1.9	Profit (loss) for the year attributable to the owners of the Parent		626.5	401.4
1.2	attributable to non-controlling interests		1,455.4	1,294.3
1.2.1	Share capital and reserves attributable to non-controlling interests		1,189.2	1,052.3
1.2.2	Gains or losses recognised directly in equity		152.5	15.2
1.2.3	Profit (loss) for the year attributable to non-controlling interests		113.6	226.8
2	PROVISIONS		345.7	357.1
3	TECHNICAL PROVISIONS		55,901.6	53,223.3
4	FINANCIAL LIABILITIES		7,228.7	6,921.7
4.1	Financial liabilities at fair value through profit or loss		2,828.1	2,539.3
4.1.1	<i>Financial liabilities held-for trading</i>		366.8	278.3
4.1.2	<i>Financial liabilities at fair value</i>		2,461.3	2,261.0
4.2	Other financial liabilities		4,400.6	4,382.4
5	PAYABLES		781.8	804.4
5.1	Payables arising from direct insurance business		133.0	160.9
5.2	Payables arising from reinsurance business		116.3	86.8
5.3	Other payables		532.6	556.7
6	OTHER LIABILITIES		10,512.9	9,947.6
6.1	Liabilities associated with disposal groups held for sale		9,597.1	9,200.8
6.2	Deferred tax liabilities		53.1	8.9
6.3	Current tax liabilities		35.0	27.4
6.4	Other liabilities		827.7	710.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			82,317.8	77,580.8

2 Consolidated Financial Statements

Income Statement

		<i>Amounts in €m</i>	
		30/6/2019	30/6/2018
1.1	Net premiums	6,897.2	5,705.4
1.1.1	<i>Gross premiums earned</i>	7,115.2	5,914.1
1.1.2	<i>Earned premiums ceded to reinsurers</i>	(218.0)	(208.7)
1.2	Commission income	17.5	21.6
1.3	Gains and losses on financial instruments at fair value through profit or loss	(124.3)	(113.1)
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	452.5	312.1
1.5	Gains on other financial instruments and investment property	1,233.0	1,151.1
1.5.1	<i>Interest income</i>	740.0	787.2
1.5.2	<i>Other income</i>	109.4	87.0
1.5.3	<i>Realised gains</i>	320.0	272.6
1.5.4	<i>Unrealised gains</i>	63.6	4.3
1.6	Other revenue	325.2	297.3
1	TOTAL REVENUE AND INCOME	8,801.2	7,374.5
2.1	Net charges relating to claims	(5,958.0)	(4,723.1)
2.1.1	<i>Amounts paid and changes in technical provisions</i>	(6,072.0)	(4,804.6)
2.1.2	<i>Reinsurers' share</i>	113.9	81.5
2.2	Commission expense	(11.1)	(12.9)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	(0.3)	(0.4)
2.4	Losses on other financial instruments and investment property	(253.0)	(212.7)
2.4.1	<i>Interest expense</i>	(84.1)	(85.5)
2.4.2	<i>Other charges</i>	(20.4)	(21.5)
2.4.3	<i>Realised losses</i>	(101.1)	(39.3)
2.4.4	<i>Unrealised losses</i>	(47.5)	(66.5)
2.5	Operating expenses	(1,330.5)	(1,239.9)
2.5.1	<i>Commissions and other acquisition costs</i>	(929.2)	(881.5)
2.5.2	<i>Investment management expenses</i>	(58.7)	(62.0)
2.5.3	<i>Other administrative expenses</i>	(342.7)	(296.4)
2.6	Other costs	(387.2)	(434.1)
2	TOTAL COSTS AND EXPENSES	(7,940.2)	(6,623.2)
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	861.0	751.3
3	Income taxes	(120.8)	(119.8)
	PROFIT (LOSS) FOR THE YEAR AFTER TAXES	740.2	631.4
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		12.6
	CONSOLIDATED PROFIT (LOSS)	740.2	644.1
	<i>of which attributable to the owners of the Parent</i>	626.5	481.7
	<i>of which attributable to non-controlling interests</i>	113.6	162.4

Comprehensive Income Statement

	30/6/2019	30/6/2018
<i>Amounts in €m</i>		
CONSOLIDATED PROFIT (LOSS)	740.2	644.1
Other income items net of taxes not reclassified to profit or loss	6.0	(9.4)
Change in the shareholders' equity of the investees	6.8	(6.1)
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	(1.9)	(1.7)
Gains or losses on equity instruments at fair value through OCI	1.1	(1.5)
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss		
Other items		(0.0)
Other income items net of taxes reclassified to profit or loss	694.7	(585.1)
Change in the reserve for foreign currency translation differences	0.1	0.1
Gains or losses on available-for-sale financial assets	658.0	(581.6)
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	18.3	(2.8)
Gains or losses on cash flow hedges	18.2	(0.8)
Gains or losses on hedges of a net investment in foreign operations		
Change in the shareholders' equity of the investees		
Gains and losses on non-current assets or disposal groups held for sale		
Other items		
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	700.7	(594.5)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)	1,440.8	49.6
<i>of which attributable to the owners of the Parent</i>	<i>1,189.9</i>	<i>79.3</i>
<i>of which attributable to non-controlling interests</i>	<i>251.0</i>	<i>(29.8)</i>

2 Consolidated Financial Statements

Statement of Changes in Shareholders' equity

		Balance at 31/12/2017	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	Balance at 30/6/2018
		<i>Amounts in €m</i>						
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,729.4						1,729.4
	Income-related and other equity reserves	78.5	(47.3)	(419.4)			(101.3)	(489.4)
	(Treasury shares)	(25.7)		8.8				(16.9)
	Profit (loss) for the year	(345.8)		955.7		(128.2)		481.7
	Other comprehensive income (expense)	684.4	18.9	(340.5)	(130.0)		49.3	282.1
	Total attributable to the owners of the Parent	5,486.1	(28.4)	204.6	(130.0)	(128.2)	(52.0)	5,352.2
Equity attributable to non-controlling	Share capital and reserves attributable to non-controlling interests	1,522.6	(1.8)	15.1		(226.9)	(207.4)	1,101.6
	Profit (loss) for the year	176.8		100.9		(115.3)		162.4
	Other comprehensive income (expense)	267.6	0.7	(68.2)	(75.3)		(49.3)	75.4
	Total attributable to non-controlling interests	1,966.9	(1.1)	47.8	(75.3)	(342.1)	(256.7)	1,339.4
Total	7,453.0	(29.6)	252.4	(205.3)	(470.3)	(308.7)	6,691.6	

		Balance at 31/12/2018	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	Balance at 30/6/2019
		<i>Amounts in €m</i>						
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,729.4		(90.1)				1,639.4
	Income-related and other equity reserves	(478.0)		422.9		(62.8)	(1.5)	(119.4)
	(Treasury shares)	(6.1)		2.4				(3.7)
	Profit (loss) for the year	401.4		291.3		(66.2)		626.5
	Other comprehensive income (expense)	20.4	0.0	606.8	(43.3)	(0.0)	(0.1)	583.7
	Total attributable to the owners of the Parent	5,032.4	0.0	1,233.3	(43.3)	(129.0)	(1.7)	6,091.8
Equity attributable to non-controlling	Share capital and reserves attributable to non-controlling interests	1,052.3		135.2			1.8	1,189.2
	Profit (loss) for the year	226.8		(21.6)		(91.6)		113.6
	Other comprehensive income (expense)	15.2	(0.0)	147.4	(10.3)	0.0	0.1	152.5
	Total attributable to non-controlling interests	1,294.3	(0.0)	261.0	(10.3)	(91.6)	1.9	1,455.4
Total	6,326.7		1,494.3	(53.6)	(220.5)	0.3	7,547.2	

Statement of Cash Flows (indirect method)

	Amounts in €m	30/06/2019	30/06/2018
Pre-tax profit (loss) for the year		861.0	751.3
Change in non-monetary items		(308.3)	(94.7)
Change in Non-Life premium provision		146.3	160.4
Change in claims provision and other Non-Life technical provisions		(159.9)	(335.8)
Change in mathematical provisions and other Life technical provisions		2,660.4	(568.0)
Change in deferred acquisition costs		(7.9)	(11.2)
Change in provisions		(17.8)	(5.4)
Non-monetary gains and losses on financial instruments, investment property and investments		(1,034.6)	542.3
Other changes		(1,894.8)	122.9
Change in receivables and payables generated by operating activities		556.2	195.5
Change in receivables and payables relating to direct insurance and reinsurance		136.9	274.3
Change in other receivables and payables		419.2	(78.8)
Paid taxes		(1.7)	(111.0)
Net cash flows generated by/used for monetary items from investing and financing activities		(406.7)	237.3
Liabilities from financial contracts issued by insurance companies		135.3	141.1
Payables to bank and interbank customers		368.4	(697.9)
Loans and receivables from banks and interbank customers		(68.7)	1,112.7
Other financial instruments at fair value through profit or loss		(841.7)	(318.6)
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES		700.5	978.4
Net cash flow generated by/used for investment property		55.3	(31.6)
Net cash flow generated by/used for investments in subsidiaries, associates and interests in joint ventures		(93.4)	10.2
Net cash flow generated by/used for loans and receivables		(13.8)	(69.5)
Net cash flow generated by/used for financial assets at amortised cost			
Net cash flow generated by/used for held-to-maturity investments		8.7	44.1
Net cash flow generated by/used for available-for-sale financial assets		(285.6)	(1,053.1)
Net cash flow generated by/used for financial assets at fair value through OCI		(100.3)	(658.7)
Net cash flow generated by/used for property, plant and equipment and intangible assets		(94.9)	(22.5)
Other net cash flows generated by/used for investing activities		22.8	572.1
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES		(501.1)	(1,209.0)
Net cash flow generated by/used for equity instruments attributable to the owners of the Parent			0.0
Net cash flow generated by/used for treasury shares		2.4	9.3
Dividends distributed attributable to the owners of the Parent		(129.0)	(128.2)
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests		(91.6)	(115.3)
Net cash flow generated by/used for subordinated liabilities and equity instruments		(1.3)	198.6
Net cash flow generated by/used for financial liabilities at amortised cost		(78.2)	71.9
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES		(297.6)	36.3
Effect of exchange rate gains/losses on cash and cash equivalents			
CASH AND CASH EQUIVALENTS AT 1 JANUARY		358.8	683.2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (*)		(98.3)	(194.3)
CASH AND CASH EQUIVALENTS AT 30 JUNE (**)		260.5	489.0

(*) Cash and cash equivalents at the start of the year include the cash and cash equivalents of non-current assets or assets of a disposal group held for sale (€94.2M at the start of the year 2019 and €51.7M at the start of the year 2018)

(**) Cash and cash equivalents at June 30th 2019 include the cash and cash equivalents of non-current assets or assets of a disposal group held for sale (€77.0M)

3. Notes to the Financial Statements

1. Basis of presentation

The condensed consolidated half-yearly financial statements of the Unipol Group at 30 June 2019 are drawn up in application of IAS 34 and in compliance with the provisions of Art.154-ter of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and with ISVAP Regulation no. 7 of 13 July 2007. They do not comprise all the information required for the annual financial statements and must be read together with the supplemented financial statements at 31 December 2018.

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

It is noted that the Unipol Group availed itself of the faculty envisaged by Art. 4, paragraph 2-quarter of the Regulation² and therefore supplemented the consolidated financial statements with the special items envisaged for the reporting of financial instruments measured in compliance with IFRS 9, as set out by the Regulation in relation to the insurance companies that opted for a deferral in the application of IFRS 9. For further information, reference is made to paragraph "Application of IFRS 9 by the Unipol Group", included in the Notes to the consolidated financial statements at 31 December 2018.

The condensed, consolidated half-yearly financial statements of the Unipol Group at 30 June 2019 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 information requested by Consob Communication DEM/6064293 of 28 July 2006 is also provided.

The accounting standards used, to which special reference is made and that are an integral part hereof, the recognition and measurement criteria, as well as the consolidation principles applied in drawing up the condensed, consolidated half-yearly Financial Statements at 30 June 2019, conform to those adopted in preparing the Consolidated Financial Statements at 31 December 2018, except for expressly specified in the following section "New accounting standards".

While drawing up the condensed consolidated half-yearly financial statements at 30 June 2019, by reason of the fact that it is an interim report, the Management had to make a greater use of evaluations, estimates and assumptions that affect the application of the accounting standards and the amounts related to assets and liabilities, as well as costs and revenue recognised in the accounts. However, it should be noted that, as these are estimates, not necessarily the final results will be the same as amounts disclosed herein. These estimates and assumptions are reviewed on a regular basis. Any changes resulting from the review of the accounting estimates are recognised in the period in which such review is performed and in the related future periods.

The presentation currency is the euro and all the amounts shown in the Notes to the financial statements are disclosed 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 condensed consolidated half-yearly financial statements at 30 June 2019 are subject to a limited audit by the Audit Firm PricewaterhouseCoopers SpA, charged to audit the accounts for the years 2012 to 2020.

² Article 4, paragraph 2-quarter of the Regulation sets out the following: "As per article 3, paragraph 1, letter c-bis of this Regulation, financial conglomerates that, for accounting periods beginning on 1 January 2021, elects not to apply IFRS 9 to entities operating in the insurance sector, pursuant to article 2 of the Commission Regulation (EU) 2017-1988 of 3 November 2017, shall integrate financial statements, as per attachments 5 and 7, with differential items taken from statements 5 bis and 7 bis, respectively, while clarifying the accounting principle applied to each single item".

3 Notes to the Financial Statements

Consolidation scope

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 2018 and other transactions

Acquisition of an equity investment with significant influence in BPER

In June 2019, due to the fact that the equity investment in BPER were increased to a total of 19.97% of the Bank's share capital, and also taking into account the relevant transactions already performed and in place between the Unipol Group and BPER itself, the Unipol Group qualified its interests held as interests with significant influence. As a result of this different classification, the derecognition of the equity investment in BPER had been possible and the interests with significant influence were recognised at fair value at the acquisition date.

More precisely:

- BPER interests held by Unipol Gruppo (10.10% of the share capital) and UnipolSai (9.87% of the share capital), until that date classified, respectively, among Financial assets measured at fair value through other comprehensive income (FVOCI), for a total value of €178m, and among Available-for-sale financial assets (AFS), for a total amount of €174m, were derecognised from the Statement of Financial Position. Against this derecognition, a loss from sale of AFS securities, totalling €62m, was recognised in the consolidated Income Statement, corresponding to the difference between purchase cost and AFS securities (€236m) and the market value of the same at the derecognition date³;
- As envisaged by IAS 28, the interest with significant influence in BPER was recognised, at equity, under item Investments in subsidiaries, associates and interests in joint ventures.

For the purposes of the application of the equity method, by reason of the fact that currently all information necessary to complete the first consolidation process is not available, the fair value of assets and liabilities, identifiable at the acquisition date of the investee, was temporarily taken from information included in BPER's interim financial report at 31 March 2019. Results from accounting, based on the equity method, shall not be deemed as final. Therefore, these amounts will be adjusted, with retrospective effect, as soon as the information necessary to measure the investee at the acquisition date is available.

The value of interests of the Unipol Group in BPER, as temporarily determined (€803m), is higher than the purchase cost of the interests with significant influence, which corresponds to the market value of BPER shares at the date of the first measurement at equity (€352m). This positive difference (€451m) was recognised as non-recurring income, under item Gains on investments in subsidiaries, associates and interests in joint ventures. Taking also account of the above-mentioned loss on sale of AFS securities, the first application of consolidation based on equity method of interests in BPER had a positive impact on the consolidated Income Statement, totalling €388m.

Other transactions and changes in the consolidation scope

On 1 March 2019, after UnipolSai exercised the put option, pursuant to the put/call option contract signed on 31 December 2013 between the former Fondiaria-SAI SpA and Unipol Gruppo, 246,726,761 shares of Unipol Banca (27.49% of the company's share capital) and 79,766,325 shares of UnipolReC SpA (27.49% of the company's share capital) were transferred from UnipolSai to Unipol Gruppo. At 30 June 2019, Unipol Gruppo therefore owned 85.24% interests in both companies.

For further details, reference is made to the Management Report.

³ The difference between the purchase cost of the interests held by Unipol Gruppo (€212m) and the corresponding market value (€178m), at the derecognition date, had no impact on the Income Statement of the period due to the derecognition of the corresponding item of the Statement of Financial Position as, pursuant to IFRS 9, profits or losses on equity instruments, classified under category FVOCI, were charged directly to Comprehensive Income 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:

- a. Non-Life insurance business;
- b. Life insurance business;
- c. Banking business;
- d. Real estate business;
- e. Holding and other businesses.

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.

New accounting standards

The newly issued accounting standards and amendments to previous ones, effective from 1 January 2019, are listed below. The most important provisions to the Unipol Group are the standard IFRS 16 "Leases", whose first-time application, described in the following paragraphs, had irrelevant effects on the Group's equity and financial situation, with no impact on the Shareholders' Equity at the transition date.

As regards other regulatory novelties as from 1 January 2019, summarised hereunder, no other significant impacts are to be reported.

IFRS 16 – Leases

On 13 January 2016 the IASB issued IFRS 16 "Leases", endorsed through Regulation (EU) 2017/1986. IFRS 16 defines the accounting requirements for the recognition, measurement and presentation of lease agreements, replacing IAS 17 and the related interpretations. The main new aspect introduced by IFRS 16 refers to the accounting method for leases payable, which are no longer divided into finance leases (contracts through which the lessee undertakes substantially all risks and benefits of the leased asset) and operating leases (lease contracts other than finance leases), but are instead subject to one single accounting model similar to that envisaged in IAS 17 for finance leases. For lessor/user companies, this different accounting representation (so-called "financial method") results in an increase in property, plant and equipment assets recognised in the financial statements (right-of-use of leased assets), an increase in liabilities (the financial debt on the leased assets), a reduction in lease costs and an increase in financial costs (to remunerate the financial debt) and amortisation (for the time distribution of right-of-use assets).

Compared with previous arrangements, however, the introduction of IFRS 16 involved no significant changes in leases receivable, for which IFRS 16

- i) retains the same differentiation between operating and finance leases as IAS 17;
- ii) lease payables, qualified as finance leases, for which IFRS 16 confirms the application of the same accounting method (financial method), as already envisaged by the previous IAS 17.

Scope of application for the Unipol Group

The Unipol Group applied the IFRS 16 standard for the accounting of leases payable, that are contracts based on which, against the payment of a consideration, a user obtains the right to control the use of a specified asset for a determined period of time. In particular, by availing itself of the faculty envisaged by IFRS 16, paragraph 5, the Unipol Group applied the financial method to leases payable, except for the following types of agreement:

- iii) contracts with a contract term equal or lower than 12 months (short term contracts) or
- iv) contracts with leased assets featuring a low value (low value contracts).

For these types of contract, accounting is envisaged as per paragraphs 6 and 7 of IFRS 16 which, in compliance of what was already set out by IAS 17, operating lease payments should be recognised as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit.

3 Notes to the Financial Statements

Transition

In the transition phase, the Unipol Group availed itself of the faculty and transitional provisions, as per appendix C of IFRS 16.

In particular, the Unipol Group recognised the impacts on equity resulting from the first-time application of the new standard, without restating the previous years, in application of the faculty envisaged in appendix C of IFRS 16 (par. C5 b)). Moreover, for each single leases payable to be accounted for based on new provisions set out by IFRS 16, paragraphs 22 to 49, at the date of first-time adoption, the value of the financial liability corresponding to the current value of future lease payables due for the entire contract term was recognised under item 4.2 Financial liabilities measured at amortised cost. In application to the special faculty provided for by paragraph C8 (b) ii) of IFRS 16, the same amount of property, plant and equipment was recognised, as contra-entry, as disclosure of the right of use of said leased asset. The above-mentioned rights of use were recognised under items 2.1 Properties, 2.2 Other tangible assets and 4.1 Investment property, due to the type and intended use of the leased asset.

With respect to accounting options adopted, it is noted that, at the first-time application date, the Shareholders' Equity of the Unipol Group underwent no changes by effect of the adoption of the new IFRS 16 standard. However, the accounting impact of transition was substantially irrelevant.

Amendments to IAS 19 "Employee Benefits"

On 14 March 2019, the Regulation (EU) 2019/402 was issued, envisaging amendments to IAS 19 "Employee Benefits" concerning the plan amendment, curtailment or settlement. These amendments aim at clarifying how the pensions expenses should be calculated when the defined-benefit plan is modified.

Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 - Annual Improvements to IFRSs - 2015-2017 Cycle

On 15 March 2019, the Regulation (EU) 2019/412, which endorsed the "Annual cycle of improvements to IFRS 2015-2017", was published in the Official Journal. Some amendments were introduced with respect to the corresponding standards:

- IFRS 3 "Business Combinations": when an entity obtains control of a business that is a joint operation, it must remeasure previously held interests in that business at fair value;
- IFRS 11 "Joint Arrangements": in this case, when an entity obtains joint control of a joint operation, it is not required to remeasure the previously held interests at fair value;
- IAS 12 "Income Taxes": an entity must recognise income taxes deriving from dividends in the income statement and the comprehensive income statement, in line with the accounting approach for the dividends to which the taxes refer;
- IAS 23 "Borrowing costs": to determine capitalised borrowing costs, from the calculation of the average weighted cost of general indebtedness, an entity must exclude the portion of charges specifically referable to loans obtained to acquire or develop businesses until the latter become ready for use or available for sale.

Amendments to IFRS 9 "Financial Instruments - Prepayment features with negative compensation"

On 22 March 2018, Regulation (EU) 2018/498 was issued, adopting the Amendments to IFRS 9 "Financial Instruments - Prepayment Features with Negative Compensation", which aim to clarify the classification of certain financial assets with early repayment, subject to application of IFRS 9, at amortised cost or at fair value through other comprehensive income (FVOCI).

IFRIC 23 "Uncertainty over Income Tax Treatments"

On 23 October 2018, the EU Regulation 2018/1595 was published in the Official Journal, adopting the interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" which, issued on 8 June 2017, provides indications on how uncertainty regarding the tax treatment of a given phenomenon should be reflected in income tax accounting.

Amendments to IAS 28 "Investments in Associates and Joint Ventures"

Note that on 8 February 2019, Regulation (EU) 2019/237 was issued, adopting the amendments to IAS 28 "Investments in Associates and Joint Ventures", which the IASB had published on 12 October 2017 to clarify that long-term receivables from an associate or joint venture which, in effect, form part of the net investment in the associate or joint venture, the provisions of IFRS 9 must be applied.

2. 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).

ASSETS

1 Intangible assets

	<i>Amounts in €m</i>	30/06/2019	31/12/2018	<i>variation in amount</i>
Goodwill		1,581.7	1,581.7	
resulting from business combinations		1,581.6	1,581.6	
other		0.2	0.2	
Other intangible assets		354.1	373.5	(19.4)
portfolios acquired under business combinations		107.8	127.4	(19.6)
software and user licences		230.0	228.8	1.2
other intangible assets		16.3	17.3	(1.0)
Total intangible assets		1,935.9	1,955.3	(19.4)

The item **Portfolios acquired as a result of business combinations**, equal to €107.8m (€127.4m in 2018), decreased by €19.6m due to amortisation for the year on the values related to the acquired Non-Life (€10.1m) and Life portfolios (€9.5m).

2. Property, plant and equipment

At 30 June 2019, Property, plant and equipment, net of accumulated depreciation, amounted to €1,929.6m (€1,887.4m in 2018), €1,661.0m of which was property for own use (€1,637.2m in 2018) and €268.5m was other tangible assets (€250.2m in 2018).

3. Technical provisions - Reinsurers' share

The reinsurers' share of Non-Life technical provisions, at 30 June 2019, amounted to €1,013.4m (€982m in 2018), and it is broken down as follows:

- v) Non-Life provisions, in the amount of €963.5m (€932.9m at 31/12/2018), of which €270.5m related to premium provisions (€219.5m at 31/12/2018), and €693m related to claims provisions (€713.4m at 31/12/2018);
- vi) Life provisions, in the amount of €49.9m (€49.1m at 31/12/2018), of which €45.8m related to mathematical provisions (€45.3m at 31/12/2018), and €4.1m related to provisions for amounts payable (€3.8m at 31/12/2018).

3 Notes to the Financial Statements

4. Investments

At 30 June 2019, total investments (investment property, equity investments and financial assets) amounted to €62,805.2m (€57,543m in 2018), broken down as follows:

	Amounts in €m				
	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Investment property	2,063.6	3.3	1,996.7	3.5	3.3
Investments in subsidiaries, associates and interests in joint ventures	882.7	1.4	74.5	0.1	n.s.
Financial assets (excl. those at fair value through profit or loss)	52,644.7	83.8	49,266.3	85.6	6.9
Held-to-maturity investments	453.2	0.7	459.6	0.8	(1.4)
Loans and receivables	4,051.3	6.5	3,921.0	6.8	3.3
Debt securities	3,521.3	5.6	3,409.9	5.9	3.3
Financial assets at amortised cost	451.0	0.7	490.1	0.9	(8.0)
Available-for-sale financial assets	46,738.8	74.4	43,439.2	75.5	7.6
Financial assets at fair value through OCI	722.5	1.2	663.3	1.2	8.9
Held-for-trading financial assets	222.7	0.4	288.0	0.5	(22.7)
Financial assets mandatorily at fair value	5.2	0.0	5.0	0.0	3.8
Financial assets at fair value through profit or loss	7,214.2	11.5	6,205.5	10.8	16.3
Total Investments	62,805.2	100.0	57,543.0	100.0	9.1

The item Investments in subsidiaries, associates and interests in joint ventures includes the interests with significant influence in BPER Banca (€801.8m).

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

	Amounts in €m				
	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Held-to-maturity investments	453.2	0.9	459.6	0.9	(1.4)
Listed debt securities	421.2		427.6		(1.5)
Unlisted debt securities	32.0		32.0		0.0
Loans and receivables	4,051.3	7.7	3,921.0	8.0	3.3
Unlisted debt securities	3,521.3		3,409.9		3.3
Deposits with ceding companies	44.1		32.7		34.7
Other loans and receivables	485.9		478.4		1.6
Financial assets at amortised cost	451.0	0.9	490.1	1.0	(8.0)
Loans and receivables from bank customers	451.0		490.1		(8.0)
Available-for-sale financial assets	46,738.8	88.8	43,439.2	88.2	7.6
Equity instruments at cost	8.8		8.8		
Listed equity instruments at fair value	521.6		589.4		(11.5)
Unlisted equity instruments at fair value	196.4		196.7		(0.1)
Listed debt securities	42,685.3		39,588.2		7.8
Unlisted debt securities	477.2		467.3		2.1
UCITS units	2,849.5		2,588.8		10.1
Financial assets at fair value through OCI	722.5	1.4	663.3	1.3	8.9
Listed equity instruments at fair value	0.5		84.1		(99.4)
Listed debt securities	722.0		579.2		24.6
Held-for-trading financial assets	222.7	0.4	288.0	0.6	(22.7)
Listed debt securities	86.2		93.4		(7.7)
Unlisted debt securities	4.6		24.7		(81.4)
UCITS units	7.1		9.4		(24.3)
Derivatives	124.8		160.5		(22.2)
Financial assets at fair value through profit or loss	5.2	0.0	5.0	0.0	3.8
Listed debt securities	4.5		4.1		9.4
UCITS units	0.6		0.8		(23.6)
Total financial assets	52,644.7	100.0	49,266.3	100.0	6.9

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

	Amounts in €m				
	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Financial assets at fair value through profit or loss	7,214.2	100.0	6,205.5	100.0	16.3
Listed equity instruments at fair value	162.2	2.2	179.6	2.9	(9.7)
Listed debt securities	4,216.7	58.4	3,494.4	56.3	20.7
Unlisted debt securities	1.0	0.0	1.3	0.0	(26.1)
UCITS units	2,376.0	32.9	2,195.7	35.4	8.2
Other financial assets	458.2	6.4	334.5	5.4	37.0

The information required by paragraphs 12 and 12A of IFRS 7 is contained in the appendix "Details of reclassified financial assets and their effects on the income statement and comprehensive income statement".

3 Notes to the Financial Statements

For information on fair value, reference should be made to paragraph 4.6 of Section 4 “Other information” of these Notes to the financial statements.

5. Sundry receivables

	<i>Amounts in €m</i>	30/6/2019	31/12/2018	% var.
Receivables relating to direct insurance business		1,070.8	1,365.5	(21.6)
Receivables relating to reinsurance business		226.8	137.3	65.2
Other receivables		1,165.5	1,259.4	(7.5)
Total sundry receivables		2,463.1	2,762.2	(10.8)

The item Other receivables included:

- substitute tax receivables on the mathematical provisions totalling €335.9m (€296.1m at 31/12/2018);
- tax receivables amounting to €316.9m (€573.5m at 31/12/2018);
- payments made as cash collateral, against derivative exposure, totalling €255.4m (€196.0m at 31/12/2018);
- trade receivables amounting to €152.5m (€140.7m at 31/12/2018).

There is also a receivable from Avvenimenti e Sviluppo Alberghiero Srl (a wholly-owned subsidiary of Im.Co.) that amounted to €103.2m (before the value adjustments), of which €101.7m as advances paid by the former Milano Assicurazioni pursuant to a contract for the purchase of future property pertaining to a property complex in Rome, Via Fiorentini. As regards this amount due, the most suitable recovery initiatives are being assessed and value adjustments related to this receivable were recognised in previous years, for a total amount of €91.8m. As a result of the write-downs carried out, the net value of this receivable recognised in the financial statements at 30 June 2019 amounted to €11.4m.

6. Other assets

	<i>Amounts in €m</i>	30/6/2019	31/12/2018	% var.
Non-current assets or assets of a disposal group held for sale		10,828.7	10,758.3	0.7
Deferred acquisition costs		106.0	98.1	8.0
Deferred tax assets		622.5	944.3	(34.1)
Current tax assets		4.2	23.8	(82.4)
Other assets		425.7	361.9	17.7
Total other assets		11,987.2	12,186.3	(1.6)

Non-current assets or assets of a disposal group held for sale include the equity investment in Unipol Banca and the other assets represented mainly by investment properties. For further information please refer to paragraph 4.4 of these Notes to the financial statements.

The item Deferred tax assets is shown net of the compensation 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” in the Consolidated Financial Statements at 31 December 2018.

The item Other assets includes, inter alia, deferred commission expense, prepayments and accrued income and miscellaneous items to be settled relating to banking business.

7. Cash and cash equivalents

At 30 June 2019, Cash and cash equivalents amounted to €183.5m (€264.6m at 31/12/2018).

LIABILITIES

1. Shareholders' equity

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

	<i>Amounts in €m</i>	30/06/2019	31/12/2018	<i>variation in amount</i>
Share capital		3,365.3	3,365.3	
Capital reserves		1,639.4	1,729.4	(90.1)
Income-related and other equity reserves		(119.4)	(478.0)	358.6
(Treasury shares)		(3.7)	(6.1)	2.4
Reserve for foreign currency translation differences		4.1	4.0	0.1
Gains/losses on available-for-sale financial assets		590.0	64.7	525.3
Gains/losses on financial assets at fair value through OCI		18.8	(34.5)	53.2
Other gains or losses recognised directly in equity		(29.1)	(13.9)	(15.3)
Profit (loss) for the year		626.5	401.4	225.1
Total shareholders' equity attributable to the owners of the Parent		6,091.8	5,032.4	1,059.4

At 30 June 2019, the Parent Unipol's share capital amounted to €3,365.3m, fully paid-up, and was made up of 717,473,508 ordinary shares (unchanged compared with 31/12/2018).

The main changes over the period in the Shareholders' equity attributable to the owners of the Parent were as follows:

- a decrease of €129m due to dividend distribution;
- an increase of €525.3m as a result of the increase in the provision for gains and losses on available-for-sale financial assets;
- €626.5m increase due to Group profit at 30 June 2019.

Shareholders' equity attributable to non-controlling interests was €1,455.4m (€1,294.3m at 31/12/2018). The main changes occurred over the period are due to the payment of dividends (€91.6m) and to the positive change in the income-related reserves, recognised directly to the Shareholders' Equity, amounting to €137.2m. The profit for the period attributable to non-controlling interests amounted to €113.6m.

Treasury shares or quotas

At 30 June 2019, the treasury shares held by Unipol and its subsidiaries totalled 1,040,898 (2,003,299 at 31/12/2018), of which 405,049 shares were held directly and 635,849 shares held by the following subsidiaries:

- UnipolSai Assicurazioni held 550,446;
- Arca Assicurazioni held 18,566;
- Gruppo UNA held 18,454;
- Linear Assicurazioni held 14,743;
- SIAT held 12,566;
- Finitalia held 8,543;
- Unipolsai Servizi Consortili held 5,490;
- Unisalute held 2,816;
- Arca Vita held 1,853;
- Alfaevolution Technology held 1,736;
- Leithà held 636.

3 Notes to the Financial Statements

2. Provisions

The item "Provisions" totalled €345.7m at 30 June 2019 (€357.1m at 31/12/2018) 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

This section reports updated information on the proceedings whose developments in the first six months of 2019 are worth reporting herein. For exhaustive information on the ongoing causes and contingent liabilities, reference is made to information given in the 2018 Integrated Consolidated Financial Statements.

Relations with the Tax Authorities

In the six-month period, pursuant to Art. 6 of Legislative Decree 119/2018, some pending disputes concerning taxes were settled. Following are the most relevant ones:

- Unipol has settled, limited to 2007, the Ires and Irap dispute concerning the treatment of the technical outward reinsurance items of the ex Aurora Assicurazioni, merged by incorporation in 2007; conversely, the procedure related to 2005 and 2006 is still pending in the Court of Cassation;
- UnipolSai has settled the Ires and Irap dispute concerning the treatment of technical outwards reinsurance items of the former Aurora Assicurazioni, already started against the parent Unipol, and also extended to the merged entity Unipol Assicurazioni for the tax periods 2007-2009; also the dispute concerning the Irpeg and Ilor taxes for the 1991 period of the merged Fondiaria Assicurazioni, pending in the Court of Cassation, following an appeal filed by the Company;
- UnipolSai and the other companies of the Group have settled, notwithstanding some specific positions, the pending dispute regarding the VAT applicable to co-insurance relationships for the periods from 2003 to 2012.

In any event, the settlement does not imply the acceptance, by the companies of the Group, of the claim filed by the opposing party, but it was assessed in terms of the financial convenience of the operation, taking into account, where applicable, the most recent jurisprudence directives about the legality of the matter that was the subject of the dispute. No annual payments were defined as it is believed that a favourable resolution can be obtained, or in the event that pursuing the dispute is deemed economically not profitable.

The charges related to the settlements turned out to be significantly lower than the original claims and were covered by the risk provisions existing at 31 December 2018.

Consob sanction proceedings

In reference to the two sanction proceedings started by Consob against Fondiaria-SAI and Milano Assicurazioni for charges related to the respective consolidated financial statements of 2010, after the Court of Cassation on 6 December 2018 rejected the appeal filed by the Company, thus confirming the Consob sanction proceedings, in March 2019, UnipolSai appealed before the European Court of Human Rights (ECHR) requesting the cancellation of the sanction for the violation of the principle of *ne bis in idem* on the basis of which it is not possible to subject a party to the same sanction or judicial proceeding multiple times for the same event.

IVASS assessments

On 2 July 2014, IVASS sent to UnipolSai the order of sanctions at the end of the proceeding 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.

On 21 February 2019, the Council of State, upholding an objection submitted by UnipolSai, cancelled the sanction. The proceeding has been started to the recovery of the sanction already paid.

3. Technical provisions

	<i>Amounts in €m</i>	30/6/2019	31/12/2018	% var.
Non-Life premium provisions		3,339.5	3,142.2	
Non-Life claims provisions		11,858.6	12,033.2	
Other Non-Life technical provisions		30.8	36.4	
Total Non-life provisions		15,228.9	15,211.8	0.1
Life mathematical provisions		32,011.6	32,092.8	
Provisions for amounts payable (Life business)		638.7	407.6	
Technical provisions where the investment risk is borne by policyholders and arising from pension fund management		4,768.2	3,963.3	
Other Life technical provisions		3,254.2	1,547.8	
Total life provisions		40,672.7	38,011.5	7.0
Total technical provisions		55,901.6	53,223.3	5.0

4. Financial liabilities

Financial liabilities, at 30 June 2019, were €7,228.7m (€6,921.7m at 31/12/2018).

4.1 Financial liabilities at fair value through profit or loss

The item, which amounted to €2,828.1m (€2,539.3m at 31/12/2018), is broken down as follows:

- Held-for-trading financial liabilities totalled €366.8m (€278.3m at 31/12/2018);
- Financial liabilities designated at fair value totalled €2,461.3m (€2,261m at 31/12/2018). This category included investment contracts issued by insurance companies where the investment risk was borne by the policyholders, which do not contain a significant insurance risk borne by the Group (some types of class III, class V and class VI contracts).

4.2 Financial liabilities at amortised cost

	<i>Amounts in €m</i>	30/6/2019	31/12/2018	% var.
Subordinated liabilities		2,217.7	2,247.2	(1.3)
Deposits received from reinsurers		163.4	166.2	(1.6)
Debt securities issued		1,795.3	1,804.3	(0.5)
Other loans obtained		223.6	164.1	36.2
Sundry financial liabilities		0.5	0.5	
Total other financial liabilities		4,400.6	4,382.4	0.4

3 Notes to the Financial Statements

The increase in item Other loans obtained is due to the recognition, as from 1 January 2019, of financial liabilities for future lease instalments due according to lease contracts accounted for with the financial method, as per IFRS 16.

Details of **Subordinated liabilities** are shown in the table below:

Issuer	Nominal amount outstanding	Subord. level	Year of maturity	call	Rate	L/NL
UnipolSai	€300.0m	tier II	2021	every 3 months	3M Euribor + 250 b.p.	Q
UnipolSai	€261.7m	tier II	2023	every 3 months	3M Euribor + 250 b.p.	Q
UnipolSai	€400.0m	tier I	2023(*)	every 6 months	6M Euribor + 251,5 b.p. (**)	NQ
UnipolSai	€500.0m	tier II	2028		fixed rate 3,875%	Q
UnipolSai	€750.0m	tier I	in perpetuity	every 3 months from 18/06/2024	fixed rate 5,75% (***)	Q

(*) repayable in 5 constant yearly instalments, starting from July 2019, following IVASS authorization.

(**) 6m nominal Euribor rate +180 b.p., increased by 71,5 b.p., as an indemnity defined between the parties, starting from 2014, in relation to the "Additional Costs Clauses" provided for in the Loan Agreement.

(***) from June 2024 floating rate of 3M Euribor + 518 b.p.

Subordinated liabilities of the UnipolSai Group, at 30 June 2019, were €2,217.7m (€2,247.2m at 31/12/2018).

Debt securities issued - Other loans obtained - Sundry financial liabilities

At 30 June 2019, **Debt securities issued by Unipol**, net of intragroup subscriptions, totalling €1,795.3m (€1,804.3m at 31/12/2018) were related to three senior unsecured bonds listed on the Luxembourg Stock Exchange, with a total nominal value of €1,817m (unchanged compared to 31/12/2018):

- €317m of nominal value, 4.375% fixed rate, 7 year duration, maturity in 2021;
- €1,000m of nominal value, 3% fixed rate, 10 year duration, maturity in 2025;
- €500m of nominal value, 3.5% fixed rate, 10 year duration, maturity in 2027;

Other loans obtained and **Sundry financial liabilities** amounted to €224.1m, (€164.7m at 31/12/2018). The increase, occurred in the first half of the year, is due to the recognition, as from 1 January 2019, of financial liabilities related to lease contracts accounted for with the financial method, in compliance with IFRS 16.

5. Payables

	Amounts in €m	30/6/2019	31/12/2018	% var.
Payables arising from direct insurance business		133.0	160.9	(17.4)
Payables arising from reinsurance business		116.3	86.8	34.0
Other payables		532.6	556.7	(4.3)
Policyholders' tax due		125.2	156.4	(19.9)
Sundry tax payables		55.2	33.7	63.6
Trade payables		212.9	174.0	22.4
Post-employment benefits		63.2	64.0	(1.2)
Social security charges payable		37.4	38.5	(2.8)
Sundry payables		38.6	90.0	(57.2)
Total payables		781.8	804.4	(2.8)

6. Other liabilities

	<i>Amounts in €m</i>	30/6/2019	31/12/2018	% var.
Current tax liabilities		35.0	27.4	27.7
Deferred tax liabilities		53.1	8.9	498.2
Liabilities associated with disposal groups held for sale		9,597.1	9,200.8	4.3
Commissions on premiums under collection		93.6	110.9	(15.6)
Deferred commission income		3.7	3.4	8.9
Accrued expense and deferred income		61.6	56.0	10.1
Other liabilities		668.7	540.2	23.8
Total other liabilities		10,512.9	9,947.6	5.7

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.

3 Notes to the Financial Statements

3. Notes to the Income Statements

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).

To make comparisons with the first half of 2018 more significant, the changes on a like-for-like basis and separately for the main items impacted, are reported calculated as shown in the note at the end of the "Group highlights" table included at the beginning of the Management Report.

REVENUE

1.1 Net premiums

	<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Non-life earned premiums		4,091.6	3,948.7	3.6
Non-Life written premiums		4,287.5	4,141.0	3.5
Changes in Non-Life premium provision		(195.9)	(192.3)	1.9
Life written premiums		3,023.6	1,965.4	53.8
Non-life and life gross earned premiums		7,115.2	5,914.1	20.3
Non-life earned premiums ceded to reinsurers		(206.7)	(198.0)	4.4
Non-Life premiums ceded to reinsurers		(258.5)	(241.1)	7.2
Changes in Non-Life premium provision - reinsurers' share		51.8	43.1	20.1
Life premiums ceded to reinsurers		(11.3)	(10.8)	4.7
Non-life and life earned premiums ceded to reinsurers		(218.0)	(208.7)	4.4
Total net premiums		6,897.2	5,705.4	20.9

On a like-for-like basis, the variation of Net Premiums was equal to +23.1% (unchanged Non-Life business and +62.8% Life business).

1.2 Commission income

	<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Commission income from investment contracts		13.6	17.2	(21.0)
Other commission income		4.0	4.5	(11.7)
Total commission income		17.5	21.6	(19.1)

On a like-for-like basis the variation of Commissions was +7.9%.

1.3 Net gains on financial instruments at fair value through profit or loss

	Amounts in €m	30/6/2019	30/6/2018	% var.
Net gains/losses:				
on held-for trading financial assets		(246.2)	(51.8)	n.s.
on held-for trading financial liabilities		(0.6)		n.s.
on other financial assets mandatorily at fair value		0.6	(1.5)	n.s.
on financial assets/liabilities at fair value through profit or loss		121.9	(59.8)	n.s.
Total net gains/losses		(124.3)	(113.1)	-9.9

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

At 30 June 2019, they amounted to €452.5m, including €449.9m related to the first recognition, at equity, of the interests with significant influence in BPER Banca (€312.1m at 30/06/2018, referable primarily to the capital gain resulting from the sale of equity investments in Popolare Vita). For further information, reference is made to paragraph Acquisition of interests with significant influence in BPER, included in Section 1 of these Notes to describe changes in the scope of consolidation.

1.5 Gains on other financial instruments and investment property

	Amounts in €m	30/6/2019	30/6/2018	% var.
Interests		740.0	787.2	(6.0)
on held-to-maturity investments		9.3	11.3	(17.4)
on loans and receivables		49.3	67.8	(27.2)
on financial assets at amortised cost		0.2	0.0	n.s.
on available-for-sale financial assets		672.5	705.1	(4.6)
on financial assets at fair value through OCI		7.2	1.4	n.s.
on sundry receivables		1.0	1.2	(15.6)
on cash and cash equivalents		0.5	0.4	16.7
Other income		109.4	87.0	25.8
from investment property		25.8	28.5	(9.6)
from available-for-sale financial assets		78.3	58.5	33.7
from financial assets at fair value through OCI		5.4		
Realised gains		320.0	272.6	17.4
on investment property		6.2	12.2	(49.0)
on loans and receivables		3.5	0.7	n.s.
on financial assets at amortised cost		24.0	19.6	22.2
on available-for-sale financial assets		279.6	239.0	17.0
on financial assets at fair value through OCI		6.6	1.1	n.s.
Unrealised gains and reversals of impairment losses		63.6	4.3	n.s.
on investment property		29.0		
on financial assets at amortised cost		1.7	4.3	(60.7)
on available-for-sale financial assets		32.1		
on other financial liabilities		0.8	0.0	n.s.
Total item 1.5		1,233.0	1,151.1	7.1

3 Notes to the Financial Statements

1.6 Other revenue

	<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Sundry technical income		41.2	42.9	(3.9)
Exchange rate differences		9.5	1.5	510.6
Extraordinary gains		10.3	7.2	42.5
Other income		264.3	245.7	7.5
Total other revenue		325.2	297.3	9.4

On a like-for-like basis the overall variation of Other revenue was +11.3%.

COSTS

2.1 Net charges relating to claims

	<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Net charges relating to claims - direct and indirect business		6,072.0	4,804.6	26.4
Non-life business		2,608.5	2,525.1	3.3
Non-Life amounts paid		2,863.8	2,898.7	
changes in Non-Life claims provision		(178.5)	(335.9)	
changes in Non-Life recoveries		(78.4)	(38.5)	
changes in other Non-Life technical provisions		1.6	0.8	
life business		3,463.5	2,279.5	51.9
Life amounts paid		2,439.1	2,223.3	
changes in Life amounts payable		230.5	(61.0)	
changes in mathematical provisions		(85.9)	238.4	
changes in other Life technical provisions		15.4	58.5	
changes in provisions where the investment risk is borne by policyholders and arising from pension fund management		864.4	(179.7)	
Charges relating to claims - reinsurers' share		(113.9)	(81.5)	39.8
Non-life business		(106.7)	(73.8)	44.6
Non-Life amounts paid		(130.9)	(93.5)	
changes in Non-Life claims provision		19.3	12.8	
changes in Non-Life recoveries		4.9	6.9	
life business		(7.2)	(7.7)	(6.2)
Life amounts paid		(6.5)	(7.1)	
changes in Life amounts payable		(0.4)	(0.2)	
changes in other Life technical provisions		(0.4)	(0.4)	
Total net charges relating to claims		5,958.0	4,723.1	26.1

On a like-for-like basis the variation of Other costs was +28.7%.

2.2 Commission expense

	Amounts in €m	30/6/2019	30/6/2018	% var.
Commission expense from investment contracts		6.5	8.1	(20.0)
Other commission expense		4.6	4.8	(4.5)
Total commission expense		11.1	12.9	(14.2)

On a like-for-like basis the overall variation of Commission expense was +1.9%.

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

At 30 June 2019 these totalled €0.3m (€0.4m at 30/06/2018).

2.4 Losses on other financial instruments and investment property

	Amounts in €m	30/6/2019	30/6/2018	% var.
Interests:		84.1	85.5	(1.7)
on other financial liabilities		77.1	77.9	(1.0)
on payables		7.0	7.7	(8.6)
Other charges:		20.4	21.5	(5.2)
from investment property		13.1	13.6	(3.1)
from available-for-sale financial assets		2.2	2.8	(20.9)
from other financial liabilities		5.0	5.1	(1.7)
from sundry payables		0.0	0.1	(38.1)
Realised losses:		101.1	39.3	157.2
on investment property		0.2	2.9	(92.3)
on loans and receivables		2.7	0.0	n.s.
on financial assets at amortised cost		3.9	2.8	41.5
on available-for-sale financial assets		94.2	33.6	180.5
Unrealised losses and impairment losses:		47.5	66.5	(28.5)
on investment property		34.4	54.6	(37.0)
on financial assets at amortised cost		2.0	7.2	(71.6)
on available-for-sale financial assets		8.1	4.0	101.7
on financial assets at fair value through OCI		0.6	0.6	(8.8)
on other financial liabilities		2.4	0.0	n.s.
Total item 2.4		253.0	212.7	18.9

The Unrealised losses and impairment losses relating to investment property included amortisation that totalled €15.7m (€16.2m at 30/06/2018) and write-downs amounting to €18.6m (€38.4m at 30/06/2018).

3 Notes to the Financial Statements

2.5 Operating expenses

	Amounts in €m	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Insurance sector		1,237.5	93.0	1,185.5	95.6	4.4
Holding and Other Businesses Sector		95.0	7.1	60.6	4.9	56.8
Real Estate Sector		10.3	0.8	10.8	0.9	(4.4)
Intersegment eliminations		(12.3)	(0.9)	(17.0)	(1.4)	(27.2)
Total operating expenses		1,330.5	100.0	1,239.9	100.0	7.3

On a like-for-like basis the overall variation of Operating expense was +7.9%.

Below are details of **Operating expenses in the Insurance sector**:

Amounts in €m	Non- Life			Life			Total		
	Jun-19	Jun-18	% var.	Jun-19	Jun-18	% var.	Jun-19	Jun-18	% var.
Acquisition commissions	686.5	633.5	8.4	34.8	30.3	14.9	721.4	663.8	8.7
Other acquisition costs	178.3	180.4	(1.2)	22.0	21.4	3.2	200.3	201.7	(0.7)
Changes in deferred acquisition costs	(1.4)	(2.7)	(48.0)	(1.3)	1.3	(203.6)	(2.7)	(1.4)	95.4
Collection commissions	78.6	83.0	(5.4)	3.1	3.4	(7.3)	81.7	86.4	(5.4)
Profit sharing and other commissions from reinsurers	(69.8)	(66.7)	4.7	(1.3)	(2.2)	(38.3)	(71.2)	(68.9)	3.3
Investment management expenses	30.7	34.2	(10.2)	19.8	23.7	(16.3)	50.6	57.9	(12.7)
Other administrative expenses	212.3	196.4	8.1	45.3	49.6	(8.7)	257.5	246.0	4.7
Total operating expenses	1,115.1	1,058.0	5.4	122.4	127.4	(3.9)	1,237.5	1,185.5	4.4

2.6 Other costs

	Amounts in €m	30/6/2019	30/6/2018	% var.
Other technical charges		162.8	164.8	(1.2)
Impairment losses on receivables		15.3	4.8	n.s.
Other charges		209.1	264.5	(20.9)
Total other costs		387.2	434.1	(10.8)

On a like-for-like basis the variation of Other costs was -8.6%.

3. Income tax

Against a pre-tax profit of €861m, taxes pertaining to the year and amounting to €120.8m were recorded, corresponding to a tax rate of 14%, which was positively affected by the first measurement at equity of the interests with significant influence in BPER Banca (15.7% at 30/06/2018, positively affected by the tax-exempt capital gains on the sale of the equity investment in Popolare Vita).

4. Other Information

4.1 Hedge Accounting

Fair value hedges

During the first half of 2019, new transactions were carried out concerning fair value hedging.

Fair value hedging concerns fixed-rate bonds, for which the interest rate risk was hedged through Interest Rate Swaps.

Existing positions at 30 June 2019 are related to IRS contracts, for a nominal value of €400m to hedge bond assets recorded in Available-for-sale assets, with a hedged synthetic notional value equal to €148.2m.

Compared to 30 June 2019, the fair value change related to the hedged risk of bonds came to a positive €32.1m, while the fair value change of IRS amounted to a negative €30.9m, with a positive net economic effect of €1.2m, including the tax effect of €0.4m.

At 30 June 2019, hedging was effective since the ratios between the respective variations in fair value were still within the range 80%-125%.

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.

UnipolSai Assicurazioni: cash flow hedges on bond securities recorded in the Available-for-sale asset portfolio through the sale of IRSs for a notional value of €1,113.5m (unchanged at 31/12/2018).

The cumulative positive effect on Shareholders' Equity in the Hedging reserve for gains or losses on cash flow hedges was €25.2m (€3.3m at 31/12/2018): net of tax, the impact was €17.4m (€2.3m at 31/12/2018).

UnipolSai Assicurazioni: cash flow hedges on bond securities recorded in the Loans and Receivables portfolio through IRSs for a notional value of €250.0m (unchanged compared to 31/12/2018).

The cumulative positive effect on Shareholders' Equity in the Hedging reserve for gains or losses on cash flow hedges was €3.9m (-€0.5m at 31/12/2018): net of tax, the impact was €2.7m (-€0.4m at 31/12/2018).

Arca Vita: cash flow hedges on bond securities recorded in the Available-for-sale asset portfolio through the sale of IRSs for a notional value of €30m (unchanged compared to 31/12/2018).

The cumulated effect at equity is irrelevant.

4.2 Earnings/Loss per share

<i>Amounts in €m</i>	30/6/2019	30/6/2018
Profit/loss allocated to ordinary shares (€m)	626.5	481.7
Weighted average of shares outstanding during the year (no./m)	715.5	711.6
Basic earnings (loss) per share (€ per share)	0.88	0.68

4.3 Dividends

In view of the profit for the year made by the Parent Unipol at 31/12/2018 of €66.2m (as shown in the financial statements drawn up in accordance with Italian GAAP), the Shareholders' Meeting of Unipol held on 18 April 2019 resolved on the distribution of dividends totalling around €129m (of which €0.1m paid to Group companies), corresponding to €0.18 per share, taking account of treasury shares.

The Shareholders' Meeting also set the dividend payment date for 22 May 2019 (ex-dividend date 20/05/2019 and record date 21/05/2019).

3 Notes to the Financial Statements

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

As mentioned in the Notes to the consolidated accounts at 31 December 2018, as a result of the planned disposal of the equity investment in Unipol Banca, the banking sector assets qualify as discontinued operations pursuant to IFRS 5, in that they represent a major line of business of the Unipol Group. Consequently, the income components net of the tax effects originating from that operating segment were recognised in aggregate form, for the first half of 2019 and for the previous year presented for comparative purposes, in a single item of the income statement.

At 30 June 2019, the shareholders' equity items referring to the banking sector also make up most of the items 6.1 Non-current assets or assets of a disposal group held for sale and 6.1 Liabilities associated with disposal groups, amounting respectively to €10,828.7m (€10,758.3m at 31/12/2018, of which €10,625.3m referring to assets held by Unipol Banca and, in the amount of €132.3m, to properties held for sale) and €9,597.1m (€9,200.8m at 31/12/2018, referring to Unipol Banca in the amount of €9,197.6).

The following tables indicate:

- i) the breakdown of shareholders' equity items at 30 June 2019 and income statement items for the half-years ended 30 June 2019 and 2018 in relation to non-current assets of a disposal group and discontinued operations, summarily presented in the statement of financial position and the income statement;
- ii) the banking sector contribution to cash flows of the Unipol Group in the first half of 2019.

Non-current assets or disposal groups classified as held for sale

		Banking business	Consorzio Castello	Real estate	Total reclass. IFRS 5
		30/6/2019	30/6/2019	30/6/2019	30/6/2019
<i>Amounts in €m</i>					
1	INTANGIBLE ASSETS	6.1			6.1
1.2	Other intangible assets	6.1			6.1
2	PROPERTY, PLANT AND EQUIPMENT	79.0		0.1	79.1
2.1	Property	1.0		0.1	1.1
2.2	Other tangible assets	78.0			78.0
4	INVESTMENTS	10,089.1	0.3	105.7	10,195.2
4.1	Investment property	15.1	0.3	105.7	121.2
4.2	Investments in subsidiaries, associates and interests in joint ventures	7.6			7.6
4.4bis	Financial assets at amortised cost	9,472.7			9,472.7
4.5bis	Financial assets at fair value through OCI	543.8			543.8
4.6	Financial assets at fair value through profit or loss	49.8			49.8
5	SUNDRY RECEIVABLES	70.2	0.1		70.3
5.3	Other receivables	70.2	0.1		70.3
6	OTHER ASSETS	401.0	0.0		401.0
6.3	Deferred tax assets	123.2			123.2
6.4	Current tax assets	1.7	0.0		1.7
6.5	Other assets	276.1			276.1
7	CASH AND CASH EQUIVALENTS	77.0	0.1		77.0
NON-CURRENT ASSETS OR ASSETS OF A DISPOSAL GROUP HELD FOR SALE		10,722.4	0.5	105.8	10,828.7

Liabilities associated with disposal groups held for sale

		Banking business	Consorzio Castello	Real estate	Total reclass. IFRS 5
		30/6/2019	30/6/2019	30/6/2019	30/6/2019
<i>Amounts in €m</i>					
2	PROVISIONS (*)	420.8			420.8
4	FINANCIAL LIABILITIES	8,673.8			8,673.8
4.2	Other financial liabilities	8,673.8			8,673.8
5	PAYABLES	205.5	0.5	3.0	208.9
5.3	Other payables	205.5	0.5	3.0	208.9
6	OTHER LIABILITIES	293.5	0.0		293.5
6.3	Current tax liabilities	3.8	0.0		3.8
6.4	Other liabilities	289.7			289.7
LIABILITIES ASSOCIATED WITH DISPOSAL GROUPS HELD FOR SALE		9,593.6	0.5	3.0	9,597.1

(*) The item Provisions includes the adjustment applied to align the carrying amount of banking sector assets held for sale to the fair value of those assets corresponding to the final price agreed for the sale to BPER (€220m).

3 Notes to the Financial Statements

Consolidated Income Statement

		Banking business	
		Amounts in €m	
		30/6/2019	30/6/2018
1.2	Commission income	72.2	62.4
1.3	Gains and losses on financial instruments at fair value through profit or loss	1.4	(3.7)
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	0.2	0.5
1.5	Gains on other financial instruments and investment property	115.5	141.5
1.5.1	<i>Interest income</i>	101.7	103.7
1.5.2	<i>Other income</i>	0.0	2.3
1.5.3	<i>Realised gains</i>	5.7	6.6
1.5.4	<i>Unrealised gains</i>	8.1	29.0
1.6	Other income	15.9	17.0
1	TOTAL REVENUE AND INCOME	205.3	217.7
2.2	Commission expenses	(6.8)	(7.5)
2.4	Losses on other financial instruments and investment property	(62.0)	(82.2)
2.4.1	<i>Interest expense</i>	(23.5)	(28.2)
2.4.2	<i>Other costs</i>		0.0
2.4.3	<i>Realised losses</i>	(1.1)	(10.8)
2.4.4	<i>Unrealised losses</i>	(37.4)	(43.2)
2.5	Operating expenses	(88.6)	(105.2)
2.5.1	<i>Commissions and other acquisition expenses</i>	32.7	29.2
2.5.2	<i>Investment management expenses</i>	14.6	18.3
2.5.3	<i>Other administrative expenses</i>	(135.8)	(152.7)
2.6	Other costs	(15.1)	(5.0)
2	TOTAL COSTS AND EXPENSES	(172.5)	(200.0)
PRE-TAX PROFIT (LOSS) FOR THE PERIOD		32.8	17.7
3	Income tax	(11.7)	(5.1)
PROFIT (LOSS) FOR THE YEAR AFTER TAXES		21.1	12.6
Capital loss (net of taxes) due to classification among discontinued operations		(21.1)	
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		12.6
of which attributable to the owners of the Parent			12.3
of which attributable to non-controlling interests			0.4

STATEMENT OF CASH FLOWS (indirect method)

	Banking business	
	30/06/2019	30/06/2018
Pre-tax profit (loss) for the year	32.7	17.7
Change in non-monetary items	341.2	(315.2)
Change in receivables and payables generated by operating activities	(635.4)	(682.9)
Paid taxes	(0.9)	(0.2)
Net cash flows generated by/used for monetary items from investing and financing activities	323.3	2,708.1
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	60.9	1,727.4
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES	5.0	(41.4)
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES	(82.9)	(1,703.4)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	93.9	99.8
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17.0)	(17.4)
CASH AND CASH EQUIVALENTS AT 30 JUNE	77.0	82.4

4.5 Transactions with related parties

Group companies that render services of various types to other Group companies are as follows: UnipolSai, Unisalute, Siat, Auto Presto & Bene, UnipolSai Servizi Previdenziali, UnipolRe, UnipolSai Investimenti Sgr, UnipolReC, Alfaevolution Technology, Leithà, Pronto Assistance Servizi, UnipolSai Servizi Consortili, Ambra Property, Arca Vita, Arca InLinea, Arca Sistemi, Arca Direct Assicurazioni and Unipol Banca. 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 objectives 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 and Ambra Property, 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 operating services provided to UniSalute Servizi), Auto Presto & Bene and UnipolRe involve fixed prices.

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

Financial and commercial transactions between the banking companies and the other companies in the Group were the usual types of transaction carried out within a complex group and related to services, deposit accounts or corporate financing and finance lease agreements. Agreements were also entered into for the sale and/or management of banking, financial and insurance products and services and the provision of auxiliary banking services in general. These transactions were usually carried out at the market terms applied to prime customers.

3 Notes to the Financial Statements

It should be noted that, in accordance with Art. 2497 et seq. of the Italian Civil Code, none of the shareholders of the Parent Unipol carries out management and coordination activities.

Tax regime for taxation of group income (so-called "tax consolidation")

The Parent Unipol renewed 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 for the three-year period 2018-2020. All companies in the Unipol Group that meet the regulatory requirements take part in this regime as consolidated companies.

The following table shows transactions with related parties (associates and other companies) carried out during the first half of 2019, as laid down in IAS 24 and in Consob Communication DEM/6064293/2006. It should be noted that the application scope of the Procedure to perform transactions with related parties, 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 (shown, together with other items, in the following table under item "Other"). The above also includes OICs, in which the Company, or one of its related parties, holds more than 20% of the equity rights, the company Coop Alleanza 3.0 Società Cooperativa.

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

<i>Amounts in €m</i>	Associates	Others	Total	% inc. (1)	% inc. (2)
Loans and receivables	16.9		16.9	0.0	2.4
Financial assets at amortised cost	12.2	78.2	90.3	0.1	12.9
Financial assets at fair value through profit or loss	0.8	11.0	11.8	0.0	1.7
Sundry receivables	17.2	0.1	17.3	0.0	2.5
Other assets	1.1		1.1	0.0	0.2
Cash and cash equivalents	63.4		63.4	0.1	9.1
Total assets	111.5	89.3	200.8	0.2	28.7
Provisions	1.1		1.1	0.0	0.2
Other financial liabilities	19.4	134.7	154.0	0.2	22.0
Sundry payables	6.4	0.3	6.7	0.0	1.0
Other liabilities	0.1		0.1	0.0	0.0
Total liabilities	27.0	134.9	161.9	0.2	23.1
Net premiums	0.2		0.2	0.0	0.0
Commission income	0.0	0.1	0.2	0.0	0.0
Gains on other financial instruments and investment property	3.0	0.5	3.5	0.4	0.5
Other revenue	0.2		0.2	0.0	0.0
Total revenue and income	3.4	0.6	4.0	0.5	0.6
Losses on other financial instruments and investment property	0.0	1.8	1.8	0.2	0.3
Operating expenses	57.4	0.3	57.6	6.7	8.2
Other costs	1.6		1.6	0.2	0.2
Total costs and expenses	59.0	2.0	61.0	7.1	8.7

Net charges relating to claims

(1) Percentage based on total assets in the consolidated statement of financial position recognised under Shareholders' Equity, and on pre-tax profit/(loss) for income statement items.

(2) Percentage on total net cash flow from operating activities mentioned in the statement of cash flows.

Loans and receivables, for €16.9m, referred to loans granted to associates by UnipolSai.

Financial assets, measured at amortised cost and amounting to €90.3m, referred, in the amount of €12.2m, to loans granted to associates by Unipol Banca. The above item also included, under item "Other", loans granted by Unipol Banca to the Goethe Fund (Mutual Real Estate Investment Fund), in the amount of €45.5m, and loans granted by Unipol Banca to Coop Alleanza 3.0 Società Cooperativa, in the amount of €31.6m.

Financial assets measured at fair value through profit or loss refer to units of the funds Uni Hs Abitare A-PT and Uno Fondo Sviluppo subscribed by Unipol Banca.

The item Sundry receivables from associates, totalling €17.2m, included €16.5m in receivables due from insurance brokerage agencies for commissions.

Cash and cash equivalents included the balances of current accounts opened by Group companies at BPER Banca.

Financial liabilities measured at amortised cost, equal to €154m referred, in the amount of €64m, to bank deposits held by associates in Unipol Banca. The "Other" category also included debt securities issued by Unipol Banca and held by the company Coop Alleanza 3.0 (€90m).

Sundry payables to associates included payables for commissions to be paid to BPER Banca for the placement of insurance products.

Operating expenses for €57.6m included €57.4m in costs on commissions payable to insurance brokerage agencies.

4.6 Fair value measurements – IFRS 13

For the disclosure of fair value measurement criteria and criteria to determine the fair value adopted by the Unipol Group, reference is made to Chapter 2, Accounting Standards adopted in the 2018 Consolidated Financial Statements.

Fair value measurement on a recurring basis

The table below shows a comparison between the assets and liabilities measured at fair value at 30 June 2019 and 31/12/2018, 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	
	Jun-19	Dec-18	Jun-19	Dec-18	Jun-19	Dec-18	Jun-19	Dec-18
<i>Amounts in €m</i>								
Assets and liabilities at fair value on a recurring basis								
Available-for-sale financial assets	44,870.2	41,781.3	392.6	377.3	1,476.1	1,280.6	46,738.8	43,439.2
Financial assets at fair value through OCI	722.5	663.3					722.5	663.3
Financial assets at fair value through profit or loss:								
- held for trading	106.8	108.8	101.6	164.0	14.4	15.2	222.7	288.0
- at fair value through profit or loss	7,213.2	6,203.5		0.7	1.0	1.3	7,214.2	6,205.5
- mandatorily at fair value	4.5	3.3			0.6	1.7	5.2	5.0
Total assets at fair value on a recurring basis	52,917.2	48,760.2	494.1	542.0	1,492.1	1,298.8	54,903.4	50,601.0
Financial liabilities at fair value through profit or loss:								
- held for trading	34.5	14.9	322.3	241.5	10.0	21.9	366.8	278.3
- at fair value through profit or loss					2,461.3	2,261.0	2,461.3	2,261.0
Total liabilities at fair value on a recurring basis	34.5	14.9	322.3	241.5	2,471.3	2,282.9	2,828.1	2,539.3

The amount of financial instruments classified in Level 3 at 30 June 2019 stood at €1,492.1m. Details of changes in Level 3 financial assets and liabilities in the same period are shown below.

3 Notes to the Financial Statements

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

	Available-for-sale financial assets	Financial assets at fair value through OCI	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	at fair value through profit or loss	mandatorily at fair value				held for trading	at fair value through profit or loss
<i>Amounts in €m</i>										
Opening balance	1,280.6		15.2	1.3	1.7				21.9	2,261.0
Acquisitions/Issues	51.4		0.3						(2.7)	
Sales/Repurchases	(7.0)									
Repayments	(2.4)									
Gains or losses recognised through profit or loss			(2.3)	(0.3)						
- of which unrealised gains/losses			(2.3)	(0.3)						
Gains or losses recognised in the statement of other	153.4									
Transfers to level 3										
Transfers to other levels										
Other changes			1.3	(0.0)	(1.0)				(9.2)	200.3
Closing balance	1,476.1		14.4	1.0	0.6				10.0	2,461.3

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.

With reference to "assets measured 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 €73.3m at 30 June 2019.

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:

Fair Value	<i>Amounts in €m</i>				
	Shock	+10 bps	-10 bps	+50 bps	-50 bps
		0.33	0.33	(1.60)	1.60
	Fair Value delta	(0.33)	0.33	(1.60)	1.60
	<i>Fair Value delta %</i>	<i>(0.44)</i>	<i>0.44</i>	<i>(2.18)</i>	<i>2.18</i>

Fair value measurement on a non-recurring basis

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 purposes of information requirements for the market. 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	
	Jun-19	Dec-18	Jun-19	Dec-18	Jun-19	Dec-18	Jun-19	Dec-18	Jun-19	Dec-18
<i>Amounts in €m</i>										
Assets										
Held-to-maturity investments	453.2	459.6	513.7	497.3	38.1	34.5	2.2		553.9	531.7
Loans and receivables	4,051.3	3,921.0			2,888.3	2,650.3	1,178.9	1,179.5	4,067.2	3,829.9
Financial assets at amortised cost	451.0	490.1					451.0	490.1	451.0	490.1
Investments in subsidiaries, associates and interests in joint ventures	882.7	74.5					882.7	74.5	882.7	74.5
Investment property	2,063.6	1,996.7					2,167.3	2,097.2	2,167.3	2,097.2
Property, plant and equipment	1,929.6	1,887.4					2,082.6	2,084.2	2,082.6	2,084.2
Total assets	9,831.3	8,829.4	513.7	497.3	2,926.3	2,684.8	6,764.6	5,925.6	10,657.7	9,107.7
Liabilities										
Other financial liabilities	4,400.6	4,382.4	3,952.0	3,668.5			788.1	719.1	4,740.1	4,387.6

4.7 Information on personnel

	30/6/2019	31/12/2018	variation
Total number of Unipol Group employees	14,696	14,241	455
<i>of which on a fixed-term contract</i>	<i>898</i>	<i>501</i>	<i>397</i>
Full Time Equivalent - FTE	14,022	13,603	419

The foreign company employees (1,438) include 558 insurance agents.

The increase in the Group employees compared with 31/12/2018 (+455) is due to:

- increase of 703 employees for new hirings;
- decrease of 248 employees for retirement, resignation and other reasons for termination of office.

3 Notes to the Financial Statements

Share-based compensation plans

The Unipol Group pays additional benefits (long-term incentives) to the Chief Executive Officer and Key Managers and other senior executives under closed three-year, share-based compensation plans by which Unipol and UnipolSai shares (performance shares) are granted if specific targets of Gross Profit and solvency capital requirements, as well as individual targets are achieved.

The 2016-2018 compensation plan based on financial instruments (*performance share* type), envisages the assignment of UnipolSai and Unipol shares over three years with effect from April 2019.

The first tranche of 2,065,453 UnipolSai shares and 2,227,601 Unipol shares was paid to those entitled on 25 April 2019.

4.8 Non-recurring significant transactions and events

During the first half of 2019, as already thoroughly described, the following is worth highlighting:

- the subscription of sales contracts of Unipol Banca to BPER Banca. This transaction, however, had no economic effect on the results for the period, inasmuch that the effects had already been included in the consolidated financial statements as 31 December 2018, as described in the previous section 4.4;
- the increased interests held in BPER Banca with consequent accounting of the same as associated company.

4.9 Atypical and/or unusual positions or transactions

In the first half of 2019, there were no atypical and/or unusual transactions that, because of their significance, importance, nature of the counterparties involved in the transaction, transfer pricing procedures, or occurrence close to the end of the first half, could give rise to doubts relating to: the accuracy and completeness of the information in these condensed consolidated half-yearly financial statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders.

4.10 Additional information on the temporary exemption from IFRS 9

As indicated in the paragraph Application of IFRS 9 by the Unipol Group, reported in the Notes to the consolidated financial statements at 31 December 2018, in these condensed consolidated half-yearly financial statements the IAS 39 standard was applied with reference to financial instruments held by UnipolSai and its subsidiaries. Following are tables containing the information necessary for a comparison with the insurance companies that apply IFRS 9.

Fair value at 30 June 2019, changes in fair value of financial investments recognised according to IAS 39 which passed the SPPI Test and other financial investments

	Consolidated carrying amount at 30/6/2019	Fair value at 30/6/2019	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)	43,817.6	44,056.3	2,659.2
Other financial investments (b)	14,862.6	14,775.9	373.2
Total (a) + (b)	58,680.2	58,832.2	3,032.5

Amounts in €m

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

Amounts in €m

Counterpart	Consolidated carrying amount at 30/6/2019
Italian Treasury	27,519.5
Spanish Treasury	4,038.7
Portuguese Treasury	663.6
Irish Treasury	322.9
French Treasury	310.3
Credit Agricole Groupe	286.9
Goldman Sachs Group Inc	278.8
Deutsche Bank AG	274.8
Generali SpA	271.6
Barclays PLC	262.3
Other Counterparts	9,588.2
Total Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss	43,817.6

Main exposures by counterpart of investments passing the SPPI test

Amounts in €m

Rating class	Consolidated carrying amount at 30/6/2019	IAS 39 carrying amount at 30/6/2019 before any adjustment for impairment	Fair value at 30/6/2019
AAA	224.8	211.6	224.8
AA	638.2	549.7	638.2
A	6,255.6	5,485.3	6,319.9
BBB	34,024.4	30,877.4	34,155.3
Total low credit risk financial investments (1)	41,143.0	37,124.1	41,338.3
BB	2,302.4	2,215.8	2,345.9
B	151.4	145.0	151.4
Lower rating	56.0	80.0	56.0
With no rating	164.8	163.5	164.6
Total financial investments other than low credit risk investments (2)	2,674.6	2,604.3	2,718.0
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (1) + (2)	43,817.6	39,728.4	44,056.3

3 Notes to the Financial Statements

4.10 Risk Report

The Risk Report aims to provide an overview of the risk management system, the internal risk assessment and solvency assessment processes and the Unipol Group risk profile, in compliance with the principles introduced in the European Solvency II regulations that entered into force from 1 January 2016.

It is worth noting that, in April 2019 the IVASS, following the application for authorisation submitted by Unipol Gruppo SpA, UnipolSai Assicurazioni SpA and Arca Vita SpA, authorised these companies to make modifications relating to the partial internal model for the calculation of Group and individual solvency capital requirements of UnipolSai Assicurazioni SpA and Arca Vita SpA, as from the determination of the requirement for year 2018.

Activities by the competent corporate organisations of the Group were carried out in the first half in compliance with Solvency II regulations and the supervisory provisions issued by IVASS.

As regards the Internal control and risk management system adopted by the Company, reference is expressly made to paragraph 5.16 of the Notes to the 2018 Consolidated Financial Statements.

As regards the financial risks at 30 June 2019, the level of sensitivity of the Unipol 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 further to the 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.

Insurance Business		
<i>Amounts in €m</i>	Impact on Income Statement	Impact on Statement of financial position
Unipol Group		
Interest rate sensitivity (+10 bps)	21.1	(336.2)
Credit spread sensitivity (+10 bps)	(0.7)	(360.7)
Equity sensitivity (-20%)	76.1	(707.1)

Banking Business		
<i>Amounts in €m</i>	Impact on Income Statement	Impact on Statement of financial position
Unipol Group		
Interest rate sensitivity (+10 bps)	(0.0)	(0.8)
Credit spread sensitivity (+10 bps)	(0.0)	(2.0)
Equity sensitivity (-20%)	(2.4)	(1.3)

Holding and other business		
<i>Amounts in €m</i>	Impact on Income Statement	Impact on Statement of financial position
Unipol Group		
Interest rate sensitivity (+10 bps)	(0.0)	(4.1)
Credit spread sensitivity (+10 bps)	(0.0)	(4.2)
Equity sensitivity (-20%)	(0.1)	(5.9)

The values include the hedging derivatives, including tax effects.

Information relating to exposure to sovereign debt securities

The following table shows details of Sovereign exposures (i.e. bonds issued by central and local governments and by government organisations and loans granted to them) held by the Unipol Group at 30 June 2019.

	Balance at 30 June 2019		
<i>Amounts in €m</i>	Nominal value	Carrying amount	Market value
Italy	29,695.7	29,851.8	29,885.1
Available-for-sale financial assets	25,744.8	26,031.5	26,031.5
Financial assets at fair value through OCI	1,188.7	1,185.1	1,185.1
Financial assets at fair value through profit or loss	104.1	14.5	14.5
Held-to-maturity investments	362.7	349.1	444.7
Loans and receivables	1,540.4	1,512.4	1,450.1
Financial assets at amortised cost	755.0	759.3	759.3
Spain	3,586.6	4,065.8	4,112.4
Available-for-sale financial assets	3,232.3	3,696.4	3,696.4
Financial assets at fair value through OCI	20.0	27.0	27.0
Loans and receivables	334.3	342.3	389.0
Portugal	518.9	663.6	664.7
Available-for-sale financial assets	501.6	648.7	648.7
Loans and receivables	17.4	14.9	16.0
Great Britain	6.9	7.3	7.3
Available-for-sale financial assets	6.9	7.3	7.3
Ireland	267.8	322.9	322.9
Available-for-sale financial assets	267.8	322.9	322.9
Germany	71.5	76.3	76.3
Available-for-sale financial assets	71.5	76.3	76.3
Canada	4.9	4.9	4.9
Available-for-sale financial assets	4.9	4.9	4.9
Belgium	92.6	100.5	100.5
Available-for-sale financial assets	92.6	100.5	100.5
Slovenia	217.8	256.3	256.3
Available-for-sale financial assets	217.8	256.3	256.3
Serbia	77.9	82.1	87.3
Available-for-sale financial assets	10.8	12.1	12.1
Held-to-maturity investments	67.1	69.9	75.1
Israel	74.1	80.5	80.5
Available-for-sale financial assets	74.1	80.5	80.5
Mexico	8.0	9.4	9.4
Available-for-sale financial assets	8.0	9.4	9.4
Poland	8.1	8.9	8.9
Available-for-sale financial assets	8.1	8.9	8.9
Latvia	48.5	54.9	54.9
Available-for-sale financial assets	48.5	54.9	54.9
Chile	13.0	14.4	14.4
Available-for-sale financial assets	13.0	14.4	14.4
Chile	24.0	27.8	27.8
Available-for-sale financial assets	24.0	27.8	27.8

3 Notes to the Financial Statements

cont. from previous page

	Balance at 30 June 2019			
	<i>Amounts in €m</i>	Nominal value	Carrying amount	Market value
France		296.1	310.3	310.3
Available-for-sale financial assets		296.1	310.3	310.3
Austria		14.5	15.4	15.4
Available-for-sale financial assets		14.5	15.4	15.4
Finland		5.0	5.2	5.2
Available-for-sale financial assets		5.0	5.2	5.2
Netherlands		17.3	18.0	18.0
Available-for-sale financial assets		17.3	18.0	18.0
Switzerland		3.6	3.8	3.8
Available-for-sale financial assets		3.6	3.8	3.8
USA		2.6	3.3	3.3
Available-for-sale financial assets		2.6	3.3	3.3
Slovakia		98.1	118.3	118.3
Available-for-sale financial assets		98.1	118.3	118.3
Lithuania		10.0	10.9	10.9
Available-for-sale financial assets		10.0	10.9	10.9
China		10.0	10.1	10.1
Available-for-sale financial assets		10.0	10.1	10.1
TOTAL		35,173.5	36,122.5	36,208.6

The carrying amount of the sovereign exposures represented by debt securities at 30 June 2019 totalled €36,122.5m, 83% of which is concentrated on securities issued by the Italian State (81% at 31/12/2018). Moreover, the bonds issued by the Italian State account for 52% of total investments of the Unipol Group, up 2% compared to 31/12/2018.

Bologna, 1 August 2019

The Board of Director

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)
Unipol Gruppo Spa	086 Italy	Bologna		G	4
Compagnia Assicuratrice Linear Spa	086 Italy	Bologna		G	1
UniSalute Spa	086 Italy	Bologna		G	1
Midi Srl	086 Italy	Bologna		G	10
Unipol Banca Spa	086 Italy	Bologna		G	7
Unisalute Servizi Srl	086 Italy	Bologna		G	11
UnipolSai Finance Spa	086 Italy	Bologna		G	9
Grecale Abs Srl (*)	086 Italy	Bologna		G	11
Unipol Investment Spa	086 Italy	Bologna		G	9
Castoro Rmbs Srl (*)	086 Italy	Milan		G	11
Atlante Finance Srl (*)	086 Italy	Milan		G	11
Ambra Property Srl	086 Italy	Bologna		G	11
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
Grecale RMBS 2011 srl (*)	086 Italy	Bologna		G	11
SME Grecale 2017 Srl (*)	086 Italy	Bologna		G	11
UnipolSai Assicurazioni Spa	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
	086 Italy	Bologna		G	1
BIM Vita Spa	086 Italy	Turin		G	1

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
				100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	98.99% UnipolSai Assicurazioni Spa	79.89%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
85.24%		97.15%		100.00%
	14.76% UnipolSai Assicurazioni Spa			
	100.00% UniSalute Spa	79.89%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	0.00% Unipol Banca Spa	8.07%		100.00%
	10.00% UnipolSai Finance Spa			
100.00%		100.00%		100.00%
	0.00% Unipol Banca Spa			
	0.00% Unipol Banca Spa			100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	63.39% UnipolSai Assicurazioni Spa	51.16%		100.00%
	98.12% Arca Vita Spa	50.19%		100.00%
	100.00% Arca Vita Spa	51.16%		100.00%
	100.00% Arca Vita Spa	51.16%		100.00%
	60.22% Arca Vita Spa	50.77%		100.00%
	39.78% Arca Assicurazioni Spa			
	82.03% Arca Vita Spa	50.99%		100.00%
	16.97% Arca Assicurazioni Spa			
	1.00% Arca Inlinea Scarl			
	0.00% Unipol Banca Spa			
	0.00% Unipol Banca Spa			
61.03%		80.70%		100.00%
	0.00% UniSalute Spa			
	1.36% UnipolSai Finance Spa			
	10.00% Unipol Investment Spa			
	0.00% Arca Vita Spa			
	0.01% Pronto Assistance Spa			
	0.00% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni			
	0.00% Finitalia Spa			
	0.33% UnipolSai Nederland Bv			
	0.00% UnipolSai Servizi Consortili Societa' Consortile a Responsabilita' Limitata			
	0.00% Gruppo UNA Spa			
	0.00% Unipol Finance Srl			
	0.00% Alfaevolution Technology Spa			
	0.00% Leithà Srl			
	8.289% UnipolPart I Spa			
	50.00% UnipolSai Assicurazioni Spa	40.35%		100.00%

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)
Incontra Assicurazioni Spa	086 Italy	Milan		G	1
Pronto Assistance Spa	086 Italy	Turin		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
Finitalia Spa	086 Italy	Milan		G	11
UnipolSai Nederland Bv	050 Netherlands	Amsterdam (NL)		G	11
Finsai International Sa	092 Luxembourg	Luxembourg		G	11
UnipolSai Investimenti Sgr Spa	086 Italy	Turin		G	8
Apb Car Service Srl	086 Italy	Turin		G	11
Auto Presto & Bene 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
UnipolSai Servizi Consortili Societa' Consortile a Responsabilita' Limitata	086 Italy	Bologna		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
Pronto Assistance Servizi Scarl	086 Italy	Turin		G	11
Pronto Assistance Servizi Scarl	086 Italy	Turin		G	11

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	51.00% UnipolSai Assicurazioni Spa	41.16%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	94.69% UnipolSai Assicurazioni Spa	76.42%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	0.00% Ddor Novi Sad	80.70%		100.00%
	100.00% UnipolRe Dac			
	100.00% UnipolSai Nederland Bv	80.70%		
	100.00% Unipol Banca Spa	97.15%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	36.15% UnipolSai Finance Spa	80.70%		100.00%
	63.85% UnipolSai Assicurazioni Spa			
51.00%		90.54%		100.00%
	49.00% UnipolSai Assicurazioni Spa			
	70.00% Auto Presto & Bene Spa	56.49%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% Casa di Cura Villa Donatello - Spa	80.70%		100.00%
0.02%		80.63%		100.00%
	0.20% Compagnia Assicuratrice Linear Spa			
	0.20% UniSalute Spa			
	0.02% Unipol Banca Spa			
	0.20% Arca Vita Spa			
	98.23% UnipolSai Assicurazioni Spa			
	0.02% BIM Vita Spa			
	0.02% Incontra Assicurazioni Spa			
	0.90% Pronto Assistance Spa			
	0.11% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni			
	0.02% UnipolRe Dac			
	0.02% Finitalia Spa			
	0.02% Auto Presto & Bene Spa			
	0.02% Pronto Assistance Servizi Scarl			
	98.81% UnipolSai Assicurazioni Spa	80.70%		100.00%
	1.19% Pronto Assistance Spa			
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	3.00% Compagnia Assicuratrice Linear Spa	80.55%		100.00%
	0.25% UniSalute Spa			
	0.10% Arca Assicurazioni Spa			
	95.34% UnipolSai Assicurazioni Spa	80.55%		100.00%
	0.15% Incontra 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)
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
Societa' Edilizia Immobiliare Sarda - S.E.I.S. Societa' per Azioni	086 Italy	Bologna		G	10
Villa Ragionieri Srl	086 Italy	Florence		G	10
Tikal R.E. Fund	086 Italy			G	10
Athens R.E. Fund	086 Italy			G	10
Unipol Finance Srl	086 Italy	Bologna		G	9
Grecale RMBS 2015 srl (*)	086 Italy	Bologna		G	11
Alfaevolution Technology Spa	086 Italy	Bologna		G	11
Leithà Srl	086 Italy	Bologna		G	11
UniAssiTeam Srl	086 Italy	Bologna		G	11
Unipol Reoco Spa	086 Italy	Bologna		G	11
Fondo Opportunity	086 Italy			G	10
UnipolReC Spa	086 Italy	Bologna		G	11
UnipolPart I Spa	086 Italy	Bologna		G	9
Fondo Landev	086 Italy			G	10

(1) Consolidation method: G=on a line-by-line basis; P=proportional; U=on a line-by-line basis as per unitary management.

(2) 1=Italian 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.

(*) Securitisation SPVs which, though not subsidiaries, are consolidated as essentially all risks and benefits are retained.

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	0.31% Pronto Assistance Spa			
	0.25% Apb Car Service Srl			
	0.25% Auto Presto & Bene Spa			
	0.10% UnipolSai Servizi Consortili Societa' Consortile a Responsabilita' Limitata			
	0.25% Alfaevolution Technology Spa			
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	99.57% Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	80.35%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	51.67% UnipolSai Assicurazioni Spa	41.69%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	95.00% UnipolSai Assicurazioni Spa	76.67%		100.00%
	0.68% Unipol Banca Spa	72.41%		100.00%
	88.91% UnipolSai Assicurazioni Spa			
100.00%		100.00%		100.00%
	0.00% Unipol Banca Spa			100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
	65.00% UnipolSai Finance Spa	52.45%		100.00%
	100.00% UnipolReC Spa	97.15%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%
85.24%		97.15%		100.00%
	14.76% UnipolSai Assicurazioni Spa	97.15%		
100.00%		100.00%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.70%		100.00%

4 Tables appended to the Notes to the Financial Statements

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
UnipolSai Assicurazioni Spa	19.30%		74.1	1,290.3

Details of unconsolidated investments

Name	Country of registered office	Registered office	Country of operations (5)	Business activity (1)
Hotel Villaggio Citta' del Mare Spa in Liquidazione	086 Italy	Modena		11
Assicoop Modena & Ferrara Spa	086 Italy	Modena		11
Assicoop Bologna Metropolitana Spa	086 Italy	Bologna		11
Fondazione Unipolis	086 Italy	Bologna		11
Uci - Ufficio Centrale Italiano	086 Italy	Milan		11
Assicoop Toscana Spa	086 Italy	Siena		11
Pegaso Finanziaria Spa	086 Italy	Bologna		9
SCS Azioninnova Spa	086 Italy	Bologna		11
Promorest Srl	086 Italy	Castenaso (BO)		11
Assicoop Emilia Nord Srl	086 Italy	Parma		11
Assicoop Romagna Futura Spa	086 Italy	Ravenna		11
Garibaldi Sca	092 Luxembourg	Luxembourg		11
Isola Sca	092 Luxembourg	Luxembourg		11
Fin.Priv. Srl	086 Italy	Milan		11
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	Belgrado (Serbia)		11
Borsetto Srl	086 Italy	Turin		10
Butterfly Am Sarl	092 Luxembourg	Luxembourg		11
Servizi Immobiliari Martinelli Spa	086 Italy	Cinisello Balsamo (MI)		10
Penta Domus Spa in Liquidazione	086 Italy	Turin		10
Golf Club Poggio dei Medici Spa Societa' Dilettantistica Sportiva	086 Italy	San Piero (FI)		11
BPER Banca Spa	086 Italy	Modena		7

(1) 1=Italy 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
56,906.4	51,653.8	44,737.6	3,783.0	6,685.4	390.0	77.8	5,741.4

Type (2)	% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	Carrying amount (€m)
b		49.00% UnipolSai Assicurazioni Spa	39.54%		
b		43.75% UnipolSai Finance Spa	35.31%		7.2
b		49.19% UnipolSai Finance Spa	39.70%		8.7
a		100.00% UnipolSai Assicurazioni Spa	80.70%		0.3
b		0.0002% Compagnia Assicuratrice Linear Spa	30.35%		0.2
		0.01% Arca Assicurazioni Spa			
		37.51% UnipolSai Assicurazioni Spa			
		0.002% Incontra Assicurazioni Spa			
		0.09% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni			
b		46.77% UnipolSai Finance Spa	37.74%		1.5
b		45.00% UnipolSai Finance Spa	36.31%		5.2
b		42.85% Unipol Banca Spa	41.63%		
b		49.92% Unipol Banca Spa	48.50%		
b		50.00% UnipolSai Finance Spa	40.35%		6.0
b		50.00% UnipolSai Finance Spa	40.35%		6.5
b		32.00% UnipolSai Assicurazioni Spa	25.82%		3.5
b		29.56% UnipolSai Assicurazioni Spa	23.86%		
b		28.57% UnipolSai Assicurazioni Spa	23.06%		37.3
a		100.00% Ddor Novi Sad	80.70%		0.0
b		23.55% UnipolSai Assicurazioni Spa	19.00%		2.5
b		32.46% Ddor Novi Sad	32.28%		0.6
		7.54% Ddor Re			
b		44.93% UnipolSai Assicurazioni Spa	36.26%		0.4
b		28.57% UnipolSai Assicurazioni Spa	23.06%		0.0
b		20.00% UnipolSai Assicurazioni Spa	16.14%		0.2
b		24.66% UnipolSai Assicurazioni Spa	19.90%		0.0
b		40.32% Gruppo UNA Spa	32.54%		0.8
b	10.10%		18.08%		801.8
		9.87% UnipolSai Assicurazioni Spa	18.08%		

4 Tables appended to the Notes to the Financial Statements

Statement of financial position by business segment

	Non-Life business		Life business	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	<i>Amounts in €m</i>			
1 INTANGIBLE ASSETS	1,514.6	1,523.6	406.2	416.1
2 PROPERTY, PLANT AND EQUIPMENT	1,019.6	990.0	76.5	76.0
3 TECHNICAL PROVISIONS - REINSURERS' SHARE	963.5	932.9	49.9	49.1
4 INVESTMENTS	15,788.6	14,485.7	45,182.6	41,750.2
4.1 Investment property	1,285.7	1,372.5	4.1	4.2
4.2 Investments in subsidiaries, associates and interests in joint ventures	437.8	70.1	3.5	3.6
4.3 Held-to-maturity investments	54.4	57.2	398.8	402.5
4.4 Loans and receivables	2,210.4	1,908.2	2,565.6	2,478.8
4.4bis Financial assets at amortised cost				
4.5 Available-for-sale financial assets	11,719.3	10,967.7	34,854.8	32,477.9
4.5bis Available-for-sale financial assets				
4.6 Financial assets at fair value through OCI	81.1	110.2	7,355.8	6,383.3
5 SUNDRY RECEIVABLES	1,820.6	2,251.4	586.5	576.1
6 OTHER ASSETS	905.5	884.5	92.9	140.4
6.1 Deferred acquisition costs	49.1	42.6	56.8	55.5
6.2 Other assets	856.4	841.8	36.0	84.9
7 CASH AND CASH EQUIVALENTS	176.2	335.5	477.7	528.6
TOTAL ASSETS	22,188.8	21,403.6	46,872.3	43,536.5
1 SHAREHOLDERS' EQUITY				
2 PROVISIONS	302.8	322.7	18.3	18.4
3 TECHNICAL PROVISIONS	15,228.9	15,211.8	40,672.7	38,011.5
4 FINANCIAL LIABILITIES	1,750.9	1,581.0	3,511.2	3,374.2
4.1 Financial liabilities at fair value through profit or loss	202.5	71.6	2,625.6	2,467.7
4.2 Financial liabilities at amortised cost	1,548.4	1,509.4	885.6	906.5
5 PAYABLES	673.2	708.8	155.9	169.2
6 OTHER LIABILITIES	620.3	647.2	323.2	96.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

Banks		Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018
		14.9	15.5	0.1	0.1			1,935.9	1,955.3
		222.1	214.5	611.3	606.9			1,929.6	1,887.4
								1,013.4	982.0
		1,686.2	1,193.8	889.2	593.1	(741.5)	(479.8)	62,805.2	57,543.0
		35.2	34.0	738.6	586.1			2,063.6	1,996.7
		441.4	0.8					882.7	74.5
								453.2	459.6
		0.2	0.2	10.0	7.0	(734.9)	(473.1)	4,051.3	3,921.0
		451.0	490.1					451.0	490.1
		30.7	0.3	140.6	0.0	(6.6)	(6.7)	46,738.8	43,439.2
		722.5	663.3					722.5	663.3
		5.2	5.0					7,442.1	6,498.5
		255.6	209.1	21.9	18.1	(221.5)	(292.7)	2,463.1	2,762.2
11,541.4	11,492.1	367.3	476.5	127.4	121.8	(1,047.4)	(928.9)	11,987.2	12,186.3
								106.0	98.1
11,541.4	11,492.1	367.3	476.5	127.4	121.8	(1,047.4)	(928.9)	11,881.2	12,088.2
		1,026.2	1,241.1	30.5	107.1	(1,527.0)	(1,947.7)	183.5	264.6
11,541.4	11,492.1	3,572.5	3,350.5	1,680.4	1,447.1	(3,537.5)	(3,649.1)	82,317.8	77,580.8
								7,547.2	6,326.7
		20.1	11.1	4.6	4.8			345.7	357.1
								55,901.6	53,223.3
		2,503.0	2,236.9	328.8	328.7	(865.2)	(599.0)	7,228.7	6,921.7
								2,828.1	2,539.3
		2,503.0	2,236.9	328.8	328.7	(865.2)	(599.0)	4,400.6	4,382.4
		765.6	818.6	45.1	27.4	(858.0)	(919.5)	781.8	804.4
11,323.1	11,273.6	44.6	40.3	15.9	20.5	(1,814.3)	(2,130.5)	10,512.9	9,947.6
								82,317.8	77,580.8

4 Tables appended to the Notes to the Financial Statements

Income statement by business segment

	Non-Life business		Life business	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	<i>Amounts in €m</i>			
1.1 Net premiums	3,884.9	3,750.7	3,012.3	1,954.7
<i>1.1.1 Gross premiums earned</i>	<i>4,091.6</i>	<i>3,948.7</i>	<i>3,023.6</i>	<i>1,965.4</i>
<i>1.1.2 Earned premiums ceded to reinsurers</i>	<i>(206.7)</i>	<i>(198.0)</i>	<i>(11.3)</i>	<i>(10.8)</i>
1.2 Commission income	3.0	3.1	14.0	18.6
1.3 Gains and losses on financial instruments at fair value through profit or loss	(187.9)	(44.8)	63.0	(66.9)
1.4 Gains on investments in subsidiaries, associates and interests in joint ventures	222.5	6.2	0.0	305.9
1.5 Gains on other financial instruments and investment property	470.9	322.4	718.7	801.1
1.6 Other revenue	193.6	188.8	28.9	30.0
TOTAL REVENUE AND INCOME	4,587.2	4,226.4	3,836.9	3,043.4
2.1 Net charges relating to claims	(2,501.8)	(2,451.3)	(3,456.2)	(2,271.8)
<i>2.1.1 Amounts paid and changes in technical provisions</i>	<i>(2,608.5)</i>	<i>(2,525.1)</i>	<i>(3,463.5)</i>	<i>(2,279.5)</i>
<i>2.1.2 Reinsurers' share</i>	<i>106.7</i>	<i>73.8</i>	<i>7.2</i>	<i>7.7</i>
2.2 Commission expenses	(3.9)	(4.4)	(6.8)	(8.4)
2.3 Losses on investments in subsidiaries, associates and interests in joint ventures	(0.0)	(0.3)	(0.1)	(0.2)
2.4 Losses on other financial instruments and investment property	(126.4)	(66.9)	(45.6)	(42.7)
2.5 Operating expenses	(1,115.1)	(1,058.0)	(122.4)	(127.4)
2.6 Other costs	(293.7)	(316.4)	(67.2)	(70.4)
2 TOTAL COSTS AND EXPENSES	(4,041.0)	(3,897.3)	(3,698.3)	(2,520.8)
PRE-TAX PROFIT (LOSS) FOR THE YEAR	546.2	329.1	138.5	522.6

Banks		Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	30/6/2018
								6,897.2	5,705.4
								7,115.2	5,914.1
								(218.0)	(208.7)
		4.4	3.8			(3.9)	(3.9)	17.5	21.6
		0.6	(1.6)			0.0	0.1	(124.3)	(113.1)
		230.0	(0.0)					452.5	312.1
		46.1	26.8	12.5	12.5	(15.1)	(11.7)	1,233.0	1,151.1
		128.8	107.2	16.1	18.3	(42.3)	(46.9)	325.2	297.3
		409.9	136.1	28.6	30.8	(61.3)	(62.3)	8,801.2	7,374.5
								(5,958.0)	(4,723.1)
								(6,072.0)	(4,804.6)
								113.9	81.5
		(0.4)	(0.1)	(0.0)	(0.0)			(11.1)	(12.9)
		(0.2)						(0.3)	(0.4)
		(54.8)	(56.2)	(31.3)	(50.3)	5.0	3.3	(253.0)	(212.7)
		(95.0)	(60.6)	(10.3)	(10.8)	12.3	17.0	(1,330.5)	(1,239.9)
		(56.9)	(72.1)	(13.4)	(17.2)	44.0	42.0	(387.2)	(434.1)
		(207.2)	(189.0)	(55.0)	(78.4)	61.3	62.3	(7,940.2)	(6,623.2)
		202.7	(52.9)	(26.4)	(47.5)			861.0	751.3

4 Tables appended to the Notes to the Financial Statements

Details of technical insurance items

	30/6/2019			30/6/2018		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
<i>Amounts in €m</i>						
Non-Life business						
NET PREMIUMS	4,091.6	(206.7)	3,884.9	3,948.7	(198.0)	3,750.7
a Written premiums	4,287.5	(258.5)	4,029.1	4,141.0	(241.1)	3,900.0
b Change in premium provision	(195.9)	51.8	(144.2)	(192.3)	43.1	(149.2)
NET CHARGES RELATING TO CLAIMS	(2,608.5)	106.7	(2,501.8)	(2,525.1)	73.8	(2,451.3)
a Amounts paid	(2,863.8)	130.9	(2,732.9)	(2,898.7)	93.5	(2,805.2)
b Change in claims provision	178.5	(19.3)	159.1	335.9	(12.8)	323.0
c Change in recoveries	78.4	(4.9)	73.5	38.5	(6.9)	31.5
d Change in other technical provisions	(1.6)		(1.6)	(0.8)		(0.8)
Life business						
NET PREMIUMS	3,023.6	(11.3)	3,012.3	1,965.4	(10.8)	1,954.7
NET CHARGES RELATING TO CLAIMS	(3,463.5)	7.2	(3,456.2)	(2,279.5)	7.7	(2,271.8)
a Amounts paid	(2,439.1)	6.5	(2,432.6)	(2,223.3)	7.1	(2,216.2)
b Change in provision for amounts payable	(230.5)	0.4	(230.2)	61.0	0.2	61.2
c Change in mathematical provisions	85.9	0.0	85.9	(238.4)	0.0	(238.4)
d Change in technical provisions where the investment risk is borne by policyholders and arising from pension fund management	(864.4)		(864.4)	179.7		179.7
e Change in other technical provisions	(15.4)	0.4	(15.0)	(58.5)	0.4	(58.1)

Investment income and charges

	Interests	Other income	Other charges	Realised gains	Realised losses
<i>Amounts in €m</i>					
Balance on investments	770.9	627.3	(121.3)	366.7	(149.8)
a Arising from investment property		25.8	(13.1)	6.2	(0.2)
b Arising from investments in subsidiaries, associates and interests in joint ventures		452.5	(0.3)		
c Arising from held-to-maturity investments	9.3		(0.0)		
d Arising from loans and receivables	49.3		(0.0)	3.5	(2.7)
e Arising from financial assets at amortised cost	0.2			24.0	(3.9)
f Arising from available-for-sale financial assets	672.5	78.3	(2.2)	279.6	(94.2)
g Arising from financial assets at fair value through OCI	7.2	5.4		6.6	
h Arising from held-for-trading financial assets	2.6	56.1	(62.7)	5.9	(46.2)
i Arising from financial assets at fair value through profit or loss	29.6	9.1	(42.9)	40.7	(2.5)
l Arising from financial assets mandatorily at fair value	0.1	0.1	(0.0)	0.2	
Balance on sundry receivables	1.0				
Balance on cash and cash equivalents	0.5		(0.0)		
Balance on financial liabilities	(77.1)	0.3	(110.1)		
a Arising from held-for-trading financial liabilities					
b Arising from financial liabilities at fair value		0.3	(105.2)		
c Arising from financial liabilities at amortised cost	(77.1)		(5.0)		
Balance on payables	(7.0)		(0.0)		
Total	688.2	627.6	(231.4)	366.7	(149.8)

Total realised gains and losses	Unrealised gains		Unrealised losses		Total unrealised gains and losses	Total gains and losses 30/6/2019	Total gains and losses 30/6/2018
	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment			
1,493.9	308.9	30.7	(238.5)	(27.3)	73.8	1,567.7	1,198.4
18.6		29.0	(15.7)	(18.6)	(5.3)	13.3	(30.3)
452.2						452.2	311.6
9.3						9.3	11.3
50.1						50.1	68.5
20.2		1.7	(2.0)		(0.4)	19.9	14.0
934.0	32.1	0.0		(8.1)	24.0	958.0	962.2
19.3	0.0			(0.6)	(0.6)	18.7	1.8
(44.3)	8.9		(210.8)		(201.9)	(246.2)	(51.8)
34.0	267.4		(9.7)		257.8	291.8	(87.4)
0.4	0.4		(0.2)		0.2	0.6	(1.5)
1.0						1.0	1.2
0.5						0.5	0.4
(187.0)	(59.9)		(7.3)		(67.2)	(254.2)	(55.3)
	0.0		(0.6)		(0.6)	(0.6)	
(104.9)	(60.7)		(4.3)		(65.0)	(169.9)	27.6
(82.1)	0.8		(2.4)		(1.6)	(83.7)	(82.9)
(7.0)						(7.0)	(7.7)
1,301.3	249.0	30.7	(245.8)	(27.3)	6.6	1,307.9	1,136.9

4 Tables appended to the Notes to the Financial Statements

Details of insurance business expenses

<i>Amounts in €m</i>	Non-Life business		Life business	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
Gross commissions and other acquisition costs	(942.0)	(894.2)	(58.6)	(56.3)
a Acquisition commissions	(686.5)	(633.5)	(34.8)	(30.3)
b Other acquisition costs	(178.3)	(180.4)	(22.0)	(21.4)
c Change in deferred acquisition costs	1.4	2.7	1.3	(1.3)
d Collection commissions	(78.6)	(83.0)	(3.1)	(3.4)
Commissions and profit-sharing received from insurers	69.8	66.7	1.3	2.2
Investment management expenses	(30.7)	(34.2)	(19.8)	(23.7)
Other administrative expenses	(212.3)	(196.4)	(45.3)	(49.6)
Total	(1,115.1)	(1,058.0)	(122.4)	(127.4)

Details of other consolidated comprehensive income statement

<i>Amounts in €m</i>	Amounts allocated		Adjustments from reclassification to profit or loss	
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
Other income items not reclassified to profit or loss	6.0	(9.3)	0.0	
Reserve deriving from changes in the shareholders' equity of the investees	6.8	(6.1)		
Revaluation reserve for intangible assets				
Revaluation reserve for property, plant and equipment				
Gains and losses on non-current assets or assets of a disposal group held for sale				
Actuarial gains and losses and adjustments relating to defined benefit plans	(1.9)	(1.7)	0.0	
Gains or losses on equity instruments at fair value through OCI	1.1	(1.5)		
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss				
Other items		(0.0)		
Other income items reclassified to profit or loss	748.2	(399.4)	(53.6)	(205.3)
Reserve for foreign currency translation differences	0.1	0.1		
Gains or losses on available-for-sale financial assets	706.5	(381.8)	(48.5)	(203.4)
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	23.3	(16.9)	(5.1)	(1.8)
Gains or losses on cash flow hedges	18.2	(0.8)		
Gains or losses on hedges of a net investment in foreign operations				
Reserve deriving from changes in the shareholders' equity of the investees				
Gains and losses on non-current assets or of a disposal group held for sale				
Other items				
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	754.2	(408.7)	(53.6)	(205.3)

Other changes		Total changes		Income taxes		Balance	
30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	31/12/2018
0.0	(0.1)	6.0	(9.4)	0.8	0.8	(46.5)	(52.5)
0.0	(0.1)	6.8	(6.1)			17.9	11.0
0.0		(1.9)	(1.7)	0.8	0.8	(30.4)	(28.5)
		1.1	(1.5)			(34.0)	(35.1)
			(0.0)				
	19.6	694.7	(585.1)	(304.0)	261.6	782.7	88.0
		0.1	0.1			5.1	4.9
	3.6	658.0	(581.6)	(290.1)	258.8	738.6	80.6
	15.9	18.3	(2.8)	(5.8)	2.5	18.9	0.6
		18.2	(0.8)	(8.1)	0.4	20.1	1.9
0.0	19.5	700.7	(594.5)	(303.2)	262.4	736.2	35.5

4 Tables appended to the Notes to the Financial Statements

Details of reclassified financial assets and their effects on the income statement and comprehensive income statement

Categories of financial assets subject to reclassification		Type of asset	Date of reclassification (*)	Amount of assets reclassified during the semester at the reclassification date	Carrying amount at 30/6/2019 of reclassified assets		Fair value at 30/6/2019 of reclassified assets	
from	to				Assets reclassified during the semester	Assets reclassified up to 30/6/2019	Assets reclassified during the semester	Assets reclassified up to 30/6/2019
At FV through profit or loss	Loans and receivables	debt securities				205.8		175.7
At FV through profit or loss	Loans and receivables	other fin. instr.						
Available-for-sale	Loans and receivables	debt securities				139.5		103.3
Available-for-sale	Loans and receivables	other fin. instr.						
At FV through profit or loss	Available-for-sale	equity instruments						
At FV through profit or loss	Available-for-sale	debt securities						
At FV through profit or loss	Available-for-sale	other fin. instr.						
At FV through profit or loss	Held-to-maturity investments	debt securities						
At FV through profit or loss	Held-to-maturity investments	other fin. instr.						
Available-for-sale	Held-to-maturity investments	debt securities						
Available-for-sale	Held-to-maturity investments	other fin. instr.						
Total						345.3		279.0

(*) Applicable only to financial assets classified according to IFRS9

Assets reclassified during the semester		Assets reclassified up to 30/6/2019		Assets reclassified during the semester		Assets reclassified up to 30/6/2019	
Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in the statement of other comprehensive income if there had been no reclassification	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in the statement of other comprehensive income if there had been no reclassification
						(2.5)	
							(17.0)
						(2.5)	(17.0)

**5. Statement on the Consolidated
Half-Yearly Financial Statements in
accordance with art. 81-ter of Consob
regulation 11971/1999**

Statement on the Consolidated Financial Statements



**STATEMENT ON THE CONDENSED CONSOLIDATED
HALF-YEARLY FINANCIAL STATEMENTS
IN ACCORDANCE WITH ART. 81-ter OF CONSOB REGULATION NO. 11971
OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS**

1. The undersigned, Carlo Cimbri, as Chief Executive Officer, and Maurizio Castellina, as Manager in charge of financial reporting of Unipol Gruppo S.p.A., hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- o the adequacy in relation to the characteristics of the company and
- o the effective application,

of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements for the first half of 2019.

2. The assessment of the adequacy of the administrative and accounting procedures for preparing the condensed consolidated half-yearly financial statements at 30 June 2019 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 Organizations of the Treadway Commission* and, as regards the IT component, by the *COBIT Framework (Control Objectives for IT and related technology)*, unanimously recognized as the reference standards for the implementation and evaluation of internal control systems.

3. It is also certified that:

3.1. The Condensed Consolidated Half-yearly Financial Statements at 30 June 2019:

- were drafted in compliance with the IAS/IFRS International Accounting Standards adopted by the European Union in accordance with EC Regulation no. 1606/2002, and Italian Legislative Decree no. 38/2005, Italian Legislative Decree no. 209/2005 and the applicable IVASS provisions, 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 interim Management Report includes a reliable analysis of the references to the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim Management Report also includes a reliable analysis of the information on relevant transactions with related parties.

Bologna, 1 August 2019

The Manager in charge of financial
reporting *Maurizio Castellina*
(signed on the original)

Chief Executive Officer and Group CEO
Carlo Cimbri

Unipol Gruppo S.p.A.

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Capogruppo del Gruppo Assicurativo Unipol iscritto all'Albo delle società capogruppo al n. 046
Capogruppo del Gruppo Bancario Unipol iscritto all'Albo dei gruppi bancari
www.unipol.it

6. Independent Auditors' Report



Review report on condensed consolidated half-yearly financial statements

To the Shareholders of
Unipol Gruppo SpA

Condensed consolidated half-yearly financial statements as of 30 June 2019

Foreword

We have reviewed the accompanying condensed consolidated half-yearly financial statements of Unipol Gruppo SpA and its subsidiaries (the Unipol Group) as of 30 June 2019, comprising the statement of financial position, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the statement of cash flow and the related notes. The Directors are responsible for the preparation of condensed consolidated half-yearly financial statements as of 30 June 2019 in accordance with International Accounting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated half-yearly financial statements based on our review.

Scope of review

We conducted our review in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) in Resolution No. 10867 of 31 July 1997. A review of condensed consolidated half-yearly financial statements consists of making enquiries, primarily of entity's person responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated half-yearly financial statements.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzini 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half-yearly financial statements of the Unipol Group as of 30 June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 6 August 2019

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

This report is only a translation from the original report in Italian, issued in accordance with Italian law.

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

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

Parent of the Unipol Banking Group
Entered in the Register of Banking Groups

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