E-MARKET SDIR CERTIFIED

UnipolSai ASSICURAZIONI

2020

Consolidated Financial Statements

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Consolidated Financial Statements
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Translation from the Italian original solely for the convenience of international readers


Unipol GRUPPO

PROUDLY ITALIAN

2020 will be remembered for the COVID-19 pandemic that descended on Italy and on the entire world; a historic moment in which all of us - people, businesses, institutions, communities - were called upon to show unprecedented responsibility and commitment.

Being such a profoundly Italian Group, we felt an even stronger need - in the midst of this difficult health, economic and social scenario - to remain close to the country and our stakeholders with wide-ranging initiatives for our customers, for all our partners and for the entire community, starting with those working on the front line against the virus, at healthcare and institutional level, yet continuing to generate value also for our shareholders.

We will be using images to accompany this account, a picture story of situations we have all lived through. Situations that bring us together, such as our common bond with the red, white and green that has flown on our balconies in recent months, that has brightened our monuments and buildings and which, as a sign of solidarity, we saw light up the whole world in the moment when Italy was hurting the most.

A symbol that we wanted to also include in our trademark, making the soul-binding pride that drives us even more evident. A pride that is pure Italian.

Contents

Company bodies

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

Introduction

Macroeconomic background and market performance

Macroeconomic background

The COVID-19 pandemic brought about a decline of 3.7% in global GDP in 2020 (+2.5% in 2019). The recession was more accentuated in the first half of the year, when the spread of infection imposed restrictive health measures and closures of production and commercial activities. After GDP bounced back in the third quarter (+7.3% compared to the previous quarter), in the fourth quarter of 2020 the pandemic scenario worsened once again and the uncertainty as to how the pandemic would evolve helped keep the global GDP at the end of 2020 lower than that of 2019.

In the **United States**, GDP decreased by 3.5% in 2020 (+2.2% in 2019). In particular, the collapse of private consumption made a negative contribution, whilst the economy was upheld primarily by public spending. Against slowing economic activity, there was a strong increase in unemployment, which rose from 3.7% in 2019 to 8.1% in 2020. In this context, the economic policy authorities implemented fiscal stimuli (particularly to households) and monetary stimuli (the Fed cut the rate on Fed Funds to 0.0%-0.125% and launched a new bond purchase programme), stopping inflation from falling below 1.3% (from 1.8% in 2019).

China closed 2020 with GDP growth of 2.3% (6.0% in 2019). The country, the first struck by the spread of COVID-19, recorded a 6.8% decline in the first quarter of 2020 compared to the first quarter of 2019. However, highly restrictive health measures allowed the country to more rapidly overcome the acute phase of the epidemic. This allowed a fast recovery of the previous year's production levels already from the second quarter of 2020. Investments and exports in particular drove the recovery, with the manufacturing sector (which in 2019 was impacted by trade tensions with the United States) back at 2019 levels by the end of 2020. In this context, the average inflation rate in 2020 was 2.5%. Aided by China's contribution, the GDP in the emerging countries bloc was able to limit the loss to -1.7% (after the 3.9% growth of 2019).

Japan closed 2020 with a 4.8% decline in GDP (+0.3% in 2019). After a highly negative first part of the year, the final quarter recorded higher than expected growth, driven by rising exports and investments, in addition to the recovery in consumption. Despite the ultra-accommodative monetary policy of recent decades and the further decrease in the policy rate implemented by the Bank of Japan (-0.03% at the end of 2020), a deflation of consumer prices was recorded in 2020 (-0.02%). In this context, unemployment remained very low in 2020 (2.8%), only marginally increasing from 2019 (2.4%).

In the **Euro Area**, GDP fell by 6.8% in 2020 (after a 1.3% growth in 2019). The recession was stronger in the first part of the year, when the region was hit by the epidemic. After rising in the third quarter, new closures in the fourth quarter (combatting the new waves of the pandemic) slowed the economy even further. In this phase, Euro Area countries introduced unprecedented expansionary fiscal measures, both at national and EU level, with the aim of keeping value chains and the demand for goods intact. These measures blocked an increase in the unemployment rate, which in 2020 was 8.0% on average (7.6% in 2019). In the context illustrated, the ECB strengthened the expansionary tone of its monetary policy, in particular enhancing the monetary easing.

Italian GDP fell by 8.9% in 2020 (after the moderate growth of 0.3% in 2019). The recession was more intense in the first part of the year, with second-quarter GDP declining by -13.0% on the first quarter. The closures especially affected private consumption, as well as making the already weak investments scenario deteriorate further. The block on dismissals and loans to the Wages Guarantee Fund, however, helped to keep the unemployment rate steady, standing at 9.2% at the end of 2020. In this context, the inflation rate was negative in 2020, at -0.1% on average.

Financial markets

The new expansionary measures announced by the **ECB** in 2020 to overcome the COVID-19 pandemic, including the activation of the new PEPP bond purchase programme for a total of €1,850bn lasting until March 2022, again drove all European interest rate curves downwards. The **3-month Euribor** rate closed 2020 at -0.54%, down by 16 basis points compared to the figures at the end of 2019, while the **10-year Swap** rate declined in the same period by 48 basis points, closing 2020 at -0.26%.

The expansionary monetary policies also brought down government interest rates in the main Euro Area countries. In Germany, the **10-year Bund** closed 2020 at -0.55%, down 39 basis points on the values at the end of 2019, whilst in Italy the 10-year BTP closed 2020 at 0.54%, down 87 basis points. The **10-year spread** between Italian and German rates was 109 basis points at the end of 2020, down by 48 basis points compared to the end of 2019.

The year 2020 closed negatively for the European stock markets which, however, after overcoming the most acute phase of the pandemic crisis, limited the extent of losses. The **Eurostoxx 50** index, referring to the Euro Area prices, showed a 5.62% decline in 2020 compared to the values at the end of 2019, whilst the **FTSE Mib**, referring to Italian listed companies, declined by 5.98% in the same period.

In 2020, the **Fed** also made its monetary policy even more expansionary in response to the pandemic crisis, returning to zero policy rates and launching a new bond purchase programme of a potentially unlimited amount and duration. These measures supported the US stock indexes, allowing the **S&P 500** to close 2020 up 16.6% compared to the end of 2019. The year 2020 also closed up for emerging market indexes: the **Morgan Stanley Emerging Markets** index rose by 15.0% in 2020.

Insurance Sector

In 2020, due to the expected evolution of the last part of the year, taking into consideration the final Life business data relating to 2020, MV TPL data relating to the third quarter of 2020 and Non-MV Non-Life business data relating to the second quarter of 2020, Italian insurance premiums should reach €134.5bn, down 4.1% compared to 2019.

Total premiums of the Italian direct portfolio in the **Non-Life** business (only direct business) are expected to decline in 2020 by 3.4% compared to 2019. In the **MV** sector, consisting of MV TPL, Marine Vessels TPL and Land Vehicle Hulls, premiums should be down compared to 2019 (-5.2%). In the same period, MV TPL + Marine Vessels TPL premiums should decline by 6.2%, while Land Vehicle Hulls should be down by 0.9%. According to ANIA data, in 2020 the average premium in the MV TPL business saw a decrease of 3.8% compared to 2019, to €335. The ISTAT index for MV TPL prices, the value of which reflects the price lists and not those actually applied by companies, instead recorded a 0.8% decline in 2020.
Non-MV Non-Life premiums should decline by 1.8% in 2020 compared to 2019. The Healthcare segment should fall by 4.1%, due to the strong decline in Health (-4.9%) and the more limited decrease in Accident (-3.3%). The Property class should be down slightly (-1.4%) thanks to the good stability of Other Damage to Property (+1.2%) and the Fire class (+0.5%). Other Non-Life premiums should instead rise by 2.3% thanks to the increase in Transport (+6.6%), Legal Expenses (+4.7%) and Credit (+3.6%), while General TPL is expected to decline by 0.6%.
In the **MV** sector, the negative trend for the **agency channel** should continue in 2020, with premiums down by 5.0% compared to 2019 and an overall weight of 82.7% on total premiums, against a decrease in premiums in the **Direct channel** (-4.5%), the **Brokers** channel (-6.5%) and the **banking channel** (-8.4%). For the **Non-MV** classes, premiums for the **agency channel** are expected to decline by 1.9%, whilst those from **direct sales** should increase (+4.9%) against a decline in premiums for the **banking channel** (-6.8%) and the **Brokers** channel (-1.1%).
Life segment premiums (only direct business) decreased in 2020 by 4.4% compared to 2019, due especially to the significant decline in Class I premiums (-9.4%) and Class V premiums (-24.1%). Growth continued, however, for Class III (+6.2%), Class IV (+21.7%) and Class VI (+39.2%).
In 2020, the **agency channel** in the Life segment was down by 3.2%, with an overall weight of 14.6% on total premiums. The **Consultants and Banks channels** were also down, by 4.7% and 6.6%, respectively, compared to 2019, accounting for 72.8% of total premiums, whilst the **Direct** and **Brokers** channels rose by 6.5%.

Pension funds

In 2020, net income from **asset management** (mutual funds, individual asset management, collective and individual pension schemes) amounted to roughly €14.6bn, which was however impacted by the particularly negative figure recorded in December 2020 on the management of institutional portfolios relating to an extraordinary administrative simplification of the portfolio management service of an institutional customer of GIAM SpA (-€25.1bn).

Pension asset management, with net income of roughly +€1.5bn, contributed positively for 10.5% to total net income. After an initial negative quarter (-€0.5bn), net **pension fund** income was positive throughout 2020: it made positive contributions in the second (+€0.6bn), third (+€0.7bn) and fourth (+€0.8bn) quarters. Asset management referring to pension funds (pension funds and individual pension plans) therefore amounted to €108bn at the end of 2020, equal to 4.5% of total assets under management, up 7.6% on 2019.
In 2020, existing positions with pension funds increased by 236k compared to the end of 2019. The annual increase of 2.6% was however more limited than in the previous two-year period (+4.4% in 2019 and +5.3% in 2018). In December 2020, there were therefore 9.353m existing positions, of which 72.1% held by employees. As certain individuals participate simultaneously in multiple pension schemes, this number of existing positions corresponds to around 8.480m enrolees (+2.6%).

In line with aggregate trends, in 2020 there was an expansion in **open-end funds** which recorded an increase of 4.9% in existing positions, corresponding to 10.7% growth in assets under management; for **occupational funds** (also inclusive of welfare funds), the increase came to 10.5%. There was also an increase in existing positions of 2.6% for "**new PIPs**", in which, against a decline in assets managed for other pension schemes that include them (-4.4%), the resources allocated to services were up by 10.4%. Lastly, **pre-existing pension funds** experienced a slight downturn in the number of existing positions (-0.4%), but an expansion of 9.8% in assets under management, thanks to a revaluation effect.

Thanks to the speedy equity market recovery in the second half of the year, in 2020 **average 1-year returns** of supplementary pension schemes were down compared to 2019, although they remained higher than the benchmark represented by the revaluation of post-employment benefits (1.2%). The best performance can be attributed to occupational pension funds, with a net yield of 3.1% (7.2% in 2019), followed by open pension funds with a net yield of 2.9% (8.3% in 2019), thanks to the contribution of balanced and equity. The net yield on "new" PIPs structured as segregated funds remained stable (1.4% against 1.7% in 2019), while the net yield of "new" PIPs structured as unit-linked plummeted from 12.2% in 2019 to -0.2% in 2020 (due to the negative contribution of equity, -1.3%).

Real Estate market

According to the Real Estate Market Observatory of the Tax Authorities, in 2020 **sales in the residential sector** dropped by 14.5% due to the block on real estate activities in April and May and the decline in demand for housing linked to the economic crisis. Milan, which was confirmed as one of the most active markets in Italy in 2019, was the market that saw the strongest loss in 2020 (-19.0%) among the major cities, followed by Naples (-18.1%), Turin (-16.7%) and Bologna (-16.6%).

The economic crisis also impacted **housing prices**, with home prices in the 13 major cities down 1.4% in 2020 compared to 2019. However, prices showed more rigidity than sales thanks to the substantial stability in the course of 2020 of the average time between the assignment of the engagement and the sale, and the average discount requested.

In the major cities, **residential rents** were also down compared to 2019 (-0.9%), but less than the decline in existing housing prices (-1.5%) and with an increasing cap rate (from 5.22% in 2019 to 5.25% in 2020). The decrease in rent impacted nearly all of the major cities, except for Milan and Bologna, which showed substantial price and rent stability.

In 2020, **sales in the non-residential sector** were down by 27.3% on 2019, with the loss spread among the various segments: manufacturing (-29.5%), stores (-26.8%) and offices (-26.5%). The worst performance, however, was seen in the hotels segment (-39.3%) which was heavily affected by the restrictions imposed to contain the pandemic.

As observed for housing, the pandemic also impacted **non-residential real estate prices**. The declining prices for stores and offices, which has now persisted over 26 half-years, continued again in 2020 and, due to the economic crisis, was greater than that recorded in 2019. Prices of offices declined by 2.3%, while those of stores were down by 2.4%. Rents also decreased, but at a slower pace than the sale prices (-1.8% for offices and for stores) with cap rates up both for stores (from 7.34% in 2019 to 7.38% in 2020) and for offices (from 5.12% in 2019 to 5.15% in 2020).

Main regulatory developments

In 2020, the reference regulatory framework for the sectors in which the Group carries on business saw numerous changes.

Relevant regulations for the insurance sector

As regards prudential insurance regulations, the **Solvency II** Directive was amended by Directive (EU) 2019/2177 of 18 December 2019 (transposed in Italy by **Decree Law no. 18 of 17 March 2020**), which introduces corrections to the function of the national component of the **Volatility Adjustment**. Specifically, the limit for triggering the national components of the volatility adjustment was lowered from 100 to 85 basis points. As a result of this calibration, the Volatility Adjustment should trigger more frequently, allowing stronger stabilisation of insurance companies' own funds when faced with market turbulence.
On the same issue, the **EIOPA Opinion on the Solvency II review** was published on 17 December 2020, in response to the request for advice issued by the European Commission. The main amendments suggested by EIOPA refer to: (i) a review of the long-term guarantees and changes to the Volatility Adjustment, both in terms of currency and national components, with effects on the discount rates for insurance liabilities; (ii) removal of the zero lower bound from the interest rate risk module, which would call for calculation of the impact on solvency of scenarios affected by strongly negative interest rates; (iii) introduction of a macro-prudential framework with the aim of requiring additional capital buffers for the insurance sector in order to overcome systemic shocks and the introduction of crisis management tools, such as resolution mechanisms or insurance guarantee schemes.

On **30 March 2020**, IVASS issued a notification to Italian insurance companies and groups requesting that they adopt extreme prudence in the **distribution of dividends** and other equity instruments **as well as in the payment of the variable remuneration component to corporate officers**, taking into account the COVID-19 epidemiological emergency and in line with the analogous recommendations issued at European level. This recommendation was also reiterated towards the end of 2020 by IVASS which requested by means of a press release dated **29 December 2020**, in line with the renewed recommendations from the ESRB and EIOPA, that companies not belonging to groups and ultimate Italian parent companies of insurance groups carefully and responsibly evaluate the impacts of the actions mentioned above that they intend to undertake, with reference to the year 2019 as well as 2020, and first contact IVASS itself to verify their compatibility.

On the domestic front, IVASS and CONSOB adopted **measures transposing Directive (EU) 2016/97 on insurance distribution** (the Insurance Distribution Directive – IDD), expected to enter into force on 31 March 2021. Specifically, IVASS issued **Regulation no. 45 of 4 August 2020** containing provisions on governance and control requirements for insurance products, governing the insurance product approval process by the manufacturer and the mechanisms for distribution and information to customers. At the same time, **IVASS Measure no. 97 of 4 August 2020** applied an overall review of IVASS Regulation no. 40/2018 on insurance distribution by introducing, among other things, new conduct and transparency obligations for the distribution of insurance-based investment products (IBIPs) In addition, that Measure amended the previous IVASS Regulations on disclosure, advertising and manufacture of insurance products (no. 41/2018); transparency of MV and boat TPL premiums (no. 23/2008); complaints management (no. 24/2008) and corporate governance (no. 38/2018). Lastly, **CONSOB Resolution no. 21466 of 29 July 2020** amended the Intermediaries' Regulation as regards, among other things, the rules of conduct and reporting obligations with which intermediaries entered in section D of the Single Intermediaries' Register (including banks and financial intermediaries) and their partners must comply in the distribution of insurance investment products.

Tax regulations

Numerous urgent legislative measures were issued in 2020, introducing provisions for safeguarding businesses against the effects of measures to contain the COVID-19 pandemic emergency. The regulations mainly aimed to limit the liquidity crisis generated in particular economic sectors, introduce subsidies for supporting and relaunching the economy and protecting jobs, and order the extension and suspension of procedural deadlines and audit and collection activities by the Tax Authorities, together with the deferral of payments and other tax obligations.
These refer in particular to the following Decrees, later converted to law:

- Decree Law no. 18 of 17 March 2020 ("*Cure Italy Decree*");
- Decree Law no. 23 of 8 April 2020 ("*Liquidity Decree*");
- Decree Law no. 34 of 19 May 2020 ("*Relaunch Decree*");
- Decree Law no. 104 of 14 August 2020 ("*August Decree*");
- Decree Law no. 137 of 28 October 2020 ("*Relief Decree*"), Decree Law no. 149 of 9 November 2020 ("*Relief Decree 2*"), Decree Law no. 154 of 23 November 2020 ("*Relief Decree 3*") and Decree Law no. 157 of 30 November 2020 ("Relief Decree 4"), the last three formally repealed by Law no. 176/2020 converting the Relief Decree which in any event reiterated the contents and retained the medium-term effects produced;
- Decree Law no. 172 of 18 December 2020 ("*Christmas Decree*").

The provisions of interest to the Group include:

- the Relaunch Decree, which introduced the "110% Superbonus" subsidy designed to stimulate energy and anti-seismic improvements to buildings by increasing the deductions on certain works to 110%, with the option of transforming the tax deductions into a discount on the price and/or tax credit transferable to other parties, including banks, insurance companies and other financial intermediaries. It is envisaged only for incentivised anti-seismic improvement works where the credit is transferred to an insurance company and a policy is simultaneously taken out to cover the risk of catastrophic events and the premium paid is 90% deductible;
- the August Decree, which introduced the option of realigning, by paying a 3% substitute tax, the value differences existing where carrying amounts are higher than the tax values on "revaluable" assets. These are mainly misalignments referring to extraordinary transactions.

Law no. 178 of 30 December 2020 (the "2021 Budget Law") contains the following provisions of interest to the Group:

- extension until 30 June 2022 (in some cases up to 31 December 2022) of the "110% Superbonus" introduced by the Relaunch Decree, extending the subsidised works, beneficiaries and provisions allowing credit transfer and a discount in the invoice;
- extension of the tax relief on energy renovation works, recovery of building assets and those relating to the "facades bonus" also for 2021;
- expansion of the revaluation and realignment introduced by the Relaunch Decree, extending the option to align lower tax values of goodwill and other intangible assets by payment of a 3% substitute tax;
- introduction of a tax credit for losses deriving from specific long-term savings plans (PIR PMI) established from 1 January 2021 and usable by subscribers in 10 equal amounts per year.

Other regulations

In relation to **sustainable finance**, note the issue of **Regulation (EU) no. 2020/852 of 22 June 2020** (the "Taxonomy Regulation") which establishes an EU-level classification system (the first in the world) to provide the public with a common taxonomy of economic activities considered eco-sustainable. The regulatory framework is based on six precisely identified environmental goals and allows an economic activity to be classified as sustainable from an environmental point of view if it contributes to at least one of these goals, satisfies the technical criteria defined by the European Commission and does not significantly harm the others. The Taxonomy Regulation entered into force on 12 July 2020, whilst the Delegated Acts relating to the technical criteria for the climate change mitigation and adaptation goals (the first two of the 6 environmental goals) will apply from 1 January 2022. The Delegated Acts relating to the technical criteria for the remaining 4 goals should be adopted by 31 December 2021 and will apply from 1 January 2023.
Lastly, on 10 March 2021 **Regulation (EU) no. 2019/2088 of 27 November 2019 (the Disclosure Regulation)** will enter into force, imposing transparency obligations on financial market operators in relation to the methods for integrating ESG factors into investment activities and internal processes. For the insurance sector, the integration of pre-contractual and periodic disclosures of IBIPs is envisaged in order to ensure transparency of the potential impact of environmental or social changes on product yields and of the sectors in which income relating to individual products

sold is invested (separating products investing in green sectors from national products). In addition, financial market operators are required to publish on their websites the effects of decisions to make corporate investments in environmental or social matters, as well as the remuneration policies of the business in relation to the integration of sustainability risks.

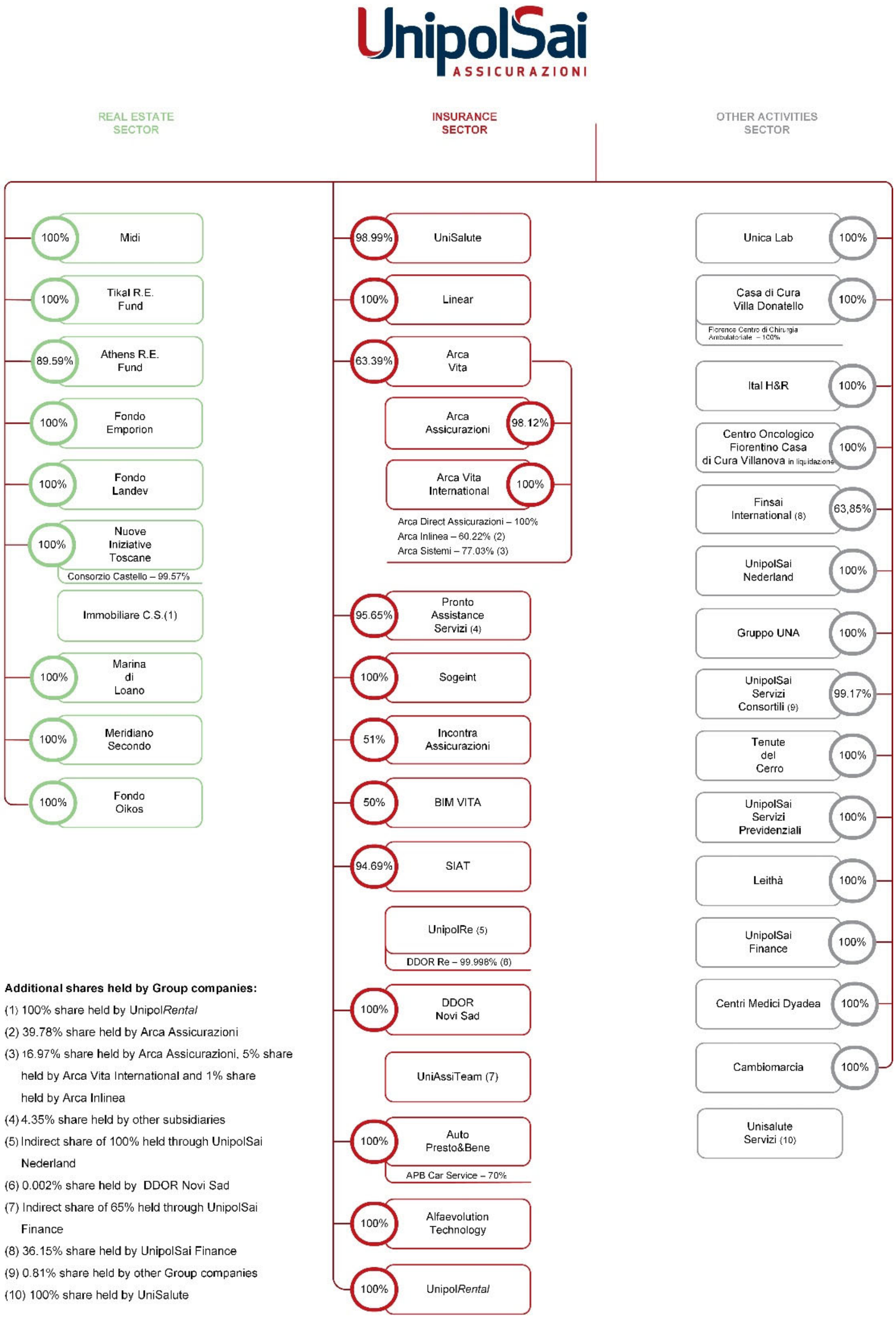
The Consolidated financial statements of UnipolSai Assicurazioni SpA are subject to an audit by independent auditors PricewaterhouseCoopers SpA (PwC), the company tasked with performing the legally-required audit of the consolidated financial statements for the 2013/2020 period. The duration of the assignment is one year less than originally agreed, following the waiver for 2021 submitted by PwC on 4 April 2019 at the request of UnipolSai, in relation to appointment of the independent auditors for the Parent Unipol for 2021-2029, to allow alignment between the duration of the UnipolSai audit engagement with that of the Parent.

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

Consolidation Scope at 31 December 2020

(direct holding out of total share capital)

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



Additional shares held by Group companies:

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

(2) 39.78% share held by Arca Assicurazioni

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

(4) 4.35% share held by other subsidiaries

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

(6) 0.002% share held by DDOR Novi Sad

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

(8) 36.15% share held by UnipolSai Finance

(9) 0.81% share held by other Group companies

(10) 100% share held by UniSalute

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MANAGEMENT REPORT

Group highlights

Amounts in €m	31/12/2020	31/12/2019
Non-Life direct insurance premiums	7,882	8,167
% variation	*(3.5)*	*3.5*
Life direct insurance premiums	4,328	5,847
% variation	*(26.0)*	*52.8*
of which Life investment products	569	393
% variation	*45.0*	*9.7*
Direct insurance premiums	12,210	14,014
% variation	*(12.9)*	*19.6*
Net gains on financial instruments (*)	1,371	1,606
% variation	*(14.6)*	*(16.5)*
Consolidated profit (loss)	853	655
% variation	*30.3*	*(30.9)*
Balance on the statement of comprehensive income	1,001	1,748
% variation	*(42.7)*	*n.s.*
Investments and cash and cash equivalents	68,769	66,369
% variation	*3.6*	*11.1*
Technical provisions	57,707	57,567
% variation	*0.2*	*8.2*
Financial liabilities	7,055	6,000
% variation	*17.6*	*14.2*
Shareholders' Equity attributable to the owners of the Parent	7,881	6,878
% variation	*14.6*	*26.2*
UnipolSai Assicurazioni SpA Solvency ratio - Partial Internal Model	318%	284%
No. Staff	11,770	12,274

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

Alternative performance indicators[1]

	classes	31/12/2020	31/12/2019
Loss ratio - direct business (including OTI ratio)	Non-Life	57.3%	66.1%
Expense ratio (calculated on written premiums) - direct business	Non-Life	28.1%	27.7%
Combined ratio - direct business (including OTI ratio)	Non-Life	85.4%	93.7%
Loss ratio - net of reinsurance	Non-Life	58.8%	66.3%
Expense ratio (calculated on premiums earned) - net of reinsurance	Non-Life	28.2%	27.9%
Combined ratio - net of reinsurance (*)	Non-Life	87.0%	94.2%
Premium retention ratio	Non-Life	94.6%	94.7%
Premium retention ratio	Life	99.6%	99.7%
Premium retention ratio	Total	96.2%	96.7%
Group pro-rata APE (amounts in €m)	Life	467	608
Expense ratio - direct business	Life	5.0%	3.8%
Expense ratio - net of reinsurance	Life	5.0%	3.7%

(*) with expense ratio calculated on premiums earned

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

Management Report

Significant events during the year

COVID-19 - Impacts and initiatives of the Group

2020 was characterised by the progressive spread of the COVID-19 pandemic, which initially arose in China at the end of 2019 and then spread globally, becoming a pandemic, in the early months of 2020, with significant repercussions on global economic and financial market trends. Subsequent action by the central banks, which announced monetary policies due to remain strongly expansive in the long term and Recovery Fund initiatives, including non-repayable subsidies, to encourage economic recovery, then allowed the financial markets to recover. For information in this regard, please refer to the "Macroeconomic background and market performance" section of this Report.
A disclosure is provided below, also in compliance with the recommendations of Consob laid out in the informational notes no. 6/20 of 9 April 2020, no. 8/20 of 16 July 2020 and no. 1/21 of 16 February 2021, concerning the disclosure required in reference to specific topics and relating to consequences of the COVID-19 pandemic (hereinafter, also the "**Consob informational notes**"), concerning the effects on operations and the initiatives enacted by the Unipol Group to deal with the emergency.

The spread of the COVID-19 pandemic in Italy from the end of February 2020, and the lockdown period that followed with the aim of combating it, immediately triggered a considerable decline in premiums collected, despite these never having caused particular difficulties in terms of cash flow management, considering the liquidability of our investments and the level of liquidity normally held, for this situation also prudently increased. After the end of the first lockdown there was a rapid recovery in collections, whereas the effects of the second wave, with new selective lockdowns introduced from November 2020 at regional level, less pervasive than the previous lockdown in the spring, did not have significant effects on premiums collected and on the activities of our sales networks. The Group's financial investments were therefore managed normally, obtaining significant gross portfolio profitability of 2.9%. During the year, also as a result of trends recorded on the financial markets in the initial spread of the pandemic and their repercussions on Group solvency levels and with a view to reducing Solvency ratio volatility, the asset allocation was significantly reviewed, decreasing the percentage of Italian government securities held in the portfolio from 51% to 43.2% and selling part of the investments subject to equity risk in favour of "core Europe" government securities, high-rating corporate bonds and real assets.

The limited decline recorded in Non-Life premiums of the Group at year end (-3.5%) was therefore mainly linked to the decrease in the average MV TPL premium, due to discounts granted to customers permitted by the lower claims frequency resulting from restrictions on circulation. Life premiums were also down (-26%), though in this segment a decline was expected compared to the previous year, due to commercial decisions as well as the comparison with 2019 in which there was strong growth, also resulting from one-off contracts of significant amounts. Instead, it is important to emphasise the decrease recorded in the surrender rate of our customers, demonstrating the importance and security perceived in investment in life policies.

In a context strongly influenced by the effects of the pandemic, the year-end valuations of technical provisions involved maintaining strong prudential margins as shock absorbers against any future repercussions, not yet known, on the global insurance guarantees provided by the Group. Despite this, in terms of Non-Life technical results, the year closed with a Combined Ratio, net of reinsurance, that had improved by more than 7 points compared to the previous year, due to the limitation of claims, particularly in the MV TPL segment, recorded in the two lockdown periods.
The improvement in the Combined Ratio can also be attributed to the decline in overhead costs, particularly for personnel, due to the trade union agreements which, against reduced company operations, permitted the use of back holidays and recourse to the Inter-Sector Fund. There were also lower costs due to the suspension of overtime, travel and employee training in the classroom. On the other hand, expenses increased (roughly €20m) due to increasingly intensive sanitisation and cleaning of the offices and the costs/investments linked to the IT equipment, allowing access to smart working for all the Group's personnel (remotely or from home).

Against the technical improvements recorded, linked to not using vehicles or using them less during the first lockdown period, UnipolSai decided to give its customers a discount equal to one month (1/12) of the premium paid previously when they renewed their MV TPL policies. The discount can be activated using a voucher that can be downloaded from the UnipolSai app. In this regard, considering that the benefits deriving from the block on the circulation of vehicles during the lockdown were completely exhausted in 2020, the overall cost expected from the initiative was recognised in full at 31 December 2020, also by adding to the provision for unexpired risks. As an incentive to our customers, the initiative was extended in 2021 to customers who, for whatever reason, had not yet used the voucher to renew their MV TPL policy.

Overall, therefore, the performance achieved by the Group in the insurance business is considered rather satisfactory, demonstrating substantial resilience and response capacity to the difficulties of the year just ended.
With reference to other businesses of the Group, the most significant effects were seen for the company Gruppo UNA, active in the hotel sector, on which the COVID-19 pandemic had a very significant impact. Already at the end of February, the company closed the majority of its hotels (27 out of a total of 31) concentrated in major Italian cities and in some tourist areas, and made recourse to the Salary Integrity Fund for all office and hotel employees. Selective re-openings were arranged during the summer, but very quickly - when the second wave arrived - most of the facilities were closed again. The company consequently recorded a 73% drop in turnover and, despite the cost containment action promptly taken, recorded a loss of earnings of around €23m.
The other Group companies, active in other types of businesses and moreover with sizes that are not particularly relevant within the Group, did not record significant impacts in terms of the Income Statement for the period.

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

On the basis of the long-term economic and financial projections prepared on information currently available, taking into account the nature and characteristics of the Group's businesses, it is not considered that the effects of COVID-19 can significantly jeopardise the achievement of strategic objectives disclosed to the market and/or compromise going concern. The Group continues its careful and constant monitoring of the liquidity and solvency positions, made even more stringent from March 2020 given the strong volatility and uncertainty as the pandemic spread, also further to specific requests from the Supervisory Authority, to make it possible to promptly take any required risk profile optimisation measures. Please refer to paragraph 5.13 "Criteria to determine the value of goodwill with an indefinite useful life (impairment test)" in the notes to the financial statements regarding the calculation method used, the economic and financial assumptions and the sensitivity analysis.

Main initiatives of the Group in response to the health emergency in 2020

At operating level, actions and initiatives were implemented, adapting them over time as the health emergency and related regulatory measures developed.
At the end of February 2020, an internal task force was formed, dedicated to managing the emergency through:
- initiatives for employees, subject to disclosure and dialogue with the company's insurance sector trade union representatives;
- initiatives for agents, with the creation of a permanent roundtable with the representation of agents, intended to provide support to their liquidity situation (e.g., early payment of contributions and fees, deferment of payment plans due from agents) and safety (e.g., provision of masks and sanitising gel).

As far as **employees** are concerned, a series of initiatives were promptly activated to limit the risks of contagion, including: suspension of travel and limitation of all forms of assembly; intensification of office disinfection activities, expansion of flexibility in entry and exit times, parental leave, as well as daily monitoring of the situation by the task force.
As the health emergency worsened, in March 2020 all offices throughout the country were gradually closed. At the same time, activities were launched to progressively enable smart working by employees, until reaching 6,800 UnipolSai employees (roughly 97%) and 9,300 employees of the Group (roughly 90%).

Furthermore, resources and structures for which presence at the office was required to ensure business continuity were identified, and dedicated authorisations, managed by the task force, were issued for them to guarantee the minimisation of people present at the office and respect for safety protocols.
In relation to the temporary decrease in business volumes at the beginning of the emergency period, also in order to facilitate the contractual management of employment relationships pending the large-scale implementation of smart working for employees, leave paid by the company was first recognised along with the use of holidays, and minimum sizing possibilities were then formulated to guarantee the functioning of the operating mechanism, resulting in a reduction in working days through the use by workers of holidays and the paid contractual options available, or unpaid leave jointly with leave paid by the company.
Taking into account the continuing decline in business, following the signing of dedicated trade union agreements, in the main companies applying the national insurance agreement, from 4 May to 9 August 2020 18 days of suspension from work activities were provided for, first through the use of holidays accrued and unused at 31 March 2020 and subsequently recourse to the ordinary Inter-Sector Solidarity Fund, guaranteeing full protection for wages and the correlated contributions by supplementing the allowance disbursed by the Fund.
In some of the diversified companies, like Gruppo UNA, Midi and Tenute del Cerro, based on specific trade union agreements, recourse was made to the social safety nets established for the respective sectors (FIS and CISOA, respectively), due to the temporary interruption in production activities.
Also in light of the national launch in May of "Phase 2", all analyses were performed in preparation for the safe reopening of the offices. To this end, a specific technical panel was set up within the task force and a detailed analysis was conducted on the logistics and capacity of all the Group offices and necessary action taken to make them safe (e.g., adoption of thermoscanners, purchase of personal protection equipment and sanitiser gel dispensers, definition of specific procedures and rules of conduct). In addition, the actual effectiveness of smart working was verified, therefore allowing the start-up in July of a pilot return project, with alternating presence in the management offices and a limited number of local offices, involving roughly 1,500 workers. At the same time, the option was given under controlled circumstances for sales and technical personnel to travel in order to guarantee the necessary support to the Agencies.
Following the success of the pilot project, the gradual return to the office of all Group employees began from the end of September, with a system of office attendance for 2 days out of 5 and continuing to facilitate smart working in line with the national context.
From the end of October, however, as the national pandemic figures began to rise once more, the Group again decided to limit access to the workplace and enable smart working for the entire week.

Initiatives to support the agency network acted on two fronts, with the goal of ensuring adequate liquidity to the agencies while also providing support so they could continue to operate safely.
The liquidity support actions included:

- early payment of commission incentives and contributions for the year 2019;
- suspension until the end of the year of the reimbursement repayment plans, with the possibility to defer the entire plan with no additional costs for agents;
- extraordinary support to agencies with liquidity issues by paying fees early commensurate with the estimated reduction in collections in the March-June 2020 period compared to the same period of the previous year.

The actions to support operations included:

- enabling all Agencies to make mobile remote sales by strengthening multichannelling functions;
- activation of the dedicated UniSalute Medical Centre service for all agents, sub-agents, producers and employees of the agency networks;
- establishment within the Sales Department of dedicated crisis units to handle any closures of agencies or points of sale on the basis of measures of the Health Authorities;
- support with the provision of health materials and personal protection equipment for the Agencies.

Aside from the initiatives in favour of employees and agents, the Group also enacted a series of **interventions to support customers and communities**, summarised below.

<u>Initiatives in support of customers</u>

- **Un Mese Per Te [One Month for You]**: as mentioned previously, considering the improved incidence of claims due to the first lockdown, UnipolSai provided its customers with a voucher worth 1/12 of the MV TPL premium paid on policies effective when the initiative was launched, which can be used when the policy is renewed, originally valid until 31 May 2021, and later extended to 31 December 2021;

- Extension of the expiration of terms for the payment of premiums from 15 to 30 days from the date of expiry for all Non-Life policies (MV and Non-MV). Extension to 90 days for the payment of premiums on Life policies falling due during the lockdown period;
- Free extension to cover customers insured with health policies with daily indemnities also following at-home quarantines after testing positive for COVID-19;
- Medical consulting on COVID-19 24/7 through the UniSalute medical operation centre for policyholders with a health policy;
- #UniSalutePerTe: UnipolSai decided to give its 10 million customers, even if holders of just one Home or Life policy, a UniSalute healthcare policy to cover the potential consequences of COVID-19. The initiative can be enabled via the UnipolSai app by 31 March 2021 and offers specific free healthcare coverage.

<u>New products to protect customers</u>

- #Andràtuttobene: #Andràtuttobene (Businesses) and #Andràtuttobene Premium (Retail), which include both specific coverage (e.g., daily benefits for hospitalisation, indemnity for intensive care hospitalisation) and dedicated services (including telephone assistance, video consultations and psychological support);
- #Andràtuttobenefree: free UnipolSai policy for customers dealing with hospitalisation caused by COVID-19. Free for customers who renew a Non-Life (MV or Non-MV) policy expiring in March, April or May 2020 and register or access the Private Area;
- #Sicuriripartiamo CARD: the new card designed for the world of work, which offers businesses a package of useful services to be shared safely and to guarantee the protection and safeguarding of the health of all workers. The card provides many benefits, including access to health services at special rates, and is dedicated to all types of businesses: from large enterprises to small companies, to retail establishments with a VAT number;
- UnipolSai Salute&Prevenzione: a product that increases the healthcare range with coverage focusing on preventive care and on illness or accident diagnostics.

<u>Initiatives in support of the community</u>

In March 2020, UnipolSai, set aside €20m to deal with the coronavirus emergency in the most impacted areas of Italy. In close agreement with the Regional Authorities, Civil Protection and all institutional stakeholders involved in managing the emergency, Unipol allocated those resources to increase the availability of beds in hospitals, particularly those in intensive and sub-intensive care, and for the acquisition of the health equipment required to deal with the spread of the pandemic. In agreement with the Lombardy Region, €6m was disbursed for:

- the extraordinary purchase of pulmonary ventilators and consumables such as masks, protective suits, disinfectants and the instruments needed by healthcare facilities to limit the opportunities for contagion;
- the creation of a new emergency medical facility in the Fiera Milano City pavilions.

At the same time, the Group offered its support to the community of Bergamo, one of those most impacted by the COVID-19 emergency, by supporting the activities of the humanitarian organisation Cesvi. The Company donated €1m to purchase a mobile CT scanner, a machine that was fundamental during the emergency phase, for the field hospital set up by the Italian Alpine soldiers in Bergamo. This new CT scanner will also allow patient monitoring and enhanced diagnosis of COVID-19 infection.
Furthermore, in agreement with the Emilia-Romagna region, €5.5m was donated for:

- the construction of a new pavilion at Sant'Orsola Hospital in Bologna, dedicated to treating patients suffering from coronavirus, with 90 beds of which 44 for intensive and sub-intensive care;
- the creation of new recovery areas at Bellaria Hospital in Bologna with 88 beds, of which 73 for intensive and sub-intensive care and the strengthening of the emergency medicine area.

Support was also provided to the law enforcement authorities for the efforts made to deal with the emergency, with €1m distributed equally between the Carabinieri, the State Police, the Italian Tax Police and the Fire Brigades, and €1m to Civil Protection to acquire protection equipment.
Another €1m was donated to Civil Protection for a specific initiative to support the families of doctors and healthcare workers who died as a result of the COVID-19 pandemic.
A €1m contribution was made to support initiatives to handle the emergency in the Marche Region, €0.2m was provided to the City of Turin local health authority for the acquisition of protection equipment and materials for the Intensive Care Unit at Martini Hospital and €0.3m was donated for the purchase of 15 pulmonary ventilators for hospitals located in Lombardy and Emilia-Romagna.

Thanks to the donations made by Group employees, agents and their associates, it was also possible to donate two million meals that were distributed, in the form of groceries, by the Food Bank through 7,500 associations and charitable groups that offer aid to people in need throughout Italy.

Mergers/spin-offs of subsidiaries

As part of the transactions aimed at rationalising and simplifying the corporate structures of the UnipolSai Group, as resolved by the Board of Directors on 21 June 2019, a deed of merger by incorporation of Pronto Assistance SpA in UnipolSai was signed on 21 January 2020 (the "Merger"). The Merger took effect for legal purposes on 1 February 2020, and from 1 January 2020 for accounting and tax purposes.
Also on 21 January 2020, deeds were signed regarding (i) the global spin-off of Ambra Property Srl in favour of UnipolSai, Gruppo UNA SpA and Midi Srl, (ii) the global spin-off of Villa Ragionieri Srl in favour of UnipolSai and Casa di Cura Villa Donatello SpA and (iii) the partial spin-off of the latter in favour of UnipolSai. The global spin-offs became effective from 1 February 2020, effective from 1 January 2020 for accounting and tax purposes. The partial spin-off of Casa di Cura Villa Donatello took effect on 1 February 2020, effective from the same date for accounting and tax purposes.
Please note that as the transactions in question were carried out between subsidiaries, they did not have economic and financial effects at consolidated level, with the exception of possible reallocations of assets and liabilities subject to such transactions within different UnipolSai Group business segments.

Agreement with Intesa Sanpaolo SpA

On 17 February 2020, UnipolSai Assicurazioni and Unipol Gruppo, in relation:
i) to the promotion by Intesa Sanpaolo of a surprise voluntary public exchange offer on all shares of UBI Banca SpA (the "PEO");
ii) to the acquisition by BPER Banca SpA ("BPER"), having positively concluded the PEO, of a business unit consisting of bank branches and the assets, liabilities and legal relationships connected to them (the "Banking Business"), jointly notified the market that UnipolSai Assicurazioni had entered into an agreement with Intesa, subject to the fulfilment of specific conditions, for the subsequent acquisition, either directly or through a subsidiary, of business units linked to one or more current insurance companies invested in at the time by UBI Banca (BancAssurance Popolari SpA, Lombarda Vita SpA and Aviva Vita SpA), consisting of Life insurance policies taken out by customers in the Banking Business and the relative assets, liabilities and legal relationships (the "Insurance Businesses").
In this regard, please note that some of the conditions set forth in the agreement and referring to the acquisition have been fulfilled and specifically:

- on 30 July 2020, the Public Purchase and Exchange Offer promoted by Intesa Sanpaolo on UBI Banca shares was successfully concluded;
- on 3 November 2020, the BPER Banca share capital increase was successfully concluded, in order to provide the bank with the resources necessary to acquire the Banking Business, in which Unipol and UnipolSai participated, in proportion with their shareholdings in BPER Banca, paying €75m and €73m, respectively;
- on 22 February 2021, the acquisition of the Banking Business by BPER was completed.

On the basis of the agreement, when additional conditions are fulfilled, including, inter alia, the assumption of control of Lombarda Vita and Aviva Vita by Intesa Sanpaolo, the latter and UnipolSai Assicurazioni shall proceed with the definition of the Insurance Businesses and their subsequent transfer. The consideration for the transfer of the Insurance Businesses will be determined on the basis of the same valuation criteria as those adopted for the determination of the price paid by UBI Banca for the acquisition of control of Lombarda Vita and Aviva Vita as well as, as concerns the Insurance Business of BancAssurance Popolari, by making reference to its asset value.

Fitch updates UnipolSai's rating to "BBB"

On 7 May 2020, the rating agency Fitch Ratings automatically revised the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA to "BBB" from "BBB+" after Italy's sovereign rating was downgraded. As a result, the Long-Term Issuer Default Rating (IDR) assigned to Unipol Gruppo SpA also fell from "BBB" to "BBB-", along with the ratings of the Unipol Group's debt issues, all updated by 1 notch:

- the senior bonds of Unipol Gruppo SpA are now "BB+";
- the subordinated bonds maturing in 2021 and 2023 of UnipolSai Assicurazioni SpA are now "BB+";
- the subordinated bond maturing in 2028 of UnipolSai Assicurazioni SpA is now "BB";
- the perpetual subordinated bond of UnipolSai Assicurazioni SpA is now "BB".

At the same time, the rating agency improved the outlook of the above-mentioned ratings, transitioning them from "negative" to "stable".

First DBRS Morningstar rating for the Group

On 8 October 2020, the rating agency DBRS Morningstar (DBRS) awarded ratings for the first time, at the request of the interested parties, to UnipolSai Assicurazioni SpA and Unipol Gruppo SpA. For UnipolSai Assicurazioni SpA, DBRS awarded a Financial Strength Rating of "A (high)" and an Issuer Rating of "A (high)". For Unipol Gruppo SpA, DBRS awarded an Issuer Rating of "BBB". The trend for the credit ratings given to both these companies was "Negative", reflecting the current Negative trend allocated to the Republic of Italy.

Repayment of the second tranche of the Mediobanca Tier 1 subordinated loan

In July 2020, UnipolSai Assicurazioni repaid the second tranche of €80m of the Mediobanca Tier 1 subordinated loan. Additional annual repayments in equal amounts are planned until 2023, in order to pay off the entire subordinated loan with an original nominal value of €400m.

"Restricted Tier 1" regulatory capital issue

On 19 October 2020, the Board of Directors of UnipolSai Assicurazioni SpA ("UnipolSai" or the "Company") authorised the issue by the Company of a "Restricted Tier 1" regulatory capital instrument in Euro - perpetual, non-convertible and fixed rate - for a maximum nominal amount not to exceed €500m (the "Issue" or the "RT1 Instrument"), to be placed exclusively with Italian and foreign qualified investors (with the exception of US investors) and to be listed on the Luxembourg Stock Exchange regulated market, with an issue and settlement date of 27 October 2020. The Issue, the placement of which with Italian and foreign institutional investors was completed on the next day (20 October 2020), enabled UnipolSai to refinance its outstanding Restricted Tier 1 bonds in time, with a view to replacing them taking into account the upcoming progressive maturities, with benefits also in terms of improving the debt/capital ratio.
The RT1 Instrument is perpetual and may be called up by UnipolSai, subject to the requirements of applicable legislation in force, starting from 27 October 2030. If not called up on the first possible date, it may be called up at each interest payment date, expected to take place every six months. The RT1 Instrument is issued at par and pays a fixed coupon on a yearly basis of 6.375%. The first reset date is scheduled after 10 years, on 27 October 2030. After this date, the coupon will be fixed every five years and will be equal to the 5-year mid swap rate reported at each reset date, plus a margin of 6.744%.
The issue met with strong investor interest, confirming the solid reputation that UnipolSai and the Unipol Group enjoy in international markets. During the placement, orders in excess of €1.5bn were indeed received, covering the book by more than 3 times. More than 80% of the RT1 Instrument was placed with foreign institutional investors.
The confirmed rating of the RT1 Instrument is B1 for Moody's and B+ for Fitch.
In relation to the features of the Issue, which do not establish an obligation on the part of the issuer to return the capital or pay coupons, the RT1 Instrument was recognised in the IFRS consolidated financial statements under shareholders' equity items, in the item Other equity instruments.

Repayment of Tier 2 subordinated loans

In line with proactive debt management and the limitation of the financial leverage, on 19 October 2020, the UnipolSai Board of Directors also approved the exercise, in the case of a favourable outcome of the RT1 Instrument issue, of the option for early repayment of two outstanding Tier 2 issues, maturing in June 2021 (XS0130717134 - €300m outstanding) and July 2023 (XS0173649798 - €262m outstanding), with respect to which the RT1 Instrument constitutes higher quality regulatory capital. Consistent with this resolution and having obtained authorisation from the competent supervisory authorities, on 15 March 2021 UnipolSai finalised the early repayment of the Tier 2 issue maturing in 2021. At the same time as the repayment by UnipolSai, Unipol extinguished, for a residual nominal value equal to €39m, the outstanding loan with UnipolSai granted previously when UnipolSai took over the role of issuer of that loan.

Issue of Azzurro Re II CAT-Bond

In July 2020, through sponsorship by UnipolSai, the issue of a CAT-Bond was finalised for a nominal €100m by Azzurro Re II DAC, a multi-arrangement Irish special purpose reinsurance vehicle. The issue will provide UnipolSai with €100m in collateralised protection against earthquakes in Italy and neighbouring countries for a period of 3.5 years. Azzurro Re II is the first multi-arrangement vehicle authorised by the Central Bank of Ireland for CAT-Bond transactions, and will allow UnipolSai to sponsor future CAT-Bond transactions more quickly and affordably.

Unipol*Rental*, the commercial brand of long-term rental

On 31 July 2020 Car Server, a leader in the Italian long-term rental market for company car fleets and, more generally, in the management of business mobility, acquired by UnipolSai in August 2019, changed its name to Unipol*Rental* SpA.

Cambiomarcia Srl

On 22 December 2020, with the authorisation of IVASS for the acquisition of control, the proposed acquisition by UnipolSai of 100% of the company Cambiomarcia Srl, a company that owns a platform for the sale of used vehicles, to be integrated within the Mobility ecosystem, was carried out. The total price of €5,925k was paid out, with €5,275k paid directly to the sellers and €650k deposited in current accounts in the name of UnipolSai restricted in favour of the individual sellers. This amount was withheld by UnipolSai to back the indemnities set forth in the preliminary sale agreement in relation to the obligations and warranties of the sellers and the negative price adjustment that should result from the verification of the financial position of Cambiomarcia at the transfer date.

110% Superbonus - UnipolSai offer

To support energy and seismic requalification activities on the Italian real estate assets subject to tax relief (110% Superbonus) on the basis of the "Relaunch Decree", starting in autumn 2020 UnipolSai has offered to purchase the tax credit, transferrable to third parties according to the provisions of the same Decree, offering 102% of tax expense recognised to the owners of property or businesses involved in the development works that take over ownership of the credit. UnipolSai also offers a broad range of insurance solutions to cover the property subject to the work and the work execution phase, guaranteeing both the owner and the business.

Patent Box Agreement with the Tax Authorities

On 18 December 2020, UnipolSai entered into a Patent Box agreement with the Central Directorate of the Tax Authorities for the determination of subsidisable income, limited to the years from 2015 to 2019, for the UnipolSai trademark and certain software subject to the request. On the same date, a similar agreement concerning the subsidiary Arca Vita was also signed, with reference only to the Arca Vita trademark.
Participation in the Patent Box system allows for a partial reduction of tax on income deriving from the exploitation of the intangible assets subject to the request. As part of the agreement, the methods and criteria were also agreed upon for calculating the tax benefit, which was requested by submitting the appropriate supplementary income tax returns for the 2015-2019 five-year period.
The tax benefit achieved by UnipolSai for the entire five-year period amounted to €45m, while that of Arca Vita came to €5.5m.

Unica Lab

On 26 February 2020, the sole member company Unica Lab S.r.l. a socio unico (100% UnipolSai Assicurazioni SpA) was registered with the Register of Companies, in order to leverage the skills developed over the years by Unica by offering training courses and services to customers outside the Group.
In July 2020, just a few months after its establishment, Unica Lab obtained the ISO 9001:2015 Quality Certification, already recognised to Unica since 2019.

Advertising and Sponsorships

New UnipolSai advertising campaign
In 2020, UnipolSai returned to the airwaves with a new subject in its "Always one step ahead" advertising campaign. After the ads dedicated to the car world and in particular Unibox and the UnipolSai app, now the new communication blitz features home security, with Unibox Casa and the connected telematic devices.
UnipolSai also launched a new TV theme dedicated to protecting people's health.

Partnership between UnipolSai and Ducati Corse
On 27 January 2020, UnipolSai confirmed its partnership that once again saw the company as the official sponsor of Ducati Corse in the MotoGP 2020 World Championship. The partnership with the Ducati Team entailed the UnipolSai brand appearing on the tail of the two red sport bikes of Borgo Panigale and on the team uniforms.

UnipolSai Title Sponsor of the top basketball championship
In September 2020 the Serie A Basketball League and UnipolSai signed a major sponsorship agreement, based on which the Serie A basketball championship will have UnipolSai as its Title Sponsor for three consecutive seasons from 2020/21. UnipolSai was also awarded the Presenting Sponsorship for the Final Eight of the Italian Cup and the Supercup.

UnipolSai Premium Partner of Festival dello Sport
The 3-day non-stop Festival dello Sport (Sport Festival), held in DIGILIVE format from 9 to 11 October 2020 and with more than 60 events and over 100 sports guests, consolidated its partnership - now in its third year - with UnipolSai.

Recognitions

Gruppo UNA recognised at the Italian Mission Awards 2020
In September 2020, Gruppo UNA won the "Hotel Chain of the Year" award at the Italian Mission Awards, an event dedicated to the major operators in the Business Travel industry at national and international level. The recognition, which takes into account the activity carried out in 2019, is awarded to an expanding Italian business which stands out due to its investments in the renewal of structures in technologies and services for business customers, and its offer of smart products with an appealing price/quality ratio.

Incontra Assicurazioni and UniSalute recognised at the Health & Medmal Insurance Awards 2020
In early November, as part of the Health & Medmal Insurance Awards 2020, the event that rewards supplementary healthcare operator excellence, Incontra Assicurazioni won the "Extent of Coverage Award" for the New Edition of UniCredit My Care Salute, before more than 1,000 participants. UniCredit My Care Salute is the insurance solution offered by Incontra Assicurazioni and distributed by UniCredit, which provides a series of benefits to meet the needs of the entire family.
UniSalute was also rewarded, taking the prize for "Best COVID-19 Insurance Programme" and was named best insurance company for implementing an insurance products and services programme created ad hoc for the healthcare emergency.

Unipol wins the MF Innovazione award
The 2020 Milan Insurance Festival was held from 17 to 19 November 2020 in a new digital format. Three days of online conventions dedicated to innovation, risks and opportunities which, in this most recent period characterised by the COVID-19, marked a radical change in the way insurance companies communicate and do business. During the final evening on 19 November, featuring winners of the MF Innovazione Awards, the Unipol Group won the MF Innovazione Award in the "Motor vehicles and Mobility Protection" category with the product SuperEasy 2Ruote.

Incontra Assicurazioni recognised at the Future Bancassurance Forum 2020
During the Future Bancassurance Forum 2020 event organised by EMF from 25 to 27 November 2020, recognitions were awarded to Banks, Insurance Companies, Asset Managers, Service Companies and personalities who contributed to innovating the sector and making it unique and positive. Incontra Assicurazioni won the award for the value of videoconsulting activities dedicated to UniCredit customers and all their family members, through which they could access the Specialist Videoconsulting platform made available by Incontra Assicurazioni through SiSalute.

Tenute del Cerro again awarded Gambero Rosso 3 glasses
In October 2020, Tenute del Cerro celebrated its new 2017 Nobile di Montepulciano DOCG wine, winning the highest of all awards: Gambero Rosso 3 glasses.

Operating performance

UnipolSai closed the year 2020 with a **consolidated net profit** of €853m, up significantly compared to €721m in the previous year, a normalised value determined by excluding non-recurring expenses from the signing of agreements with the Trade Unions for the Solidarity Fund and other types of employee leaving incentives for roughly €66m net of tax effects (€95.5m gross of taxes).

At 31 December 2020, **direct insurance premiums**, gross of reinsurance, stood at €12,210m (€14,014m at 31/12/2019, -12.9%).
The year 2020 was significantly impacted by the consequences of the health emergency caused by the COVID-19 pandemic, which influenced both commercial activity and claims.

Within this context, **Non-Life** direct premiums amounted to €7,882m in 2020, marking a decline of 3.5% compared to the previous year (€8,167m at 31/12/2019), but recovering compared to interim data. The decline in income was also influenced by the measures adopted by the Group to protect customers, such as the initiative named #UnMesePerTe which, due to the improvement in claims caused by blocks imposed on circulation, provided UnipolSai customers with a 1/12 (one month) discount on the premium previously paid when they renewed their MV TPL policies.
MV premiums came to €3,985m, down 4.6% on 2019 data, while Non-MV premiums (€3,896m) recorded a more limited decline (-2.3%), also thanks to the marketing of specific products linked to the health emergency. The income of UnipolSai SpA was down, as it was particularly exposed to the decrease recorded in the average MV TPL premium, with Non-Life premiums at €6,772m (-3.1%). UniSalute's turnover rose to €483m (+7.7%), while Linear, the other main company of the Group, operating in the MV segment, totalled €185m in premiums, with 0.6% growth thanks to growth in its customer portfolio. SIAT, focused on the Maritime Transport segment, recorded a decline of 5.7% with premiums of €129m. In the Non-Life bancassurance segment, Arca Assicurazioni achieved turnover of €140m, +3.0% compared to the previous year, while Incontra Assicurazioni earned premiums of €84m, down significantly compared to €185m recorded at 31 December 2019.
In terms of claims, the slowdown in road traffic triggered by the measures for the containment of the COVID-19 pandemic required during the two waves in the course of 2020 had a positive effect. There was therefore a reduction in the frequency of MV TPL claims and other guarantees linked to vehicles. The year 2020 was impacted to a lesser extent than 2019 by damage from atmospheric events, which in any event continued to reach sustained levels, bearing witness to climate changes under way and on which there were lower reinsurance recoveries.
The Group's combined ratio, net of reinsurance, was 87.0% (94.2% at 31/12/2019), with a loss ratio of 58.8%, against 66.3% in 2019 and an expense ratio at 28.2% of premiums for the period (27.9% at 31/12/2019). The expense ratio was up due to the increase in the incidence of commissions referring to the UnipolSai distribution network, which benefitted from the variable claims-based commissions mechanism, along with actions to support agencies put into place by the Company during the most severe phases of the lockdown.
The Non-Life sector pre-tax profit was €1,105m (€698m in 2019, €782m net of non-recurring expenses linked to the solidarity fund).

In the **Life business**, the Group recorded direct premiums of €4,328m in 2020, marking a decline of 26% due not only to the effects of the health emergency, but especially to the commercial policies adopted during the period in order to limit risks, as well as the comparison with 2019, when there was a high business volume, also due to the presence of one-off components. In detail, UnipolSai SpA recorded direct premiums of €3,099m (-24.0%), while in the bancassurance channel, Arca Vita, along with its subsidiary Arca Vita International, had direct premiums of €1,140m (-32% compared to €1,676m in 2019).
The pre-tax result of the Life segment was €73m, against €228m in 2019 (the normalised result was €239m), down especially due to the lower contribution of financial income influenced by the realisation of some capital losses on the portfolio not covering segregated funds.

As far as **financial investment management** is concerned, after a first part of 2020 - corresponding to the most acute phase of the health emergency - when the main financial asset classes recorded impairment and extremely high peaks of volatility, the subsequent improvement in the health situation and decisive action by the Central Banks, characterised by monetary policies destined to remain highly expansionary for an extended period of time and the commitment to provide aid, including non-repayable, to favour economies (Recovery Fund) made it possible to considerably recover these values. In this context, the gross profitability of the Group's insurance financial investment portfolio maintained a yield of 3.0% of the invested assets in 2020 (3.6% at 31/12/2019, a figure influenced by significant capital gains). With a view to reducing Solvency ratio volatility, the asset allocation was significantly reviewed during the year, decreasing the percentage of Italian government securities held in the portfolio from 51% to 43.2% and selling part of the investments subject to equity risk in favour of "core Europe" government securities, high-rating corporate bonds and real assets.

With reference to **real estate management**, the year saw finalisation of the contribution of properties owned by UnipolSai to the Tikal and Oikos funds (the units of which are 100% held by UnipolSai itself) for a total value of roughly €870m. As a result of the transaction, with no substantial economic effects at consolidated level, the value of the contributed properties was transferred from the insurance sector to the real estate sector. Furthermore, please note the acquisition through Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, of a commercial real estate portfolio for a total of €218m. During the acquisition, the relative lease contracts were entered into by the Emporion fund and the seller (Coop Alleanza 3.0). Other than these transactions, there were no significant changes, whereas development continued of the property assets owned in various Italian cities, in order to subsequently leverage the refurbished properties with a view to leasing or use for business purposes. Lastly, in December the notary deed for the transfer of the Torre Velasca property in Milan was signed, with accounting effects in 2021, when the conditions precedent set forth for real estate of historical/artistic interest are met.

As regards the **other sectors** in which the Group operates, the COVID-19 emergency had particularly negative repercussions in the hotel sector, with the majority of Gruppo UNA's hotels closed or opened only for brief periods, making recourse to the Salary Integrity Fund for all office and hotel employees necessary. Despite the prompt and significant cost curbing actions taken, the period ended with a loss of €23m due to the sharp decline in revenue.
The pre-tax result of the Real Estate and Other Business sectors was a -€60m loss (-€52m in 2019).

At 31 December 2020, **consolidated shareholders' equity** amounted to €8,144m (€7,153m at 31/12/2019).

As regards the **individual Solvency ratio** of UnipolSai, determined in application of the Partial Internal Model, at 31 December 2020, the ratio of own funds to capital required was 318%[2], up significantly compared to 281% at 31 December 2019. The **consolidated Solvency ratio** based on economic capital was 288% (252% at 31/12/2019).

[2] Value calculated on the basis of the information available as of today. The definitive results will be reported to the Supervisory Authority with the timing required by regulations in force. For further information on the Company's solvency situation, please refer to the "Disclosure about Solvency II prudential supervision" section included in the Management Report accompanying the 2020 Separate Financial Statements of UnipolSai Assicurazioni SpA.

Salient aspects of business operations

The Consolidated Financial Statements of the UnipolSai Group at 31 December 2020 closed with a **net profit of €853m** (€655m at 31/12/2019), net of taxes of €265m attributable to the year 2020.

The **Insurance sector** contributed €903m to consolidated net profit (€702m at 31/12/2019), of which €826m related to Non-Life business (€534m at 31/12/2019), and €77m related to Life business (€169m at 31/12/2019).
The results of the other sectors in which the Group carries out business are as follows:

- the **Other Businesses sector** recorded a -€17m loss (-€4m at 31/12/2019);
- the **Real Estate sector** recorded a -€33m loss (-€44m at 31/12/2019).

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

- **direct insurance premiums**, gross of reinsurance, totalled €12,210m (€14,014m in 2019, 12.9%). Non-Life direct premiums amounted to €7,882m (€8,167m in 2019, -3.5%) and Life direct premiums €4,328m (€5,847m in 2019, -26%), €569m of which related to investment products (€393m in 2019);
- **premiums earned**, net of reinsurance, were €11,349m (€13,262m in 2019, -14.4%), of which €7,605m from the Non-Life business (€7,822m in 2019, -2.8%) and €3,744m from the Life business (€5,440m in 2019, -31.2%);
- **net charges relating to claims**, net of reinsurance, were €8,763m (€11,167m in 2019, -21.5%), of which €4,324m in the Non-Life business (€5,070m in 2019, -14.7%) and €4,438m in the Life business (€6,097m in 2019, -27.2%), including €82m of net gains on financial assets and liabilities at fair value (net gains of €183m in 2019);
- the **loss ratio** of direct Non-Life business was 57.3% (66.1% in 2019);
- **operating expenses** were €2,542m (€2,635m in 2019). In the Non-Life business they amounted to €2,202m (€2,254m in 2019), in the Life business €232m (€244m in 2019), in the Other Businesses sector €87m (€125m in 2019) and in the Real Estate sector €31m (€22m in 2019);
- the **combined ratio** of direct Non-Life business was 85.4% (93.7% in 2019);
- **net gains on investments and financial income** from financial assets and liabilities (excluding net gains on financial assets and liabilities at fair value relating to Life business) amounted to €1,371m (€1,606m in 2019);
- the **pre-tax profit** amounted to €1,119m (€873m in 2019);
- **taxes** for the year represented a net expense of €265m (€218m in 2019). The tax rate for 2020 was 23.7% (25.0% in 2019);
- net of the €33m profit attributable to non-controlling interests, the **profit attributable to the owners of the Parent** at 31 December 2020 was €820m (€628m in 2019);
- the **Comprehensive Income Statement** result was €1,001m (€1,748m in 2019), influenced by the positive change in the reserve for gains or losses on available-for-sale financial assets of €159m (positive variation of €1,077m in 2019);
- **investments and cash and cash equivalents** amounted to €68,769m (€66,369m at 31/12/2019) after reclassifying, pursuant to IFRS 5, under assets held for sale €203m primarily related to properties for which the owner Companies have started disposal activities or for which the related preliminary sales contracts have already been signed (€188m in property disposals at 31/12/2019; €1m in assets held by the subsidiary Consorzio Castello);
- **technical provisions** and **financial liabilities** amounted to €64,762m (€63,568m in 2019).

A summary of the Consolidated Operating Income Statement at 31 December 2020 is illustrated below, broken down by business segment: Insurance (Non-Life and Life), Other Businesses and Real Estate, compared with the data at 31 December 2019.

Amounts in €m	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE SECTOR		
	Dec-2020	Dec-2019	% var.	Dec-2020	Dec-2019	% var.	Dec-2020	Dec-2019	% var.
Net premiums	7,605	7,822	*(2.8)*	3,744	5,440	*(31.2)*	11,349	13,262	*(14.4)*
Net commission income	(2)	(2)	*(8.1)*	17	16	*9.4*	15	13	*12.3*
Financial income/expenses (**)	291	448	*(35.0)*	1,080	1,200	*(10.0)*	1,371	1,648	*(16.8)*
Net interest income	*255*	*312*		*1,003*	*1,065*		*1,258*	*1,377*	
Other income and charges	*65*	*74*		*101*	*96*		*166*	*170*	
Realised gains and losses	*38*	*64*		*(50)*	*69*		*(12)*	*132*	
Unrealised gains and losses	*(67)*	*(2)*		*27*	*(30)*		*(40)*	*(32)*	
Net charges relating to claims	(4,324)	(5,070)	*(14.7)*	(4,438)	(6,097)	*(27.2)*	(8,763)	(11,167)	*(21.5)*
Operating expenses	(2,202)	(2,254)	*(2.3)*	(232)	(244)	*(4.9)*	(2,435)	(2,498)	*(2.6)*
Commissions and other acquisition expenses	*(1,744)*	*(1,751)*	*(0.4)*	*(101)*	*(113)*	*(11.0)*	*(1,845)*	*(1,864)*	*(1.1)*
Other expenses	*(458)*	*(503)*	*(8.9)*	*(132)*	*(131)*	*0.3*	*(590)*	*(634)*	*(7.0)*
Other income/charges	(262)	(246)	*(6.3)*	(98)	(87)	*(12.8)*	(360)	(333)	*(8.0)*
Pre-tax profit (loss)	1,105	698	*58.4*	73	228	*(67.9)*	1,179	926	*27.3*
Income taxes	(279)	(164)	*70.1*	4	(59)	*(106.2)*	(275)	(223)	*23.4*
Profit (loss) from discontinued operations									
Consolidated profit (loss)	826	534	*54.8*	77	169	*(54.5)*	903	702	*28.6*
Profit (loss) attributable to the Group									
Profit (loss) attributable to non-controlling interests									

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

OTHER BUSINESSES SECTOR			REAL ESTATE SECTOR (*)			Inter-segment eliminations		TOTAL CONSOLIDATED		
Dec-2020	Dec-2019	*% var.*	Dec-2020	Dec-2019	*% var.*	Dec-2020	Dec-2019	Dec-2020	Dec-2019	*% var.*
								11,349	13,262	*(14.4)*
								15	13	*12.6*
5	3	*45.6*	5	(33)	*n.s.*	(10)	(12)	1,371	1,606	*(14.6)*
1	*(1)*		*(2)*	*(5)*				*1,257*	*1,372*	
5	*6*		*26*	*14*		*(10)*	*(12)*	*187*	*178*	
			6					*(6)*	*133*	
(1)	*(2)*		*(25)*	*(43)*				*(67)*	*(76)*	
								(8,763)	(11,167)	*(21.5)*
(87)	(125)	*(30.1)*	(31)	(22)	*40.6*	11	10	(2,542)	(2,635)	*(3.5)*
							1	*(1,845)*	*(1,864)*	*(1.0)*
(87)	*(125)*	*(30.1)*	*(31)*	*(22)*	*40.6*	*11*	*10*	*(697)*	*(771)*	*(9.6)*
57	118	*(51.7)*	(9)	7	*n.s.*	(1)	2	(312)	(206)	*(51.1)*
(25)	**(3)**	*n.s.*	**(35)**	**(49)**	*29.4*			**1,119**	**873**	*28.1*
8		*n.s.*	2	5	*(66.9)*			(265)	(218)	*21.6*
(17)	**(4)**	*n.s.*	**(33)**	**(44)**	*25.2*			**853**	**655**	*30.3*
								820	628	
								33	27	

Insurance Sector

The Group's insurance business closed the period with a **profit of €903m** (€702m at 31/12/2019), of which €826m relating to the Non-Life sector (€534m at 31/12/2019) and €77m relating to the Life sector (€169m at 31/12/2019).

Investments and cash and cash equivalents of the Insurance sector, including properties for own use, at 31 December 2020 totalled €66,119m (€64,542m at 31/12/2019), of which €16,490m in the Non-Life business (€16,616m at 31/12/2019) and €49,629m in the Life business (€47,926m at 31/12/2019).

Financial liabilities amounted to €7,029m (€5,852m at 31/12/2019), of which €1,947m in the Non-Life business (€2,133m at 31/12/2019) and €5,082m in the Life business (€3,719m at 31/12/2019). The change relates to the increase in liabilities relating to contracts with risk borne by policyholders.

Total premiums (direct and indirect premiums and investment products) at 31 December 2020 amounted to €12,436m (€14,298m at 31/12/2019, -13%).
Life premiums amounted to €4,328m (€5,847m at 31/12/2019, -26%) and Non-Life premiums totalled €8,107m (€8,451m at 31/12/2019, -4.1%).

All Non-Life premiums of the Group insurance companies are classified under insurance premiums, as they meet the requirements of the IFRS 4 standard (presence of significant insurance risk).
As for Life premiums, investment products at 31 December 2020, for €569m, related to Class III (Unit- and Index-Linked policies) and Class VI (pension funds).

Total premiums

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Non-Life direct premiums	7,882		8,167		*(3.5)*
Non-Life indirect premiums	226		284		*(20.6)*
Total Non-Life premiums	**8,107**	***65.2***	**8,451**	***59.1***	***(4.1)***
Life direct premiums	3,759		5,454		*(31.1)*
Life indirect premiums					*(16.5)*
Total Life premiums	**3,759**	***30.2***	**5,455**	***38.1***	***(31.1)***
Total Life investment products	569	*4.6*	393	*2.7*	*45.0*
Total Life business	**4,328**	***34.8***	**5,847**	***40.9***	***(26.0)***
Overall total	**12,436**	***100.0***	**14,298**	***100.0***	***(13.0)***

Direct premiums amounted to €12,210m (€14,014m at 31/12/2019, -12.9%), of which Non-Life premiums totalled €7,882m and Life premiums €4,328m.

Direct premiums

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Non-Life direct premiums	7,882	*64.6*	8,167	*58.3*	*(3.5)*
Life direct premiums	4,328	*35.4*	5,847	*41.7*	*(26.0)*
Total direct premiums	**12,210**	***100.0***	**14,014**	***100.0***	***(12.9)***

Non-Life and Life **indirect premiums** totalled €226m at 31 December 2020 (€285m in 2019, -20.6%), €226m of which referred to premiums from Non-Life business (€284m in 2019, -20.6%) and €0.3m to the Life business (€0.4m at 31/12/2019, -16.5%).

Indirect premiums

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Non-Life premiums	226	*99.9*	284	*99.9*	*(20.6)*
Life premiums		*0.1*		*0.1*	*(16.5)*
Total indirect premiums	**226**	***100.0***	**285**	***100.0***	*(20.6)*

Group **premiums ceded** totalled €454m (€463m in 2019, -1.8%), €440m of which from Non-Life premiums ceded (€448m in 2019, -1.9%) and €15m from Life premiums ceded (€14m at 31/12/2019, +0.7%).

Premiums ceded

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Non-Life premiums	440	*96.8*	448	*96.9*	*(1.9)*
Retention ratio - Non-Life business (%)	*94.6%*		*94.7%*		
Life premiums	15	*3.2*	14	*3.1*	*0.7*
Retention ratio - Life business (%)	*99.6%*		*99.7%*		
Total premiums ceded	**454**	***100.0***	**463**	***100.0***	***(1.8)***
Overall retention ratio (%)	*96.2%*		*96.7%*		

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

At 31 December 2020, the technical result of premiums ceded was positive for reinsurers in the Non-Life as well as the Life business.

Non-Life business

Total Non-Life premiums (direct and indirect) at 31 December 2020 were €8,107m (€8,451m at 31/12/2019, -4.1%).

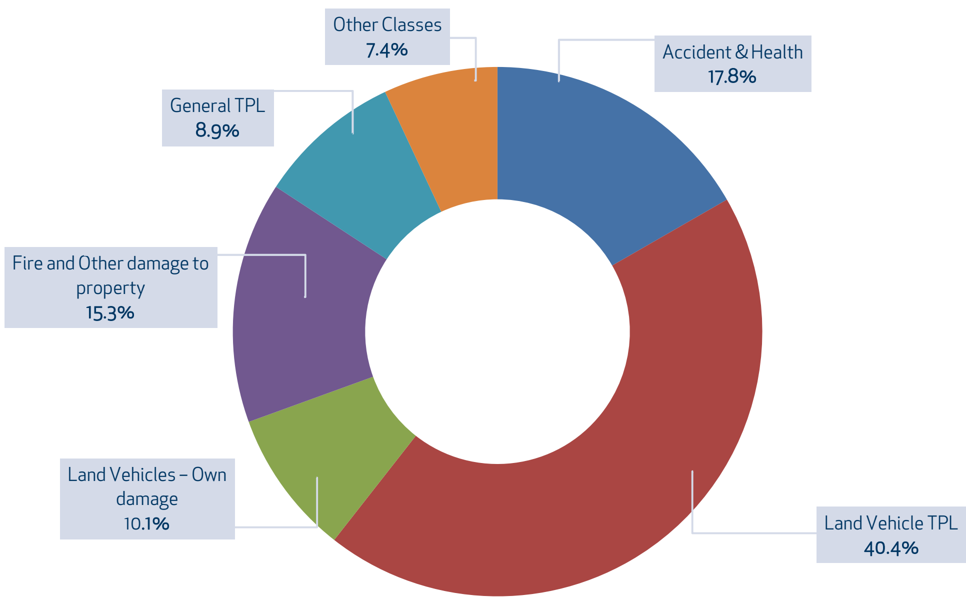
Direct business premiums alone amounted to €7,882m (€8,167m at 31/12/2019, -3.5%). **Indirect business** premiums were €226m (€284m at 31/12/2019, -20.6%).

The breakdown for the main classes and the changes with respect to 31 December 2019 are shown in the following table:

Non-Life business direct premiums

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Motor vehicles - TPL and sea, lake and river (classes 10 and 12)	3,188		3,422		*(6.8)*
Land Vehicle Hulls (Class 3)	797		756		*5.4*
Total premiums - Motor vehicles	**3,985**	***50.6***	**4,178**	***51.2***	***(4.6)***
Accident & Health (Classes 1 and 2)	1,403		1,431		*(2.0)*
Fire and Other damage to property (Classes 8 and 9)	1,209		1,211		*(0.1)*
General TPL (Class 13)	704		727		*(3.2)*
Other classes	580		620		*(6.4)*
Total premiums - Non-Motor vehicles	**3,896**	***49.4***	**3,989**	***48.8***	***(2.3)***
Total Non-Life direct premiums	**7,882**	***100.0***	**8,167**	***100.0***	***(3.5)***

% breakdown of Non-Life direct business premiums



MV TPL premiums were €3,188m, down by 6.8% on 2019. Growth was reported in the Land Vehicle Hulls business with premiums equal to €797m (+5.4%), while premiums in the Non-MV segment were down, totalling €3,896m (-2.3%).

Non-Life claims

Claim trends benefitted from the slowdown in road traffic triggered by the measures for the containment of the COVID-19 pandemic required during the two waves in the course of 2020: there was therefore a reduction both in the frequency of MV TPL claims and in other guarantees linked to vehicles. Furthermore, the year 2020 was impacted to a lesser extent than 2019 by damage from atmospheric events, which in any event continued to reach sustained levels, bearing witness to climate changes under way and on which there were lower reinsurance recoveries.

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

Amounts in €m	Net breakdown at 31/12/2020	Net breakdown at 31/12/2019
MV TPL	165	170
Land Vehicle Hulls	12	10
General TPL	186	159
Other Classes	187	245
Total	**550**	**583**

The **loss ratio** (loss ratio of only direct business for the Non-Life business), including the OTI ratio, stood at 57.3% (66.1% in 2019).

The number of claims reported, without considering the MV TPL class, fell by 16%. The table with the changes by class is provided below.

Number of claims reported (excluding MV TPL)

	31/12/2020	31/12/2019	*% var.*
Land Vehicle Hulls (Class 3)	287,441	362,632	*(20.7)*
Accident (Class 1)	96,228	135,264	*(28.9)*
Health (Class 2)	3,624,701	4,273,662	*(15.2)*
Fire and Other damage to Property (Classes 8 and 9)	318,148	334,751	*(5.0)*
General TPL (Class 13)	82,766	93,521	*(11.5)*
Other classes	417,550	549,428	*(24.0)*
Total	**4,826,834**	**5,749,258**	***(16.0)***

As regards the MV TPL class, where the CARD[3] agreement is applied, in 2020 cases reported relating to "fault" claims (Non-Card, Debtor Card or Natural Card) totalled 460,553, down by 27.6% (636,005 in 2019). The decline in claims was caused by the decreased circulation of vehicles due to the governmental restrictions imposed to limit the spread of the COVID-19 epidemic. The decrease in claims regarded in particular those in the medium-low range, so the average cost of claims reported was higher than in the past.

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

Claims reported that present at least Debtor Card claims handling numbered 262,061, down 29.1% compared to the same period in the previous year.
Handler Card claims were 333,956 (including 75,883 Natural Card claims, i.e. claims between policyholders at the same company), down by 30.8% compared to the previous year. The settlement rate in 2020 was 81.5%, down slightly from the same period of last year (82.3%).
The weight of cases to which the Card agreement may be applied (both Handler Card and Debtor Card claims) out of total cases (Non-Card + Handler Card + Debtor Card) in 2020 was equal to 82.9% (84.3% in 2019).
The average cost (amount paid plus amount reserved) for claims reported and handled (including claims reported late) increased by 6.8% in 2020 (-0.6% in 2019). The average cost of the amount paid out rose by 4.2% (+6.2% in 2019).

Expense ratio of the Non-Life direct business was 28.1% (27.7% at 31/12/2019).

The **combined ratio** of direct Non-Life business was 85.4% (93.7% in 2019).

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

The performance of the main Group insurance companies at 31 December 2020 is summarised in the following table:

Amounts in €m	Premiums written	*% Var.*	Investments	Gross Technical Provisions	Technical Provisions - Reinsurers' share
NON-LIFE INSURANCE SECTOR					
UNIPOLSAI ASSICURAZIONI SpA	7,032	*0.4*	16,165	12,505	538
ARCA ASSICURAZIONI SpA	140	*3.0*	363	230	26
DDOR NOVI SAD ADO	88	*3.6*	100	83	4
INCONTRA ASSICURAZIONI SpA	84	*(54.4)*	262	326	124
COMPAGNIA ASSICURATRICE LINEAR SpA	185	*0.6*	425	275	2
UNISALUTE SpA	510	*4.2*	523	433	139
SIAT SpA	149	*(6.5)*	120	230	154

UnipolSai, the Group's main company, had direct premiums of €6,772m (€6,990m at 31/12/2019, -3.1%), of which €3,736m in the MV classes (€3,927m at 31/12/2019, -4.9%) and €3,036m in the Non-MV classes (€3,063m at 31/12/2019, -0.9%). Also considering indirect business, premiums acquired during the year amounted to €7,032m (€7,001m at 31/12/2019).

In the **MV** segment, the result in the first half of the year was confirmed, with a reduction in premiums due to the MV TPL class (-7.2%) as a result of the decline in the average premium, also impacted by the facilitation provided to customers as part of the #UnMesePerTe campaign, offset by sustained growth in Land Vehicle Hulls business during the period. The number of vehicles in the portfolio declined on the whole due to a lower contribution of new business. However, company car fleets recorded good development, in line with market trends, which reward innovative vehicle use methods (long-term rental and car sharing in particular). As regards the Land Vehicle Hulls business, premium growth was due to the widespread development of single policies as well as the cumulative policies sector. The number of claims declined significantly, particularly due to guarantees more strictly connected to road traffic trends, as well as the cost of claims. The overall result of this class, as a result of the factors described above, is positive and improving compared to previous years.

Also in 2020, actions were put into place to improve settlement processes for MV claims. For example, the **Black Box** project continued, with a view to increasing the effectiveness of boxes and the set of data available. With a view to developing the electronic settlement process and the innovative use of information provided by black boxes for MV claims (in particular, verifying consistency between statements provided and the actual dynamics of the event), in 2020 efforts were made to renew the "Unico" electronic portal, re-engineering the system and re-designing the application, which will be available in early 2021.
The **Real Time 2.0** process was optimised in 2020, which envisages the opening of a claim from the moment of a crash detected in black box data, at the same time triggering initial contact with the policyholder and anticipating the information collection stage. A number of benefits can be achieved with this process: primarily the ability to combat

fraud (strengthening prevention thereof), in addition to a reduction in claims management times and a decrease in the number of disputes, with the consequent reduction of the average cost and an increase in the settlement rate to the advantage of the insured customers as well, in addition to the punctual management of claims relating to the CARD agreement.
As concerns the optimisation of the management of **claims with injuries**, in September 2020 an evolution of the semantic search engine was released for reading emergency room certificate data, for the prompt identification of severe injuries, making it possible to automatically recognise types of significant trauma, in order to allow for a rapid assessment by the adjuster in terms of provisions and automatic transfer of the position, if outside its limits of autonomy, to the Over structures.

In the **Non-MV** business, the reduction in premiums was seen across segments, with the exception of Health, driven by the programmes put into place to handle the COVID-19 emergency, such as the free extension of the coverage set forth in the contracts for the "hospitalisation indemnity" guarantee or "substitute indemnity" for days of quarantine spent at home after testing positive for the virus, as well as the creation of specific new products (already described extensively in the "New products" section above). Claims were down as a result of the continuation of the pandemic, which reduced requests for services, especially not strictly urgent diagnostics/specialist services, which, along with rising premiums, resulted in an improvement in the results of this class.
With reference to the Accident class, in the segment of collective risk coverage, relief and extensions were granted on insurance premium payments for the customers most impacted by the shutdown of business activities and, therefore, new acquisitions had a limited impact on development. Both the number of claims and the total cost of claims however marked a significant decline, following the restrictive measures and initiatives to limit the pandemic adopted at national or local level, which triggered a slowdown in activities in sectors characterised by a high frequency of occurrence. These trends have allowed the class to record a broadly positive technical balance.

Amongst the other actions taken during 2020 to achieve an efficient settlement process, please also note:
- the **Medical Report Centre** (CPM), a service offered to the injured customer with non-severe injuries (MV, Accident or General TPL), who is offered the option to perform the medical-legal examination directly at the offices of the Group and then to be paid promptly;
- **video appraisal**, which enables the trustee to gather documents supporting the virtual resolution of the claim;
- the use of satellite data for the **General Classes**, thanks to the new advanced **Lorentz** advanced **weather data collection** tool, which enables the adjuster and the trustee to use meteorological information, provided by the main weather providers, for the optimal definition of the claim;
- **direct repair for the General Classes**, to offer customers an innovative service, similar to what is present for the MV Classes, thanks to the "direct repair intervention" process.

Arca Assicurazioni achieved a net profit at 31 December 2020 of €35.1m (+26.3%), recording direct premiums for €140.4m (+3.0%), with a significant increase in the Non-MV classes (+5.8%) and a decrease in the MV segment (-5%). The breakdown of the portfolio among the distribution channels is almost totally focused on the banking channel which, at 31 December 2020, recorded 98.5% of the total Non-Life premiums (98.3% at 31/12/2019). Overall, the banking channel recorded a 3.3% increase in premiums compared to the previous year, with premiums written totalling approximately €138.4m.

DDOR Novi Sad recorded a €10.8m profit (Non-Life and Life businesses) at 31 December 2020 (up from €7.3m at 31/12/2019) following a growth in premiums (Non-Life and Life businesses), from €100.9m at the end of 2019 (of which €85.3m in the Non-Life segment) to €105.4m at 31 December 2020 (of which €88.4m in the Non-Life business). Despite the generalised economic uncertainty linked to the pandemic situation, unlike in the majority of European countries, Serbia's macroeconomic indicators show strong resilience, with an improving unemployment rate, against a basically stable inflation rate and industrial growth. The company continues to be a sector leader, with Non-Life premium growth of 3.6% and Life premium growth of 9.8%.

Incontra Assicurazioni recorded a €15m profit at 31 December 2020 (profit of €9.7m at 31/12/2019), with premiums equal to €84.3m, down compared to the previous year (€185m in 2019), mainly concentrated in the Health and Pecuniary Losses classes (respectively 56% and 28%, respectively, of the total gross premiums written). The decrease can be primarily attributed to the effects of the health emergency, caused by the spread of the COVID-19 pandemic starting in February. Since that date, there has been a reduction in physical insurance product distribution activities caused by the temporary impossibility for customers to move freely to go to UniCredit branches, measures to protect customers as well as employees and the priority commitment made by bank branches to perform primary activities in accordance with government requirements. In any event, the loss ratio remained at rather low levels, although it was up slightly (24% compared to 21% in 2019). At 31 December 2020, the volume of total investments reached €262m (€256m at 31/12/2019), almost entirely concentrated in available-for-sale financial assets, while gross technical provisions amounted to €326m (€325m at 31/12/2019).

Linear, a company specialised in direct sales (online and call centre) of MV products, in 2020 generated a profit of €23.8m (€9.8m at 31/12/2019). Total gross premiums, amounting to €185.3m, recorded a 0.6% increase on 2019, particularly in the Land Vehicle Hulls class (+9.2%). The partnership for the sale of Home Assistance insurance with Hera, an Italian multiutility based in Bologna, recorded premiums written for €2.2m in 2020. Contracts in the portfolio at the end of 2020 were close to 661k units (+5.3%), an all-time high for the Company.

SIAT recorded a roughly €4m profit in 2020 (€0.1m at 31/12/2019) with total gross premiums (direct and indirect) at €149.4m (€159.8m in 2019). In general terms, business was down for the year (-6.5%), essentially referring to direct business and, within this segment, the Hulls sector: for this sector, an in-depth portfolio review and selection was performed, following the actions undertaken for the necessary improvement of the technical balance.

UniSalute confirms its leadership in the Health sector, boosting direct business by 7.7% thanks to the acquisition of important new corporate contracts; total premiums (inclusive of indirect business) came to €509.5m (€489.2m at 31/12/2019), up by 4.2%.
The number of claims reported declined by 15.4%, from 3,851,034 in 2019 to 3,256,143 in the period under review, due to the trends already described linked to COVID-19. 2020 also posted a profit of €44.3m (€34.2m at the end of 2019), up by 29.3%.

New products

During 2020, the new anti-abandonment device Qshino, created by UnipolSai in partnership with AlfaEvolution Technology, was introduced in the **MV TPL and Land Vehicle Hulls** segment, to combat the frequent phenomenon of children being forgotten in the car. The device, developed to boost growth in the Mobility ecosystem, is certified and compliant with the technical requirements of decree no. 122 of 2 October 2019, called “Salva Bebè”, which made the installation of anti-abandonment devices compulsory for those who drive with children under 4 years old in the car.

Please also note the new Linear Assicurazioni brand product Poste Guidare Sicuri LN, created based on a partnership between the Unipol Group and Poste Italiane. It is a complete product for MV TPL, Other MV risks and Land Vehicle Hulls insurance, available at the post office network.

As concerns the **Non-MV** product line, in 2020 specific Health products were created in order to combat the COVID-19 health emergency, as described below:
- Polizza Salute - #AndràTuttoBene and UnipolSai Salute Ricovero - #AndràTuttoBene Premium, designed as the insurance response to the COVID-19 emergency and intended, as concerns the former, for businesses wishing to insure their employees (with the possibility of extending coverage to family members as well) and as regards the latter for natural persons and their nuclear families (free of charge for children from 0 to 14 years of age);
- Health Card - #SicuriRipartiamo designed for the world of work. To provide concrete support to businesses in living with the coronavirus;
- UnipolSai - Salute&Prevenzione, which increases the healthcare range with coverage focusing on preventive care and on illness or accident diagnostics.
- UnipolSai Salute Ricovero +SalutePerTe Fidelity, targeting all customers who have used the UnipolSai app to activate insurance coverage reserved by the #UniSalutePerTe initiative for themselves and their family members, and UnipolSai Salute Ricovero +SalutePerTe for all new UnipolSai customers or customers who were unable to activate coverage under the #UniSalutePerTe initiative through the UnipolSai app.

Please also take note of the following actions:
- new UnipolSai Infortuni Premium 2.0 product, the distinctive feature of which is the personalisation of the form of insurance, to be selected from the Individual or Nuclear Family options;
- new UnipolSai Mondo Professionista product, to replace the previous UnipolSai Professione and UnipolSai Professione Ingegnere&Architetto products, designed as the insurance response to a continuously evolving sector, in relation to how people carry out professional activities and in relation to the attribution of completely new functions to professionals, proposing significant new features in the content of the guarantees offered.

Lastly, please note the Long-Term Rental (LTR) activity, concluded in 2020 with the rental of more than 1,500 vehicles. This is a significant result considering the difficulties arising from the pandemic, which confirms the validity of the project launched with the investment in the company UnipolRental. The LTR market is continuously expanding as it evolves from an ownership approach to a utilisation approach, also thanks to the widespread Group point of sale network - unique within Italy - and the presence of LTR at the Specialist Agencies.

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

Preventing and impeding insurance fraud are consolidated activities and an integral aspect of the core business. The results of these activities not only make positive impacts directly on the financial statements of the Group companies, but also generate deterrent effects on the proliferation of offences, with consequent benefits for the customers as well.
Decree Law no. 1/2012, converted with amendments by Law no. 27 of 24 March 2012, envisages that insurance companies are required to provide an estimate of the reduced charges for claims arising from verification of fraud in their Management Report or in the Notes to the Financial Statements annexed to the annual financial statements and to publish it on their websites or using another appropriate form of disclosure.
Pursuant to and in accordance with Art. 30, paragraph 2 of Decree Law no. 1/2012, the estimate of the reduction of charges for claims arising from this activity totals approximately €63m.
This estimate consists of the sum of provisions/forecasts of expense for claims to be investigated for antifraud purposes that were settled without follow-up in 2020, regardless of the year when they are generated.

Life business

Total Life premiums (direct and indirect) were €4,328m (€5,847m at 31/12/2019, -26%).

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

Life business direct premiums

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Total premiums					
I – Whole and term Life insurance	2,732	*63.1*	3,717	*63.6*	*(26.5)*
III - Unit-linked/index-linked policies	522	*12.1*	375	*6.4*	*39.2*
IV - Health	7	*0.2*	6	*0.1*	*14.9*
V - Capitalisation insurance	361	*8.3*	481	*8.2*	*(25.0)*
VI - Pension funds	707	*16.3*	1,268	*21.7*	*(44.2)*
Total Life business direct premiums	**4,328**	***100.0***	**5,847**	***100.0***	***(26.0)***
of which Premiums (IFRS 4) I – Whole and term Life insurance	2,732	*72.7*	3,717	*68.2*	*(26.5)*
III - Unit-linked/index-linked policies	15	*0.4*	12	*0.2*	*18.5*
IV - Health	7	*0.2*	6	*0.1*	*14.9*
V - Capitalisation insurance	361	*9.6*	481	*8.8*	*(25.0)*
VI - Pension Funds	645	*17.2*	1,238	*22.7*	*(47.9)*
Total Life business premiums	3,759	*100.0*	5,454	*100.0*	*(31.1)*
of which Investment products (IAS 39) III - Unit-linked/index-linked policies	507	*89.0*	362	*92.2*	*40.0*
VI - Pension funds	62	*11.0*	31	*7.8*	*104.3*
Total Life investment products	569	*100.0*	393	*100.0*	*45.0*

New business in terms of APE, net of non-controlling interests, amounted to €467m at 31 December 2020 (€608m at 31/12/2019).

Pension Funds

In the second half of 2020, the UnipolSai Group, due to the continuation of unfavourable financial market conditions, decided to participate only in certain tenders to renew management mandates with guaranteed results that were expiring.

UnipolSai Assicurazioni managed a total of 21 occupational pension fund mandates at 31 December 2020 (17 of them for accounts "with guaranteed capital and/or minimum return"). At the same date, resources under management totalled €4,012m (€3,414m of which with guaranteed capital). At 31 December 2019, UnipolSai managed a total of 25 Occupational Pension Fund mandates (19 of which "with guaranteed capital and/or minimum return"); resources under management totalled €4,777m (of which €4,093m with guaranteed capital).

As regards **Open Pension Funds**, at 31 December 2020 the UnipolSai Group managed 2 open-ended pension funds (UnipolSai Previdenza FPA and Fondo Pensione Aperto BIM Vita) that at that date had a total of 41,427 members and total assets of €914m. At 31 December 2019, the **Open Pension Funds** managed total assets of €908m and a total of 42,277 members.

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

The performance of the main Group companies at 31 December 2020 is summarised in the following table:

Amounts in €m	Premiums written (*)	*% Var.*	Investments	Gross Technical Provisions	Technical Provisions - Reinsurers'
LIFE INSURANCE SECTOR					
UNIPOLSAI ASSICURAZIONI SpA	2,875	*(26.7)*	38,259	32,235	19
GRUPPO ARCA	821	*(43.7)*	12,473	10,497	8
BIM VITA SpA	46	*(18.1)*	675	558	

(*) excluding financial products

UnipolSai collected a total of direct premiums amounting to €2,875m (€3,925m at 31/12/2019, -26.7%) in addition to financial products amounting to €224m (€155m at 31/12/2019, +44%).

The sector of individual policies decreased by 18.6% compared to 31 December 2019, mainly as a result of the drop in Class I single premiums and, in particular, decreased business for the product UnipolSai Investimento Garantito, which in early 2020 was limited to customers who reinvested sums deriving from benefits due on the basis of other insurance contracts. On the other hand, in 2020 there was an increase in Class III premiums (+35.2%) thanks to the good performance of single-premium Unit-linked and Multisegment products. Again in the individual policies sector, Class IV premiums continued to increase (+19.2%) which, albeit not significant in absolute terms, shows a growing interest in products that guarantee coverage for risks other than death, such as those with long-term care coverage and additional coverage against the onset of serious illnesses that can be combined with the term life product.

The decrease in first year premiums compared to the previous year (-4.8%) can be attributed to a generalised decline in business across all classes: Class I premiums declined by 5.0%, decreases that were also seen in Class III (-2.5%) and Class IV (-25.5%) products.

Premiums on collective policies showed a sharp decrease compared with the same period of the previous year (-31.0%), due almost entirely to Class VI (-45.4%).

In the bancassurance channel, the **Arca Group** (Arca Vita and Arca Vita International) recorded premiums (including investment products) amounting to €1,140m (-32%). The volume of total investments reached the amount of €12,472.9m (€11,123.8m at 31/12/2019). The profit of Arca Vita, net of dividends collected from the subsidiaries, was €31.4m (in line with 2019), and that of Arca Vita International was €1.3m (+86%).

BIM Vita recorded a profit of €1.5m at the end of 2020, down slightly compared to 31 December 2019 (€1.8m). Gross premiums written amounted to €46m (approximately €56.2m at 31/12/2019). The volume of total investments reached the amount of €675.4m (€638m at 31/12/2019).

New products

The update of the Class I product range in the first quarter of 2020 with the new version of the Investimento Garantito Fidelity product introduced as its main new feature the recognition of financial guarantees in the case of surrender starting from the tenth year with a minimum benefit equal to the capital invested. At the same time, a minimum contract duration of 15 years was established.
In Class V, the new version of the Investimento Capital Fidelity product introduces the recognition of a financial guarantee only on expiry of the contract.

As of 7 September 2020, the Group began marketing the new single premium multisegment product UnipolSai Investimento MixSostenibile, with the option of making additional payments. The new product was designed with a view to integrating ESG (Environmental, Social and Governance) factors within investment selection and management, combining yield and risk control objectives with the target of promoting responsible, inclusive and environmentally friendly development.

To complement the Protection offer, in November 2020 the new product UnipolSai TCM KeyPlayer began being marketed, a single-year insurance providing coverage in the case of the death of key players. This product expands the range of products covering the risk of death, insuring individuals holding strategic roles or who are difficult to replace in the case of their premature death, which would generate damages for their company.

Reinsurance

UnipolSai Group reinsurance policy

With regard to the risks underwritten in the Non-Life business, the reinsurance strategy proposed the same cover structures in place in 2019, maximising the effectiveness of the most operational of the main non-proportional treaties. The renewal for 2020 took place in continuity with those expiring, with a number of improvements from a risk mitigation perspective.

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

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

The risks underwritten in the Life business in 2020 are mainly covered at Group level with two proportional treaties, one for individual risks and one for collective risks in excess of the risk premium. Retention is protected with a non-proportional cover in excess of loss by event that regards the Life and/or Accident classes. There are also two proportional covers for LTC guarantees, one proportional cover for Individual Serious Illnesses and one for Weighted Risks.

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

Real Estate Sector

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

Income Statement - Real Estate Sector

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Gains on other financial instruments and investment property	48	26	*87.2*
Other revenue	23	35	*(33.3)*
Total revenue and income	**71**	**60**	***17.8***
Losses on other financial instruments and investment property	(43)	(59)	*(27.7)*
Operating expenses	(31)	(22)	*40.6*
Other costs	(32)	(28)	*13.1*
Total costs and expenses	**(105)**	**(109)**	***(3.4)***
Pre-tax profit (loss) for the year	**(35)**	**(49)**	***29.4***

The pre-tax result at 31 December 2020 was a loss of €35m (-€49m at 31/12/2019), after having recognised property write-downs of €5m (€35m at 31/12/2019) and depreciation of investment property and tangible assets of €36m (€26m at 31/12/2019).

Investments and cash and cash equivalents of the Real Estate sector (including instrumental properties for own use) totalled €2,386m at 31 December 2020 (€1,425m at 31/12/2019), consisting mainly of Investment property and Properties for own use amounting to €2,296m (€1,374m at 31/12/2019). The increase can be attributed primarily to:
- the disposal of several properties owned by UnipolSai and, as such, previously recognised in the insurance sector, for a total of €852m, to the Tikal and Oikos funds, managed by UnipolSai Investimenti SGR, the units of which are 100% held by UnipolSai. Those disposals did not result in the recognition of gains or losses on sale at consolidated level as they were carried out between Unipol Group entities;
- the acquisition through Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, of a real estate portfolio consisting of 28 "Coop" brand points of sale owned by Coop Alleanza 3.0 Soc. Coop for a value of €218m.

Financial liabilities, at 31 December 2020, totalled €207m (€232m at 31/12/2019).

Group real estate business[4]

As noted previously, in December 2020 the Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, acquired a commercial real estate portfolio consisting of 28 medium or small supermarkets located in the regions of Emilia Romagna (22), Veneto (3) and Marche (3), from Coop Alleanza 3.0 for a total of €218m. During the acquisition, the relative lease contracts were entered into by the Emporion fund and Coop Alleanza 3.0.

During the year, the Group continued to renovate its owned property assets in order to subsequently leverage the refurbished properties with a view to leasing or use for business purposes.

The main projects, partially started in previous years, have been concentrated in the Milan area, and include:
- continued construction of a new multi-storey headquarters building in Piazza Gae Aulenti (Porta Nuova Garibaldi area). The project entails building an approximately 100 metre tall elliptical office tower. The architect's choice of an elliptical shape allows the tower to blend into an already strongly built-up area. The tower will be built with a view

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

to ensuring the best certification in terms of energy and water saving and the ecological quality of the interior spaces (LEED Platinum certification);
- the completion of a headquarters building on via De Castillia (Porta Nuova Garibaldi area). The building, which was internally upgraded during the year to guarantee the maximum flexibility in relation to the number of tenants it will house and the organisation and personalisation that they will adopt in their spaces, is characterised by a modern style and the use of innovative materials, with which it is possible to reduce local atmospheric pollution;
- the completion of a hotel property on via De Cristoforis (Milano Verticale UNA Esperienze). The hotel, which is expected to open in the second quarter of 2021, was fully renovated, featuring a modern re-engineering of the original design of the facades, which considerably improved the building's energy performance, strongly focusing on sustainability and energy savings.

Also with reference to the Milan area, the "INOLTRE. Sharing the city" project was launched, which aims to enhance and modify the perception of the Milan suburbs, transforming them into a project laboratory that generates micro-architectural, design and applied research initiatives, also thanks to the reflections and actions of some of the most well-known names in the world of art and contemporary architecture.

Other residential and office property requalification activities were developed in various Italian cities mainly in order to subsequently generate income through leasing.

As regards sales, some tourism/hotel properties in Milan, four office properties, including one in Milan and three in Florence and the province of Florence, a farm (land and buildings) in Cisterna di Latina and an industrial building located in the province of Turin were disposed of, in addition to several real estate units located in Milan, Turin, Florence, Rome and the province of Mantua.

Furthermore, in December 2020, the notary deed was signed for the sale of the piazza Velasca property (Torre Velasca) in Milan. The effects of this sale will be seen in 2021, when the recognition deed will be entered into certifying the Public Administration's failure to exercise the pre-emption right.

Lastly, please note the €50m investment in JPM Strategic Property Fund Europe fund units. The fund, managed by J.P. Morgan Asset Management, intends to invest in the real estate sector and more specifically in logistics, office, residential and commercial real estate, with investments only in Europe and a primary focus on Germany, France and the United Kingdom.

Porta Nuova Project

In the course of the year 2020, an additional €7.8m was collected, of which €5.5m for Profit Participating Bonds and the relative remuneration and €2.3m for Special Interest Bonds and the relative remuneration.
It is estimated that the future collections, expected in two tranches in July 2023 and April 2025, will guarantee the recovery of the remaining investment, plus additional proceeds, the quantification of which is currently uncertain as it relates to the outcome of the guarantees issued to the purchaser.

Other Businesses Sector

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

Income Statement - Other Businesses Sector

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Income from investments in subsidiaries, associates and interests in joint ventures	4	4	*(5.6)*
Gains on other financial instruments and investment property	2	2	*21.5*
Other revenue	107	224	*(52.4)*
Total revenue and income	**113**	**231**	***(50.9)***
Losses on other financial instruments and investment property	(2)	(3)	*(41.8)*
Operating expenses	(87)	(125)	*(30.1)*
Other costs	(50)	(106)	*(53.1)*
Total costs and expenses	**(139)**	**(234)**	***(40.7)***
Pre-tax profit (loss) for the year	**(25)**	**(3)**	***n.s.***

The pre-tax result at 31 December 2020 was a loss of €25m (-€3m at 31/12/2019).

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

At 31 December 2020, Investments and cash and cash equivalents of the Other Businesses sector (including properties for own use of €117m) totalled €464m (€511m at 31/12/2019).

Financial liabilities amounted to €19m (€26m at 31/12/2019).

In 2020, sector companies faced the COVID-19 emergency which, for Gruppo UNA and, to a lesser extent, Tenute del Cerro, heavily impacted company turnover, directing significant efforts towards the systematic reduction of the cost structure.

As regards the hotel sector, the revenues of the subsidiary **Gruppo UNA** declined by 73% compared to 2019, from roughly €128m to around €34.5m, reflecting the collapse in bookings and the closure of more than half of the structures in the March-May and November-December periods. Despite the 53% reduction in operating expenses, due to the high fixed costs component, the company closed 2020 with a loss of roughly €23m.

As concerns agricultural activities, packaged wine sales of the company **Tenute del Cerro** recorded a decrease of 5.8% compared to 31 December 2019 - from €7.7m to €7.3m - while total revenues declined by 10% compared to the previous year, from €9.4m to €8.5m. In any event, a rigorous reduction in operating expenses made it possible to limit the loss for the period to €0.1m.

Casa di Cura Villa Donatello closed 2020 with revenue of €30.2m, up by around 12.8% compared to 2019 (€26.7m). Revenue trends show a continuation of the positive performance in the core business, for hospitalisation (hospital stays and outpatient surgery) as well as clinic activities (visits and diagnostics). The company recorded a profit of €0.4m, up slightly compared to 2019.

Asset and financial management

Investments and cash and cash equivalents

At 31 December 2020, Group **Investments and cash and cash equivalents** totalled €68,769m (€66,369m at 31/12/2019), with the following breakdown by business segment:

Investments and cash and cash equivalents - Breakdown by business segment

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Insurance	66,119	*96.1*	64,542	*97.2*	*2.4*
Other Businesses	464	*0.7*	511	*0.8*	*(9.3)*
Real Estate	2,386	*3.5*	1,425	*2.1*	*67.4*
Inter-segment eliminations	(200)	*(0.3)*	(110)	*(0.2)*	*82.2*
Total Investments and cash and cash equivalents (*)	68,769	*100.0*	66,369	*100.0*	*3.6*

(*) including properties for own use

The breakdown by investment category is as follows:

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Property (*)	3,709	*5.4*	3,624	*5.5*	*2.3*
Investments in subsidiaries, associates and interests in joint ventures	163	*0.2*	169	*0.3*	*(3.7)*
Held-to-maturity investments	421	*0.6*	455	*0.7*	*(7.4)*
Loans and receivables	5,256	*7.6*	4,767	*7.2*	*10.3*
Debt securities	3,936	*5.7*	3,471	*5.2*	*13.4*
Deposits with ceding companies	86	*0.1*	63	*0.1*	*37.2*
Other loans and receivables	1,234	*1.8*	1,232	*1.9*	*0.1*
Available-for-sale financial assets	51,102	*74.3*	48,854	*73.6*	*4.6*
Financial assets at fair value through profit or loss	7,436	*10.8*	7,752	*11.7*	*(4.1)*
held for trading	259	*0.4*	287	*0.4*	*(9.8)*
at fair value through profit or loss	7,178	*10.4*	7,466	*11.2*	*(3.9)*
Cash and cash equivalents	681	*1.0*	747	*1.1*	*(8.9)*
Total Investments and cash and cash equivalents	68,769	*100.0*	66,369	*100.0*	*3.6*

(*) including properties for own uses

Transactions carried out in 2020[5]

In 2020 the investment policies continued to adhere, in terms of medium/long-term investments, to the general criteria of prudence and of preserving asset quality consistent with the Guidelines defined in the Group Investment Policy. Specifically, financial operations were geared towards reaching profitability targets consistent with the asset return profile and with the trend in liabilities over the long-term, maintaining a high-quality portfolio through a process of selecting issuers on the basis of their diversification and strength, with a particular focus on the liquidity profile.

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.
During 2020, a more prudent approach was taken, decreasing risks in the portfolio by assuming positioning consistent with the increase in uncertainties generated by the COVID-19 pandemic: within the governmental segment, a policy was implemented to sell Italian government bonds, partially offset by acquisitions of bonds issued by other European countries.
There was an increase in exposure to the non-governmental bond component: in the Life segment, whose guidelines were inspired by greater issuer diversification and the optimisation of the existing portfolio's risk/return profile, orienting it towards high credit rating categories, there was an increase of €2.45bn. Also in the Non-Life business, there was an increase of €1.37bn in the non-governmental component in order to pursue the usual logics of optimising the risk/return profile.

Asset portfolio simplification activities continued during 2020, with a reduction of roughly €398m in exposure to level 2 and 3 structured bonds.

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

	31/12/2020			31/12/2019			variation	
Amounts in €m	Carrying amount	Market value	Implied +/-	Carrying amount	Market value	Implied +/-	Carrying amount	Market value
Structured securities - Level 1	40	40		40	40			
Structured securities - Level 2	282	289	7	517	497	(20)	(235)	(208)
Structured securities - Level 3	2	1	(1)	164	138	(25)	(162)	(137)
Total structured securities	**323**	**330**	**6**	**721**	**676**	**(45)**	**(398)**	**(346)**

Share exposure decreased in 2020 by around €333m. Transactions were broken down based on individual shares and ETFs (Exchange Traded Funds), representing share indexes. Almost all equity instruments belong to the main European share indexes.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €1,161m, an increase by approximately €400m relative to 31 December 2019.

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

The overall Group duration stood at 7.42 years, up compared to the end of 2019 (6.66 years). The Non-Life duration in the Group insurance portfolio was 3.64 years (3.80 years at the end of 2019); the Life duration was 8.68 years (7.64 years at the end of 2019). The fixed rate and floating rate components of the bond portfolio amounted respectively to 88.7% and 11.3%. The government component accounted for approximately 63.2% of the bond portfolio whilst the corporate component accounted for the remaining 36.8%, split into 26.7% financial and 10.1% industrial credit.

89% of the bond portfolio is invested in securities rated above BBB-: 6.5% of the total is positioned on classes AAA to AA-, while 16.9% of securities had an A rating. The exposure to securities in the BBB rating class was 65.7% and includes Italian government bonds which make up 46.4% of the total bond portfolio.

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

Net gains on investments and financial income

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

Net investment income

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Investment property	9	*0.6*	(13)	*(0.8)*	*n.s.*
Gains/losses on investments in subsidiaries and associates and interests in joint ventures	15	*1.0*	10	*0.6*	*54.1*
Net gains on held-to-maturity investments	18	*1.3*	19	*1.1*	*(1.6)*
Net gains on loans and receivables	36	*2.5*	115	*6.7*	*(68.4)*
Net gains on available-for-sale financial assets	1,653	*112.9*	1,868	*109.2*	*(11.5)*
Net gains on held-for-trading financial assets held for trading and at fair value through profit or loss (*)	(269)	*(18.3)*	(289)	*(16.9)*	*(6.9)*
Balance of cash and cash equivalents	1	*0.1*	1	*0.1*	*18.5*
Total net gains on financial assets, cash and cash equivalents	**1,464**	***100.0***	**1,710**	***100.0***	***(14.4)***
Net losses on held-for-trading financial liabilities and at fair value through profit or loss (*)			(1)		*(105.1)*
Net losses on other financial liabilities	(93)		(104)		*(10.0)*
Total net losses on financial liabilities	**(93)**		**(104)**		***(10.8)***
Total net gains (*)	**1,371**		**1,606**		***(14.6)***
Net gains on financial assets at fair value (**)	157		439		
Net losses on financial liabilities at fair value (**)	(76)		(256)		
Total net gains on financial instruments at fair value (**)	**82**		**183**		
Total net gains on investments and net financial income	**1,453**		**1,789**		***(18.8)***

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

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

At 31 December 2020, impairment losses were recognised in the Income Statement on financial instruments classified in the Available-for-sale asset category for €10m (€21m at 31/12/2019), in addition to net write-backs on investment property for €3m (net write-downs of €18m at 31/12/2019).

Shareholders' equity

Movements in shareholders' equity recognised during the year with respect to 31 December 2019 are set out in the attached Statement of changes in Shareholders' equity.

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

Amounts in €m	31/12/2020	31/12/2019	*var. in amount*
Share capital	2,031	2,031	
Other equity instruments	496		*496*
Capital reserves	347	347	
Income-related and other equity reserves	2,889	2,718	*171*
(Treasury shares)	(1)	(2)	*1*
Reserve for foreign currency translation differences	4	5	*(1)*
Gains/losses on available-for-sale financial assets	1,295	1,142	*154*
Other gains and losses recognised directly in equity	(1)	9	*(10)*
Profit (loss) for the year	820	628	*192*
Total shareholders' equity attributable to the owners of the Parent	**7,881**	**6,878**	***1,003***

The main changes in the year in the Group's shareholders' equity were as follows:
- increase of €496m following the issue by UnipolSai of a Restricted Tier 1 regulatory capital instrument recognised in the item Other equity instruments;
- decrease due to dividend distribution for €453m;
- an increase as a result of the increase in the provision for gains and losses on available-for-sale financial assets, net of both the related tax liabilities and the part attributable to the policyholders and charged to insurance liabilities for €154m;
- an increase of €820m for Group profit for the period.

Shareholders' Equity attributable to non-controlling interests was €263m (€275m at 31/12/2019).

Treasury shares and shares of the holding company

At 31 December 2020, UnipolSai held a total of 693,635 ordinary treasury shares (1,088,547 at 31/12/2019), of which 406,365 directly and 287,270 indirectly through the following subsidiaries:
- SIAT held 96,350;
- UniSalute held 71,988;
- UnipolSai Servizi Consortili held 63,236;
- Leithà held 26,859;
- Arca Vita held 17,524;
- Gruppo UNA held 8,422;
- AlfaEvolution Technology held 2,891.

The changes concerned the following transactions in execution of the compensation plans based on financial instruments (performance share type) for the executive staff of UnipolSai and its subsidiaries:
- acquisition of a total of 2,101,500 UnipolSai shares by UnipolSai and its subsidiaries;
- assignment, on 27 April 2020 and 11 December 2020, of 2,496,412 UnipolSai shares in implementation of the 2016-2018 Compensation plan based on financial instruments and the Short Term Incentive compensation plan for the year 2019.

At 31 December 2020, UnipolSai held, directly and through its subsidiaries, a total of 396,806 shares issued by the holding company Unipol Gruppo SpA (617,081 at 31/12/2019).

During the year, 1,357,209 shares were assigned to Company executives and 1,155,500 shares were acquired as part of the compensation plan based on financial instruments (performance share type).

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

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

Amounts in €m	Share capital and reserves	Profit(loss) for the year	Shareholders' equity at 31/12/2020
Parent balances in accordance with Italian GAAP	5,637	814	6,451
IAS/IFRS adjustments to the Parent's financial statements	1,886	5	1,891
Differences between net carrying amount and shareholders'equity and profit (loss) for the year of consolidated investments, of which:	(605)	166	(439)
- Translation reserve	*4*		*4*
- Gains or losses on available-for-sale financial assets	*111*		*111*
- Other gains or losses recognised directly in equity	*31*		*31*
Consolidation differences	207		207
Companies measured using the equity method	15	7	22
Intercompany elimination of dividends	137	(137)	
Other adjustments	15	(3)	12
Consolidated Shareholders' equity	7,291	853	8,144
Non-controlling interests	230	33	263
Shareholders' equity attributable to the owners of the Parent	7,061	820	7,881

Technical provisions and financial liabilities

At 31 December 2020, Technical provisions amounted to €57,707m (€57,567m at 31/12/2019) and Financial liabilities amounted to €7,055m (€6,000m at 31/12/2019).

Technical provisions and financial liabilities

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Non-Life technical provisions	14,388	15,067	*(4.5)*
Life technical provisions	43,319	42,500	*1.9*
Total technical provisions	**57,707**	**57,567**	***0.2***
Financial liabilities at fair value	**4,379**	**2,914**	***50.3***
Investment contracts - insurance companies	4,055	2,662	*52.3*
Other	324	253	*28.4*
Other financial liabilities	**2,676**	**3,086**	***(13.3)***
Subordinated liabilities	2,088	2,168	*(3.7)*
Other	588	918	*(36.0)*
Total financial liabilities	**7,055**	**6,000**	***17.6***
Total	**64,762**	**63,568**	***1.9***

UnipolSai Group Debt

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

The situation is summarised in the following statement:

Amounts in €m	31/12/2020	31/12/2019	*var. in amount*
Subordinated liabilities	2,088	2,168	*(80)*
Payables to banks and other lenders	453	560	*(107)*
Total debt	**2,541**	**2,728**	***(187)***

With reference to the Subordinated liabilities, all issued by UnipolSai, the change is due to the repayment made on 24 July 2020, as per the contractually envisaged repayment plan, of the second tranche of €80m on the Restricted Tier 1 loan originally for €400m, disbursed in July 2003 by Mediobanca - Banca di Credito Finanziario SpA to Fondiaria-SAI SpA and maturing 24 July 2023.

Payables to banks and other lenders, amounting to €453m (€560m at 31/12/2019), are primarily related to the loan taken out for the acquisition of real estate and for improvement works, by the Athens R.E. Closed Real Estate Fund for €157m and loans taken out by UnipolRental from banks and others for a total of €230m.
The item also includes the financial liabilities deriving from the present value of future lease payments due for lease agreements accounted for on the basis of IFRS 16 for a total of €53m.

Other information

Human Resources

The total number of Group employees at 31 December 2020 was 11,770 (-504 compared with 2019).

	31/12/2020	31/12/2019	Variation
Total number of UnipolSai Group employees	11,770	12,274	*(504)*
of which on a fixed-term contract	420	523	*(103)*
Full Time Equivalent - FTE	11,200	11,662	*(462)*

This includes 18 seasonal staff of Gruppo UNA at 31 December 2020 (64 at 31/12/2019), and foreign company employees (1,380) include 521 agents.

The decrease of 504 in the number of personnel compared to 31 December 2019 is due, net of movements to fixed-term contracts or for seasonal work started and completed in the year and intercompany transfers of business units, to 409 new hires and 913 exits.
In particular, during the year, there were 226 staff hired on permanent contracts (hired from the market or hiring of former temporary workers), 5 reinstatements, 1 due to the intragroup mobility process of an employee from a Company in the scope of "Unipol Gruppo", 12 new hires due to the acquisition of companies or business units and 165 new hires on fixed-term contracts or for seasonal work that refer to employees hired during the year and on the workforce at 31 December 2020; 913 exits are due to resignations, incentivised departures, retirement, participation in the "Solidarity Fund", other reasons for termination and 3 due to the intragroup mobility process to Companies in the scope of "Unipol Gruppo".

Sustainability

Sustainability is managed in UnipolSai through an operating structure reporting to the Chairman, to guarantee compliance with values and a full vision of the activities carried out, while the guidance function is attributed to the Board of Directors, which approves Policies overseeing ESG (Environmental, Social and Governance) risks, the Integrated Three-Year Plan and the Sustainability Report. The Board is supported by preliminary investigation work that is carried out by the Sustainability Committee of the Unipol Gruppo Board of Directors, which examined and evaluated the activities carried out throughout the entire year, and provided its opinion on the process adopted and on the main sustainability decisions taken by the Group.

The Group's integration of sustainability within business activities takes place starting from the Unipol Group Charter of Values and Code of Ethics, is reflected in the Vision & Mission and is broken down in the Business Plan, as well as the system of Policies approved during the year.

The Sustainability Policy develops the model identifying ESG risks, which are managed in the various business Policies. In particular:
- the Risk Policy, which precisely identifies the ESG risks to be monitored and managed;
- the Non-Life and Life Underwriting Policies, which develop the oversight mechanisms to reduce damages suffered and generated;
- the Investment Policy, which identifies the sectors and countries in which not to invest as a result of the level of ESG risks;
- the Outsourcing Policy which calls for the adoption of a Supplier Code of Conduct.

Convinced of the importance of integrating sustainability in business process to develop long-term competitiveness, the UnipolSai Group has deemed it appropriate to do this starting from the planning phase, making it one of the five paths of Mission Evolve. The "Shared value and sustainable development" path includes several fundamental sustainability projects as well as a number of actions oriented towards the ecosystems that contribute to the achievement of goals 3 (Good health and well-being), 8 (Decent work) and 11 (Sustainable cities) of the UN 2030 Agenda and/or promote prevention actions, enhancing owned assets for the creation of shared value.

Of particular note among the projects included in the Plan are:
- the commitment to drive production system resilience, with a particular focus on the agricultural sector and the risks generated by climate change, with the ADA project, financed through the European Life fund, to define a short- and long-term forecasting model to reduce both catastrophe risk and transition risk. The project began in September 2020 and will conclude in early 2023;
- the development of a green certification model for the agency network built and verified by Legambiente with a view to reaching 300 agencies within the timespan of the Plan, experimenting during the year on a pilot group of 10 agencies;
- the adoption of a Green Bond Framework, which received the second part opinion from Sustainalitycs for a potential €3bn in issues. In the course of 2020, the holding company Unipol issued a non-convertible senior unsecured bond for a nominal amount of €1bn, maturing in 10 years.

In order to monitor respect for the commitments undertaken, 10 sustainability indicators were identified, three of which were shared with the market and are proceeding as expected: an increase in the penetration of products with a social and environmental impact up to 30% of the total insurance portfolio, an increase in the amount of thematic investments for the SGDs (Sustainable Development Goals) up to €600m, the Group's commitment to achieving and maintaining a reputation above the insurance and financial market average.

This last parameter has also been introduced as a non-financial factor amongst long-term variable remuneration criteria to support the adoption of this integrated approach within the management structure.

During the year, social initiatives continued as well: insurance education through the Eos project and with Feduf for schools, which were promptly transferred to a digital platform, and the campaigns with Legambiente ("Bellezza Italia") and Libera, initiatives to support a widespread culture of respect for women. Stakeholder engagement and management activities were further developed locally through the Unipol Regional Councils, which created the CreAree project with many prestigious national partners to support internal areas in the development of SNAI.

At international level, the holding company Unipol is a signatory to the United Nations Global Compact and the Principles for Responsible Investing (PRI).

Group sales network

At 31 December 2020, 2,532 agencies were in operation, of which 2,314 of UnipolSai (at 31/12/2019, the agencies were 2,610, of which 2,434 of UnipolSai), with 4,147 agents (4,221 at 31/12/2019). Reorganisation initiatives continued in 2020 with the aim of promoting dimensional growth and evolution towards a more managerial model for the agencies concerned.

Again in the course of 2020, UnipolSai placed Life products through the bank branches of BPER Banca.
The leading bancassurance companies of the Group placed their products through the following sales networks:
- Arca Assicurazioni, Arca Vita and Arca Vita International primarily through BPER Banca SpA and Banca Popolare di Sondrio ScpA;
- BIM Vita through the branches of Banca Intermobiliare and of Banca Consulia (formerly Banca Ipibi) and solely with regard to post-sale activities, of Cassa di Risparmio di Fermo;
- Incontra Assicurazioni through Unicredit Group.

On 22 April 2020, during the 50th anniversary of Earth Day, the launch of the **Sustainable Agencies** project was announced. The project is part of the 2019-2021 Strategic Plan and meets the needs of the "Guidelines on reporting climate-related information" published by the European Commission in 2019. The goal is to enhance the agencies with a "certification" of their environmental and social sustainability, within a context in which attention to environmental matters is constantly on the rise. The certifications will be issued in partnership with Legambiente, a recognised and well-established Third Sector player, and may be exhibited by the agencies as a veritable "label of quality". The project began with a pilot phase involving 56 agencies located throughout the country, which were provided with a tool to map their virtuous behaviours in order to obtain the certification, and it was gradually extended during the year.

2020 was characterised by acceleration of the agency network **digitalisation processes**, also thanks to the simplification made possible by activities in mobility: all the agencies have mobile operations capacity for consulting, quotes management, policy issue and payments.
Furthermore, as of July 2020, it is possible for all UnipolSai customers to use credit cards to pay amounts due for certain types of policies, such as interim payments, from their Reserved Area (online or using the app). At the due date, the customer can decide whether to pay online or continue paying in the agency. This initiative was inspired by IVASS Regulation no. 41 of 2 August 2018, which significantly strengthened digitalisation by reinforcing functions in the Reserved Areas of customers on the websites of insurance companies and for the Group was the result of the combined efforts of multiple business areas.

IT services

In 2020, activities carried out in the **Multi-channelling, Process Digitalisation & Optimisation, Cybersecurity, Data and New Architectures & Technologies** Business Plan areas were set up so as to ensure the Group's operational continuity and the management of the COVID-19 emergency through the implementation of a series of specific initiatives broken down along the following lines:

<u>Initiatives in favour of agencies</u>
New remote sales functions were implemented to support agency operations during the lockdown (for example, extensions of the advanced electronic signature, new payment methods via SMS and Virtual POS) and modifications were made to incentive and economic settlement system management procedures to support agency liquidity.
The initiatives resulted in a 70% boost in the use of advanced electronic signatures and payments made in mobility and remotely more than doubled compared to the previous year.

<u>Initiatives in favour of customers and the business</u>
Modifications were developed for applications and operating procedures to adapt to the numerous regulatory changes introduced, and new products, commercial initiatives and rate changes were created to support business actions for emergency management.
Specifically, new Digital Campaigns were carried out based on the use of the app: #UnMesePerTe and #AndràTuttoBene FREE in April #UniSalutePerTe in December, which led, inter alia, to a significant increase in customer use of the Company's digital touch points (we exceeded 3.3m apps downloaded and nearly tripled the number of interactions on the app and websites), thanks to the implementation of a series of application upgrades and the review and strengthening of the app and website HW and SW platforms.
Furthermore, the self-service range of services available on the app was expanded with payment of policy and "blue line" parking slips, as well as the application of the #UnMesePerTe voucher discounts.
The UnipolSai app was once again nominated as best insurance market app by the Financial Observatory.
Activities also continued for the application of Artificial Intelligence and Robotics to the automation of 26 new processes in 6 different business areas and in the claims area in particular, where the range of documents managed with these technologies has been expanded further, and a new version of the "Liquido" system enhanced with new functions has been released to production.

<u>Initiatives to support the initiation of smart working for Group employees</u>
For the management of the COVID-19 emergency, a crash program was implemented on the technological and application platforms, which made it possible to deal with the emergency, ensuring the Group's operational continuity by enabling all 9,000 employees to take advantage of smart working arrangements in just a few weeks' time, and which has overall led to:

- the configuration and distribution of roughly 7,000 new company devices;
- making the activities of the roughly 1,000 operators at the Group's different call centres remote (Claims, Linear, Pronto Assistance Servizi, UniSalute, MyGlass);
- the reconfiguration of the network of internal company telephones and the adaptation of the main applications to allow for their secure use via internet from remote devices;
- the strengthening of infrastructure and development of new collaboration and videoconferencing solutions (volumes managed 14 times higher than those in 2019, with an average of roughly 2,200 videoconferences and 6,200 participants/day);
- the strengthening of security and access control infrastructure and training and cyber awareness initiatives.

Cybersecurity Data Governance & Data Strategy Initiatives
As concerns Cyber Security in particular, activities continued for the introduction of new technologies to support the monitoring of security and personal data protection, by implementing multi-factor authentication for Group employees, activating a Threat Intelligence platform for advanced research on internet and dark web threats, the performance of vulnerability assessments and penetration tests on infrastructure and applications and the preparation and activation of a new 2020 Cyber Security Course for employees and agents, carried out in collaboration with UNICA.
In terms of Data, new platforms have entered production for Data Governance and Data Quality management and new technologies and methods have been introduced for the exploitation and leveraging of customer and prospect data in pricing and underwriting processes.

Development of Ecosystems and evolution of the Information Systems of other Group Companies
Activities also continued on the technological evolution front for the service companies and ecosystems, with the release in Linear of the new portfolio platform for the management of the MV partnership with Poste, the completion in Pronto Assistance Servizi of the new operation centre platform for the management of MV assistance and the activation of recoveries with UnipolAssistance branded tow trucks and the launch in Unipol Rental and UniSalute of information system upgrades.

Transactions with related parties

The Procedure for related-party transactions (the "**Procedure**") - prepared pursuant to Art. 4 of Consob Regulation no. 17221 of 12 March 2010 as amended (the "Consob Regulation") and published on UnipolSai's website (www.unipolsai.com) 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 UnipolSai, either directly or through its subsidiaries.

This being said, in the course of 2020, UnipolSai did not carry out, directly or through subsidiaries, any related-party transactions qualified as of "Major Significance" and/or "Minor Significance" pursuant to the Procedure.

Please note that, in December 2020, the UnipolSai Board of Directors approved - after obtaining the favourable opinion of the Related Party Transactions Committee - the transaction qualified as of "Major Significance" concerning the settlement agreement signed in March 2021, as specified below in the "*Significant events after the reporting period*" section, as well as extensively commented on in the Notes to the section "*Corporate liability action against certain former directors and statutory auditors decided by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni*". 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 published with the timing and methods set forth by law and published on the institutional website of the company in the *Governance/Related Party Transactions* Section.

As regards the disclosure required by IAS 24, please refer to paragraph 5.6 - Transactions with related parties in the Notes to the financial statements.

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

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

Statement pursuant to Art. 2.6.2, paragraph 9 of the Regulation governing markets organised and managed by Borsa Italiana SpA

Pursuant to the requirements set forth in Art. 2.6.2, paragraph 9 of the Regulation governing markets organised and managed by Borsa Italiana SpA with reference to subsidiaries subject to the management and coordination of another company, it is hereby stated that the conditions set forth in Art. 37 of Consob Regulation no. 16191/2007 exist for UnipolSai SpA.

Significant events after the reporting period

MF Insurance Awards

In January 2021, during the MF Insurance Awards celebration, Arca Vita won the Lombard Superindex award, the composite index that measures the Company's efficiency and solidity by weighting various financial ratios.
In the MF Insurance Atlas rankings, Incontra Assicurazioni and Siat took the lead places, confirming their respective positionings in the "Growth and Creation of Value" and "Best Insurance Company in the aircraft, rail and marine vessels class" categories.

Leithà: a new tool for the assessment of climate risks

On 21 January 2021 the presentation of the European Extreme Events Climate Index (E3CI) was held, a brand new tool to support insurance companies in objectively assessing the dangers associated with tipping environmental balance.
The Index was created from the close partnership between the Euro-Mediterranean Center on Climate Change (CMCC), global scientific point of reference, and Leithà, the factory that develops agile data intensive solutions, applications and components with the aim of protecting, enhancing and expanding the Group's information assets.
The index satisfies the need for a versatile tool to monitor climate trends and extreme events, for use in different contexts, including financial and insurance.

Completion of the sale of Torre Velasca

In February 2021, the sale of the piazza Velasca property in Milan (Torre Velasca) was finalised due to the Public Administration's failure to exercise the pre-emption right.
The sale price was €160m, resulting in a capital gain of roughly €70m.

Financial Innovation - Italian Awards

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

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

In March 2021, with reference to the corporate liability action against several former directors and statutory auditors, approved by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni in the year 2013 and the relative pending legal cases, UnipolSai signed a settlement agreement with all defendants which fully defines the two liability actions and which will be subject to the approval of the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group. The terms and conditions of the above-mentioned agreement are summarised in the Directors' Report and in the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution No. 17721 of 12 March 2010 as amended, published with the timing and methods set forth by law and provided on the Company's institutional website.

Early repayment of UnipolSai subordinated loan maturing in 2021

On 15 March 2021, after obtaining the authorisation of the Supervisory Authority to exercise the right to early repayment on the part of the issuer, the subordinated loan (ISIN XS0130717134) issued by UnipolSai Assicurazioni was extinguished, for a nominal value of €300m, the contractual maturity of which had been scheduled for June 2021. The repayment of that loan is in line with proactive debt management and the limitation of the company's financial leverage as a result of the issue of the RT1 instrument for a nominal value of €500m, finalised in the final quarter of 2020.

Business outlook

The effects of the spread of the COVID-19 pandemic are continuing, including in sustained form, in the early months of 2021.

The new wave of infections and vaccination delays threaten the longed-for economic recovery. The political instability that has accompanied this first part of the year has certainly not benefitted our country, with tensions in the formation of a new government, which will need to promptly plan an effective use of the Next Generation plan funds, a key factor to improve the Italian economy's growth potential.

All this reflects on financial investments and on the financial management, which continues to be aimed at the consistency of assets and liabilities and optimising the risk/return profile of the portfolio, also with regard to the maintenance of an adequate level of solvency.

As concerns the performance of the businesses in which the Group operates, no particularly significant events are worth mentioning. Insurance segment trends are still impacted by the effects of the pandemic on commercial activities as well as claims. In the course of the year, it will be necessary to evaluate the influence that the continuation of the pandemic may have on the hotel business, which already suffered considerably in 2020.

Excluding unforeseeable events also connected with a further aggravation of the reference context, the consolidated operating result for the current year is expected to remain positive and in line with the objectives defined in the 2019-2021 Business Plan.

Bologna, 18 March 2021

The Board of Directors

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CONSOLIDATED FINANCIAL STATEMENTS AT 31.12.2020
TABLES OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Financial Position
Assets

	Amounts in €m	31/12/2020	31/12/2019
1	INTANGIBLE ASSETS	920.7	893.0
1.1	Goodwill	513.7	507.9
1.2	Other intangible assets	407.0	385.2
2	PROPERTY, PLANT AND EQUIPMENT	2,279.8	2,411.5
2.1	Property	1,447.5	1,561.1
2.2	Other tangible assets	832.2	850.4
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	835.3	989.6
4	INVESTMENTS	66,640.4	64,060.7
4.1	Investment property	2,261.5	2,063.2
4.2	Investments in subsidiaries, associates and interests in joint ventures	162.9	169.2
4.3	Held-to-maturity investments	420.8	454.6
4.4	Loans and receivables	5,256.4	4,766.7
4.5	Available-for-sale financial assets	51,102.3	48,854.5
4.6	Financial assets at fair value through profit or loss	7,436.5	7,752.5
5	SUNDRY RECEIVABLES	3,209.7	3,152.7
5.1	Receivables relating to direct insurance business	1,482.4	1,456.2
5.2	Receivables relating to reinsurance business	166.9	260.8
5.3	Other receivables	1,560.3	1,435.8
6	OTHER ASSETS	858.1	924.3
6.1	Non-current assets or assets of a disposal group held for sale	203.4	189.2
6.2	Deferred acquisition costs	99.2	101.2
6.3	Deferred tax assets	2.6	127.3
6.4	Current tax assets	8.6	3.5
6.5	Other assets	544.3	503.0
7	CASH AND CASH EQUIVALENTS	680.6	747.1
	TOTAL ASSETS	75,424.5	73,178.9

Statement of Financial Position
Shareholders' Equity and Liabilities

	Amounts in €m	31/12/2020	31/12/2019
1	SHAREHOLDERS' EQUITY	8,144.0	7,152.9
1.1	**attributable to the owners of the Parent**	**7,880.8**	**6,877.6**
1.1.1	Share capital	2,031.5	2,031.5
1.1.2	Other equity instruments	496.2	
1.1.3	Capital reserves	346.8	346.8
1.1.4	Income-related and other equity reserves	2,889.2	2,718.1
1.1.5	(Treasury shares)	(1.3)	(2.0)
1.1.6	Reserve for foreign currency translation differences	4.0	5.1
1.1.7	Gains or losses on available-for-sale financial assets	1,295.1	1,141.6
1.1.8	Other gains or losses recognised directly in equity	(0.8)	8.8
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	820.0	627.8
1.2	**attributable to non-controlling interests**	**263.3**	**275.3**
1.2.1	Share capital and reserves attributable to non-controlling interests	209.5	232.7
1.2.2	Gains or losses recorded directly in equity	20.6	15.5
1.2.3	Profit (loss) for the year attributable to non-controlling interests	33.1	27.1
2	PROVISIONS	437.8	442.3
3	TECHNICAL PROVISIONS	57,707.0	57,567.3
4	FINANCIAL LIABILITIES	7,055.3	6,000.4
4.1	Financial liabilities at fair value through profit or loss	4,379.3	2,914.4
4.2	Other financial liabilities	2,676.0	3,086.1
5	PAYABLES	1,026.0	1,080.4
5.1	Payables arising from direct insurance business	162.8	164.7
5.2	Payables arising from reinsurance business	77.0	96.6
5.3	Other payables	786.2	819.1
6	OTHER LIABILITIES	1,054.5	935.6
6.1	Liabilities associated with disposal groups	3.2	3.3
6.2	Deferred tax liabilities	136.3	78.0
6.3	Current tax liabilities	38.5	48.4
6.4	Other liabilities	876.5	805.9
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	75,424.5	73,178.9

2 Tables of Consolidated Financial Statements

Income Statement

	Amounts in €m	31/12/2020	31/12/2019
1.1	Net premiums	11,349.2	13,262.5
1.1.1	Gross premiums earned	11,810.4	13,715.8
1.1.2	Earned premiums ceded to reinsurers	(461.2)	(453.3)
1.2	Commission income	34.4	34.0
1.3	Gains and losses on financial instruments at fair value through profit or loss	(187.0)	(106.3)
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	15.7	10.2
1.5	Gains on other financial instruments and investment property	2,228.3	2,296.8
1.5.1	Interest income	1,348.5	1,467.5
1.5.2	Other income	180.5	213.7
1.5.3	Realised gains	448.6	547.3
1.5.4	Unrealised gains	250.8	68.2
1.6	Other revenue	818.4	803.7
1	TOTAL REVENUE AND INCOME	14,259.0	16,300.9
2.1	Net charges relating to claims	(8,844.3)	(11,349.9)
2.1.1	Amounts paid and changes in technical provisions	(9,015.2)	(11,658.4)
2.1.2	Reinsurers' share	170.9	308.5
2.2	Commission expenses	(19.7)	(21.0)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	(0.5)	(0.3)
2.4	Losses on other financial instruments and investment property	(603.6)	(411.4)
2.4.1	Interest expense	(97.3)	(101.0)
2.4.2	Other charges	(28.3)	(31.2)
2.4.3	Realised losses	(415.1)	(109.9)
2.4.4	Unrealised losses	(62.8)	(169.4)
2.5	Operating expenses	(2,541.9)	(2,634.9)
2.5.1	Commissions and other acquisition costs	(1,844.6)	(1,863.9)
2.5.2	Investment management expenses	(119.9)	(129.7)
2.5.3	Other administrative expenses	(577.4)	(641.3)
2.6	Other costs	(1,130.4)	(1,010.1)
2	TOTAL COSTS AND EXPENSES	(13,140.4)	(15,427.7)
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	1,118.6	873.2
3	Income tax	(265.5)	(218.3)
	PROFIT (LOSS) FOR THE PERIOD AFTER TAXES	853.1	654.8
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		
	CONSOLIDATED PROFIT (LOSS)	853.1	654.8
	of which attributable to the owners of the Parent	820.0	627.8
	of which attributable to non-controlling interests	33.1	27.1

Comprehensive Income Statement

Amounts in €m	31/12/2020	31/12/2019
CONSOLIDATED PROFIT (LOSS)	853.1	654.8
Other income items net of taxes not reclassified to profit or loss	(26.0)	6.0
Change in the shareholders' equity of the investees	(20.5)	10.8
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	(5.4)	(6.1)
Other items		1.3
Other income items net of taxes reclassified to profit or loss	174.0	1,087.0
Change in the reserve for foreign currency translation differences	(1.1)	0.2
Gains or losses on available-for-sale financial assets	158.8	1,076.9
Gains or losses on cash flow hedges	4.2	9.9
Gains or losses on hedges of a net investment in foreign operations		
Change in the shareholders' equity of the investees	12.1	
Gains and losses on non-current assets or disposal groups held for sale		
Other items		
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	148.1	1,092.9
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)	1,001.2	1,747.8
of which attributable to the owners of the Parent	962.9	1,705.4
of which attributable to non-controlling interests	38.2	42.4

Statement of Changes in Shareholders' Equity

	Amounts in €m	Balance at 31/12/2018	Changes to closing balances	Amounts allocated	Adjustments from reclassif. to profit or loss	Transfers	Changes in investments	Balance at 31/12/2019
Shareholders' Equity attributable to the owners of the Parent	Share capital	2,031.5						2,031.5
	Other equity instruments							
	Capital reserves	346.8						346.8
	Income-related and other equity reserves	2,132.6		584.6			0.9	2,718.1
	(Treasury shares)	(46.2)		44.2				(2.0)
	Profit (loss) for the year	905.1		125.8		(403.2)		627.8
	Other comprehensive income/(expense)	77.9		1,120.5	(42.9)		(0.0)	1,155.5
	Total attributable to the owners of the Parent	**5,447.6**		**1,875.1**	**(42.9)**	**(403.2)**	**0.9**	**6,877.6**
Shareholders' Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	206.7		28.8			(2.7)	232.7
	Profit (loss) for the year	42.6		(1.7)		(13.8)		27.1
	Other comprehensive income/(expense)	0.2		12.6	2.7		0.0	15.5
	Total attributable to non-controlling interests	**249.4**		**39.7**	**2.7**	**(13.8)**	**(2.7)**	**275.3**
Total		**5,697.0**		**1,914.9**	**(40.2)**	**(416.9)**	**(1.9)**	**7,152.9**

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

Statement of Cash Flows (indirect method)

Amounts in €m	31/12/2020	31/12/2019
Pre-tax profit (loss) for the year	**1,118.6**	**873.2**
Change in non-monetary items	**(1,417.6)**	**586.7**
Change in Non-Life premium provision	62.4	186.5
Change in claims provision and other Non-Life technical provisions	(600.1)	(348.3)
Change in mathematical provisions and other Life technical provisions	831.7	4,498.2
Change in deferred acquisition costs	2.1	(3.1)
Change in provisions	(4.6)	88.9
Non-monetary gains and losses on financial instruments, investment property and investments	(844.3)	(1,242.7)
Other changes	(864.8)	(2,592.8)
Change in receivables and payables generated by operating activities	**(211.3)**	**(211.9)**
Change in receivables and payables relating to direct insurance and reinsurance	(50.3)	(276.0)
Change in other receivables and payables	(161.0)	64.1
Paid taxes	**(83.3)**	**(34.4)**
Net cash flows generated by/used for monetary items from investing and financing activities	**1,618.2**	**(867.6)**
Liabilities from financial contracts issued by insurance companies	1,360.4	300.1
Payables to bank and interbank customers		
Loans and receivables from banks and interbank customers		
Other financial instruments at fair value through profit or loss	257.8	(1,167.7)
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES	**1,024.6**	**346.0**
Net cash flow generated by/used for investment property	(399.9)	(83.7)
Net cash flow generated by/used for investments in subsidiaries, associates and interests in joint ventures (*)	1.9	113.2
Net cash flow generated by/used for loans and receivables	(719.3)	(308.5)
Net cash flow generated by/used for held-to-maturity investments	37.0	9.4
Net cash flow generated by/used for available-for-sale financial assets	289.2	(85.0)
Net cash flow generated by/used for property, plant and equipment and intangible assets	(205.0)	(217.9)
Other net cash flows generated by/used for investing activities	15.8	440.3
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES	**(980.3)**	**(132.2)**
Net cash flow generated by/used for equity instruments attributable to the owners of the Parent	500.0	
Net cash flow generated by/used for treasury shares	1.8	128.1
Dividends distributed attributable to the owners of the Parent	(452.5)	(403.2)
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests	(25.3)	(13.8)
Net cash flow generated by/used for subordinated liabilities and equity instruments	(80.0)	(80.0)
Net cash flow generated by/used for other financial liabilities	(54.9)	(123.1)
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES	**(110.9)**	**(491.9)**
Effect of exchange rate gains/losses on cash and cash equivalents	0.0	0.0
CASH AND CASH EQUIVALENTS AT 1 JANUARY (**)	747.3	1,025.4
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(66.6)	(278.1)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (***)	680.7	747.3

(*) The figure of 2019 includes the difference between the price paid for the purchase of Car Server, now Unipol*Rental*, (€96.1m) and the cash and cash equivalents transferred as a result of the acquisition (€23.4m).
(**) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (2020: €0.2m; 2019: €0.3m).
(***) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (2020: €0.1m; 2010: €0.2m).

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3 NOTES TO THE FINANCIAL STATEMENTS

1. Basis of presentation

The UnipolSai Group, consisting of UnipolSai Assicurazioni ("UnipolSai") and its subsidiaries, operates in all Non-Life and Life insurance and reinsurance and capitalisation business; it may issue investment contracts and may set up and manage open pension funds, in compliance with the provisions of Art. 9 of Italian Legislative Decree 124 of 21 April 1993 and subsequent amendments.
To support the insurance business, it has developed instrumental commercial activities relating in particular to vehicle repair and vehicle glass replacement, the management of black boxes and other telematic devices, the management of payments in mobility and long-term vehicle rental.
It also carries out real estate, and to a lesser extent, hotel, agricultural and healthcare activities. UnipolSai is a joint-stock company, has its registered office in Bologna (Italy) and is listed on the Milan Stock Exchange.
UnipolSai's Consolidated Financial Statements were drawn up in accordance with Art. 154-ter of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and of ISVAP Regulation no. 7 of 13 July 2007, as amended. They conform to the IAS/IFRS standards issued by the IASB and endorsed by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of Regulation (EC) no. 1606/2002 in force on the closing date of the financial statements.

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

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

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

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

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

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

The Consolidated financial statements of UnipolSai Assicurazioni SpA are subject to an audit by independent auditors PricewaterhouseCoopers SpA (PwC), the company tasked with performing the legally-required audit of the consolidated financial statements for the 2013/2020 period. The duration of the assignment is one year less than originally agreed, following the waiver for 2021 submitted by PwC on 4 April 2019 at the request of UnipolSai, in relation to appointment of the independent auditors for the Parent Unipol for 2021-2029, to allow alignment between the duration of the UnipolSai audit engagement with that of the Parent.

Consolidation scope

The UnipolSai Group's Consolidated Financial Statements at 31 December 2020 were drawn up by combining the figures of UnipolSai and those for the 48 direct and indirect subsidiaries (IFRS 10). At 31 December 2019 a total of 49 companies were consolidated on a line-by-line basis. Subsidiaries deemed to be too small to be of relevance are excluded from the line-by-line consolidation.

There are no jointly-controlled interests.

Associates (20 companies), in which the investment percentage ranges between 20% and 50%, and subsidiaries considered immaterial (2 companies), are measured using the equity method (IAS 28) or maintained at the carrying amount. At 31 December 2019, a total of 23 associates and subsidiaries were considered immaterial.

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

Changes in the consolidation scope compared with 31 December 2019 and other transactions

Changes in the consolidation scope

February 2020 saw the conclusion of the bankruptcy proceedings of the company Butterfly AM Srl in liquidation, which was therefore closed. The company settled the payables set out in the bankruptcy plan and the shareholders did not receive any allocation.

On 24 February 2020, UnipolSai incorporated Unica Lab, a company set up to supply training services and organise training events, through the payment of share capital of €1,000,000.

On 24 April 2020, the entire equity investment of Società Edilizia Immobiliare Sarda SpA, equal to 51.667% of the share capital, was transferred to third parties together with the receivables relating to shareholder's loans paid.

Following the contribution of properties by UnipolSai to the property funds already mentioned in the management report, the Oikos fund joined the Group's scope of consolidation in the first half of 2020, managed by UnipolSai Investimenti SGR and whose shares are wholly-owned by UnipolSai.

On 22 December 2020, with the authorisation of IVASS for the acquisition of control, the proposed acquisition of 100% of the company Cambiomarcia Srl was carried out. The total price of €5,925k was paid out, with €5,275k paid directly to the sellers and €650k deposited in current accounts in the name of UnipolSai restricted in favour of the individual sellers. This amount was withheld by UnipolSai to back the indemnities set forth in the preliminary sale agreement in relation to the obligations and warranties of the sellers and the negative price adjustment that should result from the verification of the financial position of Cambiomarcia at the transfer date.

Capital transactions of investee companies

On 4 May and 10 December 2020, UnipolSai made two capital account payments, for a total of €2.2m, in favour of Nuove Iniziative Toscane Srl, to enable the subsidiary to meet financial needs in relation to primary urbanisation works necessary to activate the Marescialli School, within the scope of the Castello project.

Other transactions

As part of the transactions aimed at rationalising and simplifying the corporate structures of the Unipol Group, as resolved by the Board of Directors on 21 June 2019, a deed of merger by incorporation of Pronto Assistance SpA in UnipolSai was signed on 21 January 2020. The merger did not result in any share capital increase of the incorporating company as the entire share capital of the incorporated company was already directly held by UnipolSai. The Merger took effect for legal purposes on 1 February 2020, and from 1 January 2020 for accounting and tax purposes.

On 21 January 2020, deeds were signed regarding (i) the global spin-off of Ambra Property Srl in favour of UnipolSai, Gruppo UNA SpA and Midi Srl, (ii) the global spin-off of Villa Ragionieri Srl in favour of UnipolSai and Casa di Cura Villa Donatello SpA and (iii) the partial spin-off of the latter in favour of UnipolSai. These spin-off operations did not involve an increase in the share capital of the beneficiary companies given that the entire share capital of the spun off company was already held directly by UnipolSai, as was that of the beneficiary companies other than the said company. The global spin-offs became effective from 1 February 2020, effective from 1 January 2020 for accounting and tax purposes. The partial spin-off of Casa di Cura Villa Donatello took effect on 1 February 2020, effective from the same date for accounting and tax purposes.

Please note that the merger and spin-off transactions described above did not have any effects at consolidated level, as they concerned wholly-owned subsidiaries of UnipolSai and UnipolSai itself.

Information about business combinations

As reported previously, on 22 December 2020, UnipolSai finalised the acquisition of 100% of the share capital of Cambiomarcia Srl at the price of €5.9m. Cambiomarcia manages a web platform for selling used vehicles between private parties, providing customers with a personalised assistance service.

The values of the assets and liabilities acquired, calculated on the consolidated accounting position of Cambiomarcia at 31 December 2020, are reported below:

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

The values of the assets acquired and the liabilities assumed are still considered provisional and may be recalculated within 12 months of the acquisition, as laid out in IFRS 3. On the basis of these values, the difference between the acquisition cost (€5.9m) and the net identifiable assets led to the recognition of goodwill for €5.9m.

Reporting date

The reporting date of the Consolidated Financial Statements is 31 December 2020, the date the separate financial statements of UnipolSai closed. All the consolidated companies closed their financial statements at 31 December with the exception of the following:
- the associate Pegaso Finanziaria SpA closes its financial year on 30 June and prepares interim financial statements in reference to the reporting date for the consolidated financial statements;
- the associate Fin.Priv Srl closes its financial year on 30 November.

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

Basis of consolidation

Companies consolidated on a line-by-line basis

This method provides for the consolidation on a line-by-line basis of the assets, liabilities, gains and losses of the consolidated companies as from the date they were acquired, with the carrying amount of the investment being offset against the corresponding amount of the shareholders' equity of each individual subsidiary and, in the case of investments not wholly owned, the separate recognition of the amount of the equity and the profit or loss for the year attributable to non-controlling interests.
The amount of equity attributable to non-controlling interests is recognised under shareholders' equity as "Share capital and reserves attributable to non-controlling interests", whilst the corresponding share of consolidated profit or loss is shown under "Profit (loss) for the year attributable to non-controlling interests".
The financial statements of the subsidiaries are consolidated on a line-by-line basis with the exception of small subsidiaries, for which the equity method is used.

Goodwill

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

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

Companies measured using the equity method

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

Elimination of intragroup transactions

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

Segment reporting

Segment reporting is provided according to the provisions of IFRS 8 and structured on the basis of the major business segments in which the Group operates:

- Non-Life insurance business;
- Life insurance business;
- Real estate business;
- Other businesses.

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

This rule does not apply in the following cases:

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

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

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

2. Main accounting standards

New accounting standards

The changes to the accounting standards previously in force are summarised below, whose application took effect from 1 January 2020, for which no accounting impacts worthy of note were recorded.

IFRS 3 Amendments - Definition of a business

Regulation EU 2020/551 of 21 April 2020 amended IFRS 3 "Business Combinations", in order to provide support to entities in determining whether a transaction is an acquisition of a business or a group of assets that does not satisfy the definition of business pursuant to IFRS 3.

IAS 1 and IAS 8 Amendments - Definition of material

Regulation EU 2019/2104 of 29 November 2019, which amended IAS 1 "Presentation of financial statements" and IAS 8 "Accounting standards, changes in accounting estimates and errors", better clarified the definition of "material" as part of the general measurement criteria of the disclosure to be provided in the financial statements. In detail, an item of information is material if it is reasonable to presume that its omission, misstatement or concealment could influence the decisions of the main financial statements users.

IBOR interest rate reform

In 2019, at the request of the EU Commission, the IASB launched a project for the replacement of the reference IBOR (Inter Bank Offered Rate) rates, structuring it into two phases:
- Phase 1 "Pre-replacement phase": to limit the accounting effects in the financial statements in the period prior to the replacement of the rates;
- Phase 2 "Replacement phase": to limit accounting impacts in subsequent periods.

As concerns Phase 1, EU Regulation 2020/34 of 15 January 2020 adopted several amendments made by the IASB to the standards IFRS 9 "Financial instruments", IAS 39 "Financial instruments: recognition and measurement" and IFRS 7 "Financial instruments: disclosure", with the goal of removing uncertainties deriving from the reform of the IBOR (Inter Bank Offered Rate), allowing for some simplifications of the requirements laid out by such standards during the period prior to the change in benchmark rates. The amendments introduced mainly concerned the accounting practice of hedge accounting and the associated disclosures, as well as the pricing of financial assets and liabilities connected to these indexes.

Instead, with respect to Phase 2 of the project, in April 2020 the IASB published the Exposure Draft relating to amendments to IFRS 9 "Financial instruments", IAS 39 "Financial instruments: recognition and measurement", IFRS 7 "Financial instruments: disclosure", IFRS 4 "Insurance contracts" and IFRS 16 "Leases", issued in order to improve accounting disclosure on the effects of the IBOR reform following the introduction of the new benchmark interest rate. On 14 January 2021 EU Regulation 2021/25 was published in the Official Journal, containing the package of amendments to the above-mentioned standards, which entered into force on 1 January 2021.

Amendments to the Conceptual Framework for Financial Reporting

Regulation EU 2019/2075 of 29 November 2019 acknowledged, as part of the various references in the different IAS/IFRS accounting standards, the amendments introduced by the IASB to the IFRS Conceptual Framework Revised. The main changes introduced by said new conceptual framework with respect to the version previously in force concern:
- new concepts for measurements, presentation, transparency and the elimination from the financial statements of the values recognised previously;
- updates for the definition of assets and liabilities as well as for the concept of recognition of financial assets and liabilities;

- greater clarity for the concepts of prudence, uncertainty in measurements, substance over form and directors' responsibility.

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

On 12 October 2020 EU Regulation 2020/1434 was published on "COVID-19-Related Rent Concessions (Amendment to IFRS 16 - Leases)", in force as of 1 June 2020, which provides optional and temporary (as applicable only to changes in lease payments until 30 June 2021) support to entities, considering the negative effects of the pandemic situation. Specifically, by virtue of a specific agreement between the parties, the lessee has the right not to evaluate the rent concession as a substantial change in the lease, and furthermore is required to provide a dedicated disclosure in this regard in the financial statements. The Group relied on the right provided by the amendments to IFRS 16, the effects of which are in any event substantially immaterial. Lastly, on 10 March 2021, the IASB also approved an additional amendment to IFRS 16, for which the EU endorsement procedure has not yet been completed, which extends that right to lease payments until 30 June 2022.

New accounting standards not yet in force

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

Updates to IFRS 17 – Insurance contracts

In 2019, the IASB entered into dialogue with stakeholders in order to evaluate some amendments to the new accounting standard on insurance contracts, IFRS 17, issued on 18 May 2017, hence launching a process of redeliberation of some regulatory elements, partly already contained in the Exposure Draft "Amendments to IFRS 17" of June 2019, which was concluded in March 2020.

On 25 June 2020, the Board then published the final version of the amendments to the standard, incorporating several requests made by stakeholders, including the postponement of the date of initial application (initially established for 1 January 2021 and already deferred to 1 January 2022) to 1 January 2023, as well as the extension to that date of the "IASB Deferment" for the application of IFRS 9 for the insurance sector, in order to align the entry into force of the two accounting standards (see subsequent section on the matter).

Despite the numerous critical issues submitted for the attention of the IASB by stakeholders (including the Italian insurance market) with respect to the level of aggregation for certain life insurance contracts characterised by intergenerational mutualisation, the Board decided to maintain the annual cohort requirement unchanged, claiming that it was necessary in order to provide useful information to the market on changes in profitability over time of those types of contracts.

On 30 September 2020, EFRAG, as the body responsible for providing a technical opinion to the EU Commission concerning the incorporation of international accounting standards in European regulations, began a public consultation on the "Draft Endorsement Advice" expiring on 29 January 2021, in which it expresses a favourable opinion on respect for the IFRS 17 endorsement criteria, with the exception of the annual cohort requirement for certain types of contracts with intergenerational mutualisation and with strictly correlated cash flows, on which a shared position has not been reached by the Board members.

The Unipol Group has been strongly committed to planning for the future application of IFRS 17 since 2017, with extensive involvement of the main corporate functions. After a thorough assessment to determine the impact of this standard and measuring the gaps in terms of processes, IT systems, accounting, actuarial calculations, business and risk, at the beginning of 2018 the IFRS 17 transition project was launched which, under the guidance of UnipolSai, has gradually also involved the other insurance companies in the Group, with a view to implementing a single data processing and management model within the Group, leveraging common policies, processes and IT applications. Already starting from 2019 and until the Draft Endorsement Advice comment phase, the Unipol Group followed the debate with particular attention at both domestic and international level, participating in the relevant fora. In its comments, the Group expressed its desire for the endorsement of IFRS 17, provided the observations already made in previous standard definition phases could be addressed with reference to the elimination of the annual cohort requirement for certain types of contracts with intergenerational mutualisation and with strictly correlated cash flows. The observations mentioned above assume particular relevance with reference to the Italian life insurance market, in which the contract type in question is particularly widespread (class I contracts linked to segregated funds) and for which it is deemed that the current requirements laid out by the standard do not allow for an appropriate representation at economic and capital level consistent with the economic substance and the management methods of such contracts.

Deferment of IFRS 9 - Amendment of IFRS 4

On 25 June 2020, the Board issued the document "Extension of the Temporary Exemption from Applying IFRS 9", which entered into force on 1 January 2021 and which postpones the expiry of the temporary exemption from application of IFRS 9, established for the insurance sector, to 1 January 2023, in order to align the date of entry into force of the standard with the new IFRS 17 "Insurance contracts". On 16 December 2020, EU Regulation 2020/2097 was published in the Official Journal, modifying IFRS 4 and confirming the temporal extension of the exemption.

Lastly, on 27 January 2021, IVASS issued Measure no. 109 containing the amendments required to align the terms set forth in ISVAP Regulation 7/2007 with the extension of the exemption from the application of IFRS 9 to 1 January 2023.

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

On 14 May 2020, the IASB published several amendments which will enter into force as of 1 January 2022 and which include some limited amendments to three accounting standards, as well as improvements to certain standards. More specifically:

- IFRS 3 "Business combinations": the reference present in IFRS 3 to the new revised Conceptual Framework was updated in order to resolve certain issues linked to the distinction between the acquisition of a business and the acquisition of a group of assets. However, this specification does not make any amendment to the provisions of that standard;
- IAS 16 "Property, plant and equipment": prohibition of deducting from the cost of the asset the amount received from the sale of goods produced prior to when the asset is ready for use. These sales revenues and the relative costs should therefore be recognised in the income statement;
- IAS 37 "Provisions, contingent liabilities and contingent assets": a clarification has been included with respect to the cost items to be considered in order to evaluate whether a contract could be defined as onerous;
- Annual Improvements: slight amendments were made to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial instruments", IAS 41 "Agriculture" and to the illustrative examples accompanying IFRS 16 "Leases".

On 23 October 2020, EFRAG sent the Final Endorsement Advice to the EU Commission to proceed with the endorsement process, which should take place by mid-2021.

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

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

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

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

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

ESEF Regulation - Financial statements in the single electronic reporting format
EU Regulation 815/2018 of 17 December 2018, transposing EU Directive 2013/50 “Transparency”, is addressed at all companies whose securities are admitted to trading on a regulated market and establishes the obligation to draft annual financial reports in the new XHTML format. Specifically, this regulation defines, including through technical annexes, the content that the new format must include, without however providing additional information on the filing of financial statements in the Member States. The date of initial entry into force of the preparation of financial statements in XHTML format was initially as of the year 2020 for the annual consolidated financial statements of listed companies. Considering the specific context deriving from the COVID-19 pandemic, following an agreement between the EU Commission, the EU Parliament and the European Council, individual states were allowed to postpone the initial application of this new method for preparing consolidated financial statements by one year, while in any event allowing individual issuers to anticipate application to 31 December 2020. The majority of the European Union’s states, including Italy, exercised the right to postpone. In this context, the Group has decided to apply the new standards for drafting financial statements in electronic format as of the consolidated financial statements relating to the year 2021.

Non-Financial Reporting Standards
In the first part of 2020, the European Commission conducted a public consultation on sustainable finance concerning the revision of the Non-Financial Reporting Directive (NFRD, Directive 2014/95/EU), which currently requires large public interest companies to communicate certain information to the public regarding the influence of non-financial issues and the company’s impact on society and the environment.
In June 2020, the EU Commission requested a technical consultation from EFRAG in order to launch work in preparation for the development of possible non-financial reporting standards at EU level, as part of the revision of the current EU Directive adopted in Italy by Italian Legislative Decree 254/16. In this respect, in September 2020, EFRAG established the Project Task Force – Non-Financial Reporting Standards (PTF-NFRS).

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

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

Statement of financial position

Assets

1 Intangible assets - IAS 38

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

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

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

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

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

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

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

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

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

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

3 Technical provisions - Reinsurers' share - IFRS 4

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

4 Investments

4.1 Investment Property - IAS 40

This item includes property held either to earn rental income or for capital appreciation or for both.
Investment property is recognised by applying the cost method, as allowed by IAS 40 (an alternative to the fair value method).
If the final recoverable amount of property is estimated to be less than the carrying amount (or zero) it is depreciated annually on a straight-line basis, based on the recoverable amount and the estimated useful life (33.4 years). This generally applies to properties that are instrumental by nature, such as hotels, shopping centres, and office buildings.
If the recoverable amount of the property is estimated to exceed the carrying amount, no depreciation is applied. For the Group this is the case with residential property. In the case of wholly-owned properties (land and buildings) depreciation is carried out only on the building.

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

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

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

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

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

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

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

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

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

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

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

4.3 Held-to-maturity investments

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

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

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

4.4 Loans and receivables

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

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

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

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

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

4.5 Available-for-sale financial assets

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

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

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

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

Impairment policy for financial assets adopted by the Group

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

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

Therefore, for equity instruments, the impairment test is carried out by selecting all the instruments to which at least one of the following conditions applies:
a) the market price has remained below the initially recognised amount for the last 36 months;
b) the impairment on the reporting date is more than 50% of the initial recognition amount.

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

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

4.6 Financial assets at fair value through profit or loss

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

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

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

Derivatives

Derivatives are initially recognised at the purchase cost representing the fair value and subsequently measured at fair value. Information on how the fair value is determined is provided in the section "Fair value measurement criteria – IFRS 13".
Derivatives may be acquired for "trading" or "hedging" purposes. For hedging transactions IAS 39 sets out cumbersome and complex rules to assess, by preparing appropriate documentation, the effectiveness of the hedge from the time it is activated and throughout its entire term (hedge accounting).

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

Reclassifications of financial assets – IAS 39

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

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

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

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

If the entity has reclassified a financial asset from fair value through profit or loss or from "available for sale", the following is some of the information that must be provided (IFRS 7):
- the amount reclassified from and to each category;
- for each year until it is derecognised, the carrying amount and the fair value of all financial assets reclassified during the current and preceding year;
- whether a financial asset was reclassified in accordance with paragraph 50B of IAS 39, however unusual the situation, and the facts and the circumstances of the unusual situation;
- for the financial year in which the financial asset was reclassified, the fair value gain or loss on the financial asset;
- for each year after reclassification (including the year in which the financial asset was reclassified) until the financial asset is derecognised, the fair value gain or loss that would have been recognised if the financial asset had not been reclassified.

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

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

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

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

The Group, with regard to bonds issued by SPVs in the portfolio at 31 December 2020, does not exercise any form of control over the SPVs, in the sense that it is not able to govern the management process of the SPVs (which, in fact, is defined by the arrangers of the investment transaction in which the Group participates by subscribing the notes and other relevant contracts) and does not obtain any benefits from the SPVs other than those strictly dependent on the formally subscribed financial instrument. The Group holds the notes issued by the SPV and can only dispose of these autonomously, as it does not have the power to dispose of the financial instruments held by the vehicle. It is reasonable to infer, from this, that the Group holds no form of control of the SPVs pursuant to IFRS 10.

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

5 Sundry receivables

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

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

6 Other assets

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

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

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

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

If a group continues to operate in the business of the company to be sold, income statement items relating to the assets held for sale or disposal groups are recognised in accordance with the normal rules of consolidation on a line-by-line basis.

6.2 Deferred acquisition costs

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

6.3 Deferred tax assets - IAS 12

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

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

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

6.4 Current tax assets - IAS 12

This item includes assets related to current taxation.

6.5 Other assets

Among other things, this item includes prepayments and accrued income and deferred commission expense for investment contracts with no discretionary participation feature, as these are additional costs incurred to acquire the contract, amortised on a straight-line basis over the whole life of the contract.

7 Cash and cash equivalents - IAS 7

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

Liabilities

1 Shareholders' equity - IAS 32

1.1.1 Share capital

The item includes the share capital of the consolidating company.

1.1.2 Other equity instruments

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

1.1.3 Capital reserves

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

1.1.4 Income-related and other equity reserves

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

1.1.5 Treasury shares

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

1.1.6 Reserve for foreign currency translation differences

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

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

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

1.1.8 Other gains or losses recognised directly in equity

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

2 Provisions - IAS 37

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

3 Technical provisions - IFRS 4

Classification of insurance contracts

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

As for the Non-Life sector, all the policies in the portfolio are classified as insurance contracts.

As regards the Life sector, the principal criteria used for classifying Life products as insurance policies were:

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

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

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

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

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

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

Non-Life business technical provisions

Premium provision

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

Ageing provision

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

Claims provision

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

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

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

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

Life business technical provisions

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

Mathematical provisions

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

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

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

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

The liability adequacy test required by IFRS 4 was also carried out to verify that the technical provisions are adequate to cover the present value of future cash flows related to insurance contracts.
The test was performed by projecting the cash flows and taking into account the following elements:
- guaranteed services by guarantee line, projected on the basis of contractual conditions;

- trend in the existing portfolio relating to recurring payment aspects, expiry of contracts, policyholder mortality and propensity to redemption;
- costs and revenues associated with portfolio management and liquidation.

Provision for shadow accounting

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

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

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

4 Financial liabilities - IAS 39

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

4.1 Financial liabilities at fair value through profit or loss

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

4.2 Other financial liabilities

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

5 Payables

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

Payables are recognised at their nominal value.

Employee benefits - IAS 19

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

Actuarial gains and losses relating to obligations deriving from defined benefit plans are recorded under Other comprehensive income (expense).
Future cash flows are discounted on the basis of the market yield curve, recorded at the end of the year, for corporate bonds issued by issuers with high credit standing.

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

Net interest is calculated by applying to the net value of liabilities for defined benefits existing at the start of the year the one-year interest rate taken from the yield curve used to discount the liability at the end of the previous year.

6 Other liabilities

6.1 Liabilities associated with disposal groups - IFRS 5

Please see above for the corresponding asset item.

6.2 Deferred tax liabilities - IAS 12

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

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

6.3 Current tax liabilities

This item includes current tax payables.

6.4 Other liabilities

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

Income Statement

1 Revenue and income

1.1 Net premiums

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

1.2 Commission income

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

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

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

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

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

1.5 Gains on other financial instruments and investment property

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

1.6 Other revenue

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

2 Costs and expenses

2.1 Net charges relating to claims

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

2.2 Commission expense

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

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

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

2.4 Losses on other financial instruments and investment property

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

2.5 Operating expenses

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

2.6 Other costs

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

3 Income tax for the year

For the 2018-2020 three-year period, UnipolSai has opted for the Group tax regime regulated by Art. 117 et seq. of Italian Presidential Decree no. 917/86, under the tax consolidating company Unipol Gruppo, together with its own subsidiaries that meet the regulatory requirements.
An agreement was signed between the consolidating company and the respective consolidated companies, regulating the financial and procedural aspects governing the option in question.

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

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

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

Foreign currency transactions - IAS 21

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

Share-based payments - IFRS 2

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

Earnings per share - IAS 33

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

Use of estimates

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

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

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

Fair value measurement criteria - IFRS 13

IFRS 13 provides guidelines to the measurement at fair value of financial instruments and non-financial assets and liabilities already required or permitted by other accounting standards (IFRS). This standard:

a) defines fair value;

b) groups into a single accounting standard the rules for measuring fair value;

c) enriches financial statement information.

The standard defines fair value as the sale price of an asset based on an ordinary transaction or the transfer price of a liability in an ordinary transaction on the main reference market at terms applicable at the measurement date (exit price).

Fair value measurement assumes that the transaction relating to the sale of assets or transfer of liabilities can take place:

- on the main listing market;
- if there is no listing market, on the market most advantageous for the assets and liabilities to be measured.

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

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

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

Fair value measurement criteria

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

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

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

"Liquid and active market" means:
a) the regulated market in which the instrument subject to measurement is traded and regularly listed;
b) the multilateral trading system (MTF) in which the instrument subject to measurement is traded or regularly listed;
c) listings and transactions performed on a regular basis, i.e. high-frequency transactions with a low bid/offer spread, by an authorised intermediary (hereinafter "contributor").

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

Mark to Market valuations

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

For bonds, the sources used for the Mark to Market valuation of financial assets and liabilities are as follows:
- the primary source is the CBBT price provided by data provider Bloomberg;
- where the price referred to the previous point is unavailable, an internal scoring model is used, which makes it possible to select liquid and active contributors on the basis of pre-defined parameters.

For UCITS the Net Asset Value is the source used.

Mark to Model valuations

The Group uses valuation methods (Mark to Model) in line with the methods generally used by the market.

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

The list of the main models used within the UnipolSai Group for Mark to Model pricing of financial instruments is provided below:

Securities and interest rate derivatives
- Discounted cash flows;
- Black;
- Black-Derman-Toy;
- Hull & White 1.2 factors;
- Libor Market Model;
- Longstaff & Schwartz;
- Kirk.

Securities and inflation derivatives
- Discounted cash flows;
- Jarrow-Yildirim.

Securities and share, index and exchange rate derivatives
- Discounted cash flows;
- Black-Scholes.

Securities and credit derivatives
- Discounted cash flows;
- Hazard rate models.

The main observable market parameters used to perform Mark to Model valuations are as follows:
- interest rate curves for reference currency;
- interest rate volatility surface for reference currency;
- CDS spread or Asset Swap spread curves of the issuer;
- inflation curves for reference currency;
- reference exchange rates;
- exchange rate volatility surface;
- share or index volatility surface;
- share reference prices;
- reference inflation curves.

The main non-observable market parameters used to perform Mark to Model valuations are as follows:
- correlation matrices between exchange rates and risk factors;
- historical volatility;
- benchmark spread curves constructed to assess bonds of issuers for which the prices of the bonds issued or CDS curves are unavailable;
- credit risk parameters such as the recovery rate;
- delinquency or default rates and prepayment curves for ABS"type financial instruments.

With reference to bonds in those cases when, even on the basis of the results of the Scoring Model, it is not possible to measure an instrument using the Mark to Market method, the fair value is obtained on the basis of Mark to Model type valuations. The different valuation models referred to above are chosen according to the instrument characteristics.

For OTC derivative contracts, the models used are consistent with the risk factor underlying the contract. The fair value of OTC interest rate derivatives and OTC inflation-linked derivatives is calculated on the basis of Mark to Model type valuations, acknowledging the rules set in IFRS 13.
As regards derivatives on which a collateralisation agreement is provided (Credit Support Annex) between the companies of the UnipolSai Group and the authorised market counterparties, the EONIA (Euro OverNight Index Average) discount curve is used.
As regards uncollateralised derivatives, CVA (Credit Valuation Adjustment) and DVA (Debit Valuation Adjustment) adjustments are made. It should be noted that, at 31 December 2020, almost all derivative positions represented collateralised contracts for which CSA agreements are in place with the counterparties involved in the trading.

As regards unlisted shares and investments for which a market price or an appraisal by an independent expert is not available, the valuations are performed mainly on the basis of (i) equity methods, (ii) methods based on the discounting of future profit or cash flows, i.e. Discounted Cash Flow (DCF) or Dividend Discount Model (DDM), (the so-called "excess capital" version) (iii) if applicable, methods based on market multiples.

As regards unlisted UCITS, Private Equity Funds and Hedge Funds, the fair value is calculated as the Net Asset Value at the financial statement date provided directly by the fund administrators.

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

Counterparty valuations

For financial assets and liabilities which do not fall into the categories of instruments valued on a Mark to Market basis and for which there are no consistent and validated valuation models available for the purposes of measuring fair value, the valuations provided by the counterparties that could be contacted to liquidate the position are used.

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

Bond issues that incorporate a derivative contract which modifies the cash flows generated by the host contract are considered structured bonds. The measurement of structured bonds requires the representation and separate valuation of the host contract and of embedded derivative contracts.
The measurement of structured bonds makes use of models consistent with the breakdown into elementary components (host contract and embedded derivatives) and with the risk factor underlying said contract.
For structured bonds, the valuation of elementary components follows the criteria defined above for the calculation of fair value, which makes provision for use of Mark to Market valuation if available, or of the Mark to Model approach or counterparty price in the case in which the Mark to Market-type price is not available.
Bonds issued by a Special Purpose Vehicle secured by collateral and whose flows paid are generated by an interest rate swap contract in place between the vehicle and the swap counterparty (usually the arranger of the transaction) are considered SPV structured bonds. The measurement of SPV structured bonds requires the representation and separate valuation of the following elements:

- collateral issue of the vehicle;
- interest rate swap agreement between the vehicle and arranger;
- any other optional components or CDS agreements included in the vehicle.

For SPV structured bonds the valuation of collateral follows the criteria defined previously for the calculation of the fair value, which makes provision for the use of the Mark to Market approach if available, or the Mark to Model approach or the counterparty price in the case in which the Mark to Market type price is not available.
The valuation of the interest rate swap agreement provides for the discounting of future cash flows on the basis of the different discount curves, based on the existence or not of a collateralisation agreement (Credit Support Annex) between the vehicle and swap counterparty. In particular, if the derivative contract is collateralised using available securities included in the SPV's assets, the future cash flows of the interest rate swap agreement are discounted using the EONIA discount curve; while if there is no collateralisation agreement, use is made of CVA (Credit Valuation Adjustment), DVA (Debit Valuation Adjustment) and FVA (Funding Valuation Adjustment), as appropriate.

Criteria for determining the fair value hierarchies

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

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

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

Fair value measurement on a recurring basis

Process for fair value measurement on a recurring basis

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

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

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

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

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

- bonds which do not meet the requirements defined in the scoring test (see the paragraph "Mark to Market valuations") and for which a Mark to Model valuation is not possible.

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

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

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

3. Notes to the Statement of Financial Position

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

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

ASSETS

1. Intangible assets

Amounts in €m	31/12/2020	31/12/2019	*var. in amount*
Goodwill	513.7	507.9	*5.9*
resulting from business combinations	513.6	507.7	*5.9*
resulting from other	0.2	0.2	
Other intangible assets	407.0	385.2	*21.8*
portfolios acquired under business combinations	61.3	90.3	*(29.0)*
software and licenses	325.2	276.5	*48.7*
other intangible assets	20.4	18.3	*2.1*
Total intangible assets	920.7	893.0	*27.7*

1.1 Goodwill

This item, equal to €513.7m (€309.2m of which relating to the Non-Life business and €204.5m relating to the Life business) includes €507.7m from goodwill resulting from business combinations in previous years and €5.9m from goodwill recognised during the year following the acquisition of Cambiomarcia, calculated provisionally as permitted by IFRS 3. Reference should be made to the Basis of presentation, "Information about business combinations" section, of these Notes for further details of the accounting method for the Cambiomarcia acquisition.

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

1.2 Other intangible assets

This item amounted to €407.0m (€385.2m in 2019) and consisted of:
- the residual value of the Life and Non-Life portfolios acquired from business combinations amounting to €61.3m (€90.3m in 2019), whose net change of -€29m was due to the reduction caused by amortisation recognised on the values of the Non-Life (€16.5m) and Life (€12.5m) portfolios;
- costs incurred for purchasing software, licences, consultancy and the customisation of software programs for €325.2m (€276.5m in 2019);
- other intangible assets amounting to €20.4m (€18.3m at 31/12/2019).

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2. Property, plant and equipment

At 31 December 2020 Property, plant and equipment, net of accumulated depreciation, amounted to €2,279.8m (€2,411.5m in 2019), €1,447.5m of which was Properties for own use (€1,561.1m in 2019) and €832.2m was Other tangible assets (€850.4m in 2019).

Properties for own use

Amounts in €m	Gross carrying amount	Accumulated depreciation	Net carrying amount
Balance at 31/12/2019	1,892.3	(331.3)	1,561.1
Increases	19.6		19.6
Decreases	(86.3)		(86.3)
Depreciation for the year		(45.1)	(45.1)
Other changes in provisions		(1.7)	(1.7)
Balance at 31/12/2020	1,825.6	(378.1)	1,447.5

The increases refer to incremental expenses and to assets measured using the financial method pursuant to IFRS 16.
The decreases include transfers to the category Investment property for €60.6m and write-downs for €2.7m.
The current value of properties for own use, determined based on independent expert appraisals, was €1,565.8m.

Other tangible assets

Amounts in €m	Office furniture and machines	Movable assets entered in public registers	Plant and equipment	Other	Total
Balance at 31/12/2019	375.0	996.0	366.4	12.6	1,749.9
Increases	26.2	168.6	179.7	15.7	390.1
Decreases	(7.9)	(134.7)	(173.3)	(2.5)	(318.4)
Balance at 31/12/2020	393.3	1,029.8	372.7	25.8	1,821.6
Accumulated depreciation at 31/12/2019	302.2	417.7	179.3	0.2	899.5
Increases	20.9	173.3	74.0	0.0	268.2
Decreases	(2.2)	(131.4)	(44.7)	(0.0)	(178.3)
Accumulated depreciation at 31/12/2020	320.9	459.7	208.6	0.2	989.4
Net amount at 31/12/2019	72.8	578.2	187.1	12.4	850.4
Net amount at 31/12/2020	72.4	570.2	164.1	25.6	832.2

3. Technical provisions - Reinsurers' share

The balance of this item was €835.3m, a decrease of €154.3m compared with 2019. Details are set out in the appropriate appendix.

4. Investments

At 31 December 2020, total Investments (Investment property, Equity investments and Financial assets) amounted to €66,640.4m (€64,060.7m in 2019).

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Investment property	2,261.5	*3.4*	2,063.2	*3.2*	*9.6*
Investments in subsidiaries, associates and interests in joint ventures	162.9	*0.2*	169.2	*0.3*	*(3.7)*
Financial assets (excluding those at fair value through profit or loss)	57,038.2	*85.6*	54,362.6	*84.9*	*4.9*
Held-to-maturity investments	420.8	*0.6*	454.6	*0.7*	*(7.4)*
Loans and receivables	5,256.4	*7.9*	4,766.7	*7.4*	*10.3*
Available-for-sale financial assets	51,102.3	*76.7*	48,854.5	*76.3*	*4.6*
Held-for-trading financial assets	258.7	*0.4*	286.8	*0.4*	*(9.8)*
Financial assets at fair value through profit or loss	7,177.8	*10.8*	7,465.6	*11.7*	*(3.9)*
Total Investments	66,640.4	*100.0*	64,060.7	*100.0*	*4.0*

4.1 Investment property

Amounts in €m	Gross carrying amount	Accumulated depreciation	Net carrying amount
Balance at 31/12/2019	2,359.9	(296.7)	2,063.2
Increases	345.5		345.5
Decreases	(89.1)		(89.1)
Depreciation for the year		(38.3)	(38.3)
Other changes in provisions		(19.8)	(19.8)
Balance at 31/12/2020	2,616.3	(354.8)	2,261.5

Increases refer primarily to purchases and incremental expenses: in particular, the acquisition through Fondo Emporion, whose shares are wholly owned by UnipolSai and which is managed by UnipolSai Investimenti SGR, of a real estate portfolio consisting of 28 "Coop" brand points of sale owned by Coop Alleanza 3.0 for a value of €217.8m. They also include transfers from the category Property, plant and equipment for €60.6m and reversals of impairment losses for €16.2m.
The decreases, which include write-downs for €13.7m, refer primarily to disposals.

The current value of Investment property, €2,459.7m, was based on independent expert appraisals.

4.2 Investments in subsidiaries, associates and interests in joint ventures

At 31 December 2020, investments in subsidiaries, associates and interests in joint ventures amounted to €162.9m (€169.2m in 2019).

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

Amounts in €m	31/12/2020	% comp.	31/12/2019	% comp.	% var.
Held-to-maturity investments	420.8	*0.7*	454.6	*0.8*	*(7.4)*
Listed debt securities	420.8		422.6		*(0.4)*
Unlisted debt securities	(0.0)		32.0		*(100.0)*
Loans and receivables	5,256.4	*9.2*	4,766.7	*8.8*	*10.3*
Unlisted debt securities	3,936.4		3,471.4		*13.4*
Deposits with ceding companies	86.3		62.9		*37.2*
Other loans and receivables	1,233.7		1,232.5		*0.1*
Available-for-sale financial assets	51,102.3	*89.6*	48,854.5	*89.9*	*4.6*
Equity instruments at cost	4.8		4.8		
Listed equity instruments at fair value	645.8		744.4		*(13.3)*
Unlisted equity instruments at fair value	195.0		197.3		*(1.1)*
Listed debt securities	46,396.0		44,589.3		*4.1*
Unlisted debt securities	647.2		407.3		*58.9*
UCITS units	3,213.4		2,911.4		*10.4*
Held-for-trading financial assets	258.7	*0.5*	286.8	*0.5*	*(9.8)*
Listed equity instruments at fair value	1.5		3.0		*(49.9)*
Listed debt securities	141.1		90.6		*55.6*
Unlisted debt securities	1.3		3.5		*(63.5)*
UCITS units	1.8		6.1		*(70.2)*
Derivatives	113.1		183.6		*(38.4)*
Total financial assets	57,038.2	*100.0*	54,362.6	*100.0*	*4.9*

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

Amounts in €m	31/12/2020	% comp.	31/12/2019	% comp.	% var.
Financial assets at fair value through profit or loss	7,177.8	*100.0*	7,465.6	*100.0*	*(3.9)*
Listed equity instruments at fair value	138.8	*1.9*	164.6	*2.2*	*(15.7)*
Listed debt securities	2,986.7	*41.6*	4,374.4	*58.6*	*(31.7)*
Unlisted debt securities	0.4	*0.0*	2.3	*0.0*	*(82.3)*
UCITS units	3,015.2	*42.0*	2,576.4	*34.5*	*17.0*
Other financial assets	1,036.6	*14.4*	347.9	*4.7*	*n.s.*

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

5. Sundry receivables

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Receivables relating to direct insurance business	1,482.4	*46.2*	1,456.2	*46.2*	*1.8*
Receivables relating to reinsurance business	166.9	*5.2*	260.8	*8.3*	*(36.0)*
Other receivables	1,560.3	*48.6*	1,435.8	*45.5*	*8.7*
Total sundry receivables	**3,209.7**	***100.0***	**3,152.7**	***100.0***	***1.8***

The item Other receivables included:
- €659.6m related to tax receivables (€648.6m at 31/12/2019);
- substitute tax receivables on the mathematical provisions totalling €346.9m (€302.6m at 31/12/2019);
- payments made as cash collateral against derivative payables totalling €257.5m (€166.8m at 31/12/2019);
- trade receivables amounting to €185.6m (€212.5m at 31/12/2019).

6. Other assets

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Non-current assets or assets of a disposal group held for sale	203.4	*23.7*	189.2	*20.5*	*7.5*
Deferred acquisition costs	99.2	*11.6*	101.2	*11.0*	*(2.0)*
Deferred tax assets	2.6	*0.3*	127.3	*13.8*	*(98.0)*
Current tax assets	8.6	*1.0*	3.5	*0.4*	*147.2*
Other assets	544.3	*63.4*	503.0	*54.4*	*8.2*
Total other assets	**858.1**	***100.0***	**924.3**	***100.0***	***(7.2)***

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.
The item Other assets includes, inter alia, deferred commission expense on contracts not included in the scope of application of IFRS 4 and other accruals and deferrals.

7. Cash and cash equivalents

At 31 December 2020, Cash and cash equivalents amounted to €680.6m (€747.1m at 31/12/2019).

LIABILITIES

1. Shareholders' equity

Movements in shareholders' equity recognised during the year with respect to 31 December 2019 are set out in the attached Statement of changes in Shareholders' equity.

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

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

Amounts in €m	31/12/2020	31/12/2019	*var. in amount*
Share capital	2,031.5	2,031.5	
Other equity instruments	496.2		*496.2*
Capital reserves	346.8	346.8	
Income-related and other equity reserves	2,889.2	2,718.1	*171.1*
(Treasury shares)	(1.3)	(2.0)	*0.8*
Reserve for foreign currency translation differences	4.0	5.1	*(1.1)*
Gains/losses on available-for-sale financial assets	1,295.1	1,141.6	*153.6*
Other gains and losses recognised directly in equity	(0.8)	8.8	*(9.6)*
Profit (loss) for the year	820.0	627.8	*192.3*
Total shareholders' equity attributable to the owners of the Parent	**7,880.8**	**6,877.6**	***1,003.2***

At 31 December 2020, UnipolSai's share capital was €2,031.5m, fully paid-up, and consisted of 2,829,717,372 ordinary shares without nominal value, unchanged with respect to 31 December 2019.
The item Other equity instruments shows the issue value, net of the relative expenses and the related tax benefits, of the perpetual regulatory capital instrument qualified as Restricted Tier 1, issued by UnipolSai on 27 October 2020 for a nominal amount of €500m.

The main changes in the year in the Group's shareholders' equity were as follows:
- increase of €496.2m following the issue by UnipolSai of a Restricted Tier 1 perpetual regulatory capital instrument;
- decrease due to dividend distribution for €452.5m;
- an increase as a result of the increase in the provision for gains and losses on available-for-sale financial assets, net of both the related tax liabilities and the part attributable to the policyholders and charged to insurance liabilities for €153.6m;
- an increase of €820m in Group profit for the period.

Shareholders' Equity attributable to non-controlling interests was €263.3m (€275.3m at 31/12/2019).

Treasury shares or quotas

At 31 December 2020, UnipolSai held a total of 693,635 ordinary treasury shares (1,088,547 at 31/12/2019), of which 406,365 directly and 287,270 indirectly through the following subsidiaries:
- SIAT held 96,350;
- UniSalute held 71,988;
- UnipolSai Servizi Consortili held 63,236;
- Leithà held 26,859;
- Arca Vita held 17,524;

- Gruppo UNA held 8,422;
- AlfaEvolution Technology held 2,891.

The changes concerned the following transactions in execution of the compensation plans based on financial instruments (performance share type) for the executive staff of UnipolSai and its subsidiaries:
- acquisition of a total of 2,101,500 UnipolSai shares by UnipolSai and its subsidiaries;
- assignment, on 27 April 2020 and 11 December 2020, of 2,496,412 UnipolSai shares in implementation of the Compensation plan based on financial instruments.

2. Provisions and contingent liabilities

The item "Provisions" totalled €437.8m at 31 December 2020 (€442.3m at 31/12/2019) and mainly consisted of provisions for litigation, various disputes, charges relating to the sales network, provisions for salary policies and employee leaving incentives.

Ongoing disputes and contingent liabilities

Relations with the Tax Authorities

UnipolSai/Unisalute/Siat
With regard to the dispute deriving from the application of VAT on delegation fees against co-insurance relations with other companies in the insurance sector with respect to the years from 2013 to 2018, in 2020 contact was made with the competent Regional Directorates of the Italian Tax Authorities for the closure of pending pre-litigation and litigation issues. At the moment, the years from 2013 to 2015 have been settled on the basis of settlement or resolution agreements, with the payment only of the tax and interest due.

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

Consob sanction proceedings

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

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

Fondiaria-SAI and Milano Assicurazioni (currently UnipolSai), assisted by their lawyers, presented their conclusions, asking that the administrative penalties set out in Articles 187"ter, 187"quinquies and 187"septies of the Consolidated Law on Finance not be imposed on the companies. On 20 March 2014 the Consob issued a resolution whereby, not deeming that the parties' defences deserved to be accepted, it ordered:
- Jonella Ligresti to pay €250k and to be disqualified from office for four months;
- Emanuele Erbetta to pay €400k and to be disqualified from office for eight months;

- UnipolSai to pay €650k.

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

Antitrust Authority proceedings

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

On 26 November 2020, the Antitrust Authority notified UnipolSai Assicurazioni of the initiation of a second preliminary proceeding concerning claims settlement, characterised by an alleged hindrance of the right of consumers to access the relevant deeds and the failure to specify the criteria for the quantification of damages in the phase of formulating the compensation offer.
UnipolSai deems this objection completely unfounded and, to protect its rights, has engaged its lawyers to represent it in the proceedings, which are currently ongoing.

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. Since UnipolSai does not deem the conclusions of the Institute to be acceptable in any way, it appealed against this decision before the Regional Administrative Court (TAR). On 9 September 2015 the Regional Administrative Court rejected the appeal of the Company, which challenged the ruling before the Council of State.
On 21 February 2019 the Council of State accepted an objection submitted by the Company and cancelled the sanction. The process was initiated for the recovery of the sanction paid.

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

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

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

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

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

On 5 February 2013, the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni, having examined the respective reports drafted by the Commissioner in accordance with Art. 125-ter of the Consolidated Law on Finance, resolved, following the aforementioned request, to call the Shareholders' Meetings of the two companies for 13 and 14 March 2013, on first and second call respectively.
The Shareholders' Meetings, held on second call on 14 March 2013, resolved to promote corporate liability action against the persons indicated in the reports prepared for the Meetings by the Commissioner and made these resolutions public in accordance with law.
As a result of the aforementioned resolutions, the ad acta Commissioner appointed his own lawyers who arranged for civil proceedings to be brought before the Court of Milan against the parties identified as responsible for the transactions described above. The proceedings are currently at preliminary investigation stage during which the court has, amongst other things, ordered a technical court expert's report.

In relation to the aforementioned transactions, the Companies requested and, on 20 December 2013, obtained a seizure order from the Court of Milan against some of the defendants in the above proceedings. The Company made arrangements to enforce the attachment through the parties concerned and through third parties, and the related enforcement proceedings are still in progress.
The attachment was challenged by the counterparties and on 24 March 2014 the Court of Milan, sitting en banc, confirmed the precautionary provision, rejecting all complaints filed by the counterparties.
Furthermore, with reference to the other transactions involved in the complaint from Amber Capital LP, not included in the Commissioner's mandate ("Minor Transactions"), on the invitation of the Board of Statutory Auditors of Fondiaria-SAI pursuant to Art. 2408 of the Civil Code, the Boards of Directors of Fondiaria-SAI and Milano Assicurazioni conducted investigations and checks, which showed that Minor Transactions were also carried out by companies in the Fondiaria-SAI Group with "related" companies attributable to the Ligresti family with various breaches of directors' and statutory auditors' duties. In particular, the investigations and checks highlighted both breaches of directors' and statutory auditors' duties and damages to the company assets of the Fondiaria-SAI Group.

The persons who, as a result of the checks performed by the Boards of Directors, were deemed responsible for the Minor Transactions are (i) members of the Ligresti family, who exercised control over the Fondiaria-SAI Group companies involved, and who would have pursued their own personal interests to the detriment of said companies in violation of Articles 2391 and 2391-bis of the Civil Code and the procedure governing "related party" transactions; (ii) the former "executive" directors, who would have proposed and implemented the transactions in question, and the directors of the internal control committees of Fondiaria-SAI and Milano Assicurazioni, who would also have been responsible for the violation of said regulations and procedures; (iii) the statutory auditors who would have also been responsible for the damages suffered by the companies in the Fondiaria-SAI Group due to the violation of Articles 2403 and 2407 of the Civil Code and Art. 149 of the Consolidated Law on Finance.
The liability of members of the Ligresti family in relation to the transaction in question (as with the transactions already involved in the liability actions of the Commissioner) would derive not only from the violation of their duties of the offices of director formally held in Fondiaria-SAI and Milano Assicurazioni but also (aa) from the "unitary management" they would have illegitimately exercised over companies in the Fondiaria-SAI Group by helping to approve and implement the transactions constituting a "conflict of interests" and "in violation of the principles of correct corporate and business management" (pursuant to Art. 2497 of the Civil Code); (bb) the de facto interference (in particular from Mr. Salvatore Ligresti) in the administration of the companies in the Fondiaria-SAI Group (in accordance with Art. 2392 of the Civil Code).

Consequently, on 30 July 2013 the Ordinary Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni resolved to promote corporate liability action pursuant to Articles 2392 and 2393 of the Civil Code and, to the extent they may apply, Articles 2043 and 2497 of the Civil Code, against certain former de facto and official directors of Fondiaria-SAI and Milano Assicurazioni, regardless of their particular offices held and even if no formal office was held; certain former directors of Fondiaria-SAI and Milano Assicurazioni and, pursuant to Art. 2407 of the Civil Code, against certain members of the Board of Statutory Auditors of Fondiaria-SAI and Milano Assicurazioni.
In connection with the resolutions mentioned above, UnipolSai (formerly Fondiaria-SAI) served the writ of summons. In March 2021, as the case was still pending, the Company signed a settlement agreement with all defendants which fully defines the two liability actions and which will be subject to the approval of the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group. The terms and conditions of the above-mentioned agreement are summarised in the Directors' Report and in the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution No. 17721 of 12 March 2010 as amended, published with the timing and methods set forth by law and provided on the Company's institutional website.

Ongoing disputes with investors

Writs of summons by shareholders of La Fondiaria Assicurazioni (takeover bid legal cases)
From 2003 onwards, a number of La Fondiaria Assicurazioni ("Fondiaria") shareholders have initiated a series of legal proceedings claiming, albeit on different legal grounds and justifications, compensation for damages allegedly suffered due to failure to launch the takeover bid on Fondiaria shares by SAI Società Assicuratrice Industriale SpA ("SAI") in 2002.
On the whole, 16 proceedings were brought against the Company; 14 of these were settled at various degrees and stages of the proceeding, while one was extinguished when the first court's decision handed down in favour of the Company became definitive, as the opposing party failed to appeal it.
At 31 December 2020, only one case is still pending before the Court of Cassation, following the decision issued by the Milan Court of Appeal following resumption by the plaintiff. An appropriate provision has been allocated to cover this pending dispute.

Other ongoing proceedings
UnipolSai Assicurazioni SpA is a party in criminal and civil proceedings referring to events occurred during the previous management of Fondiaria-SAI and Milano Assicurazioni.

A summary of the currently pending criminal cases is provided below.
(a) Criminal Case 21713/13 (formerly Gen. Criminal Records Reg. 20219/2012) pending before the Fourth Criminal Section of the Court of Turin against defendants Salvatore Ligresti, Antonio Talarico, Fausto Marchionni, Jonella Ligresti, Emanuele Erbetta, Ambrogio Virgilio and Riccardo Ottaviani, accused of the offences of false corporate communications under Art. 2622 of the Civil Code in relation to the 2010 financial statements of Fondiaria-SAI SpA and market manipulation under Art. 185 of the Consolidated Law on Finance on Fondiaria-

SAI and Milano Assicurazioni securities, owing to the alleged falsification of the financial statements that allegedly pertained to the “claims provisions”; within this proceeding, UnipolSai Assicurazioni SpA was summoned and appeared before the court as civilly liable for the actions of the defendants.
At the end of the preliminary hearings and of the trial phase, at the hearing of 11 October 2016 the Court read out the verdict, whereby:

- it affirmed the criminal liability of the defendants Salvatore Ligresti, Jonella Ligresti, Fausto Marchionni and Riccardo Ottaviani, accused of false corporate communications and market manipulation;
- it ordered the defendants, jointly and where applicable, with the civilly liable UnipolSai Assicurazioni SpA and Reconta Ernst & Young SpA, to pay compensation for damages to the 2,265 allowed civil claimants, to be allowed in a separate civil proceeding;
- it ordered the defendants, jointly and where applicable, with the civilly liable UnipolSai Assicurazioni SpA and Reconta Ernst & Young SpA, to pay the legal fees of the civil claimants’ legal counsel;
- it acquitted the defendants Antonio Talarico and Ambrogio Virgilio because they did not commit any criminal offence, in accordance with Art. 530, paragraph 2 of the Code of Criminal Procedure;
- it rejected the compensation requests of some civil claimants;
- it set the term for filing the grounds for the decision at ninety days.

The Court of Turin did not order payment of any interim award on the damage claimed by the civil claimants.
Moreover, with its decision of 25 October 2016, the Court of Turin allowed the plea bargain request filed by Mr. Emanuele Erbetta and sentenced the defendant to 3 years of incarceration and a fine of €200k, in addition to the payment of the legal expenses borne by the civil claimants.
The decision pronounced by the Court of Turin on 11 October 2016 was challenged before the Turin Court of Appeal, which on 12 March 2019 cancelled the decision due to lack of area jurisdiction and ordered the forwarding of proceedings papers to the Court of Milan.

(b) The criminal proceeding Gen. Criminal Records Reg. no. 14442/14, with the defendants Gioacchino Paolo Ligresti, Pier Giorgio Bedogni and Fulvio Gismondi accused of false corporate communications (Art. 2622 of the Civil Code) and market manipulation (Art. 185 of the Consolidated Law on Finance) for Mr. Fulvio Gismondi only, in which proceeding UnipolSai was cited for civil liability, false official statement in certificates (Art. 481 of the Criminal Code), ended in the first instance, at the end of the shortened and simplified proceedings, with the decision of 16 December 2015 acquitting the defendants because the fact does not exist. The decision was appealed by the General Prosecutor’s Office at the Court of Appeal of Milan and by the civil claimant Consob. On 10 July 2018, the Milan Court of Appeal confirmed the acquittal ruling. The ruling was appealed before the Supreme Court of Cassation by Consob as regards the civil effects only. By decision issued on 21 November 2019, the Court of Cassation rejected Consob’s appeal, confirming the decision of the Milan Court of Appeal as final, which therefore became definitive.

(c) Criminal Case (Gen. Criminal Records Reg. 24630/2013) against Messrs. Benito Giovanni Marino, Marco Spadacini and Antonio D’Ambrosio, acquitted on 10 November 2014 at the end of the shortened and simplified proceeding before the Court of Turin, is awaiting the setting of the appeal trial following the Prosecutor’s filing of an appeal.

Based on the status of the criminal proceedings, on the information acquired hitherto by the Company and on the legal opinions acquired on the matters, the risk of loss is deemed unlikely.

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

Provisions deemed suitable were made in relation to the disputes with investors described above.

3. Technical provisions

Amounts in €m	31/12/2020	*% comp.*	31/12/2019	*% comp.*	*% var.*
Non-Life premium provisions	3,389.0	*23.6*	3,336.5	*22.1*	
Non-Life claims provisions	10,966.3	*76.2*	11,703.4	*77.7*	
Other Non-Life technical provisions	32.5	*0.2*	27.2	*0.2*	
Total Non-Life provisions	**14,387.8**	***100.0***	**15,067.2**	***100.0***	***(4.5)***
Life mathematical provisions	34,078.5	*78.7*	33,111.5	*77.9*	
Provisions for amounts payable (Life business)	573.5	*1.3*	413.4	*1.0*	
Technical provisions where the investment risk is borne by policyholders and arising from pension fund management	3,144.1	*7.3*	4,817.2	*11.3*	
Other Life technical provisions	5,523.2	*12.8*	4,158.0	*9.8*	
Total Life provisions	**43,319.2**	***100.0***	**42,500.2**	***100.0***	***1.9***
Total technical provisions	**57,707.0**		**57,567.3**		***0.2***

4. Financial liabilities

Financial liabilities amounted to €7,055.3m (€6,000.4m at 31/12/2019).

4.1 Financial liabilities at fair value through profit or loss

This item, which amounted to €4,379.3m (€2,914.4m at 31/12/2019), is broken down as follows:

- Financial liabilities held for trading totalled €324.3m (€252.6m at 31/12/2019);
- Financial liabilities designated at fair value through profit or loss totalled €4,055.1m (€2,661.8m at 31/12/2019). This category included investment contracts issued by insurance companies where the investment risk was borne by the policyholders and the insurance risk borne by the Group did not exceed 10% (some types of Class III, Class V and Class VI contracts).

4.2 Other financial liabilities

Amounts in €m	31/12/2020	% comp.	31/12/2019	% comp.	% var.
Subordinated liabilities	2,088.3	*78.0*	2,167.6	*70.2*	*(3.7)*
Deposits received from reinsurers	134.7	*5.0*	150.4	*4.9*	*(10.5)*
Other loans obtained	453.0	*16.9*	559.7	*18.1*	*(19.1)*
Sundry financial liabilities			208.3	*6.8*	*(100.0)*
Total other financial liabilities	**2,676.0**	***100.0***	**3,086.1**	***100.0***	***(13.3)***

Sundry financial liabilities at 31 December 2019 referred exclusively to loan repurchase agreements signed by UnipolSai.

Details of Subordinated liabilities are shown in the table below:

Issuer	Nominal amount outstanding	Subordination level	Year of maturity	Call	Rate	L/NL
UnipolSai	€300.0m	tier II	2021	every 3 months	3M Euribor + 250 b.p.	L
UnipolSai	€261.7m	tier II	2023	every 3 months	3M Euribor + 250 b.p.	L
UnipolSai	€240.0m (***)	tier I	2023	every 6 months	6M Euribor + 180 b.p. (**)	NL
UnipolSai	€750.0m	tier I	in perpetuity	every 3 months from 2024/06/18	fixed rate 5,75% (*)	L
UnipolSai	€500.0m	tier II	2028		fixed rate 3,875%	L

(*) from June 2024 floating rate of 3M Euribor + 518 b.p.
(**) since September 2014, in application of the contractual clauses ("Additional Costs Clauses"), UnipolSai and Mediobanca signed an agreement to modify a Loan Agreement to cover the subordinated loan expiring in 2023. This agreement provides for the amendment of several economic terms, including payment by way of compromise, of an annual indemnity (additional spread) equal to 71.5 basis points, which increases the previous spread (thereby raising the total spread from 1.80 to 2.515 basis points) provided for in the Loan Agreement
(***) on 24 July 2020 the second tranche of 80.0 million euro was repaid as indicated in the planned amortisation plan contractually

5. Payables

Amounts in €m	31/12/2020	% comp.	31/12/2019	% comp.	% var.
Payables arising from direct insurance business	**162.8**	***15.9***	**164.7**	***15.2***	***(1.2)***
Payables arising from reinsurance business	**77.0**	***7.5***	**96.6**	***8.9***	***(20.3)***
Other payables	**786.2**	***76.6***	**819.1**	***75.8***	***(4.0)***
Policyholders' tax due	158.8	*15.5*	163.0	*15.1*	*(2.5)*
Sundry tax payables	39.8	*3.9*	38.6	*3.6*	*3.0*
Trade payables	250.7	*24.4*	254.4	*23.5*	*(1.5)*
Post-employment benefits	58.4	*5.7*	66.0	*6.1*	*(11.5)*
Social security charges payable	37.6	*3.7*	38.2	*3.5*	*(1.7)*
Sundry payables	241.0	*23.5*	258.8	*24.0*	*(6.9)*
Total payables	**1,026.0**	***100.0***	**1,080.4**	***100.0***	***(5.0)***

6. Other liabilities

Amounts in €m	31/12/2020	% comp.	31/12/2019	% comp.	% var.
Current tax liabilities	38.5	3.6	48.4	5.2	(20.6)
Deferred tax liabilities	136.3	12.9	78.0	8.3	74.7
Liabilities associated with disposal groups held for sale	3.2	0.3	3.3	0.4	(3.0)
Commissions on premiums under collection	109.3	10.4	114.3	12.2	(4.3)
Deferred commission income	5.9	0.6	4.4	0.5	33.5
Accrued expenses and deferred income	59.0	5.6	60.2	6.4	(2.0)
Other liabilities	702.2	66.6	626.9	67.0	12.0
Total other liabilities	**1,054.5**	**100.0**	**935.6**	**100.0**	**12.7**

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.
For the details of the sub-item Liabilities associated with disposal groups, please refer to paragraph 5.5 of these Notes.

4. Notes to the Income Statement

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

REVENUE

1.1 Net premiums

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Non-Life earned premiums	8,051.3	8,261.2	*(2.5)*
Non-Life written premiums	8,107.5	8,451.1	*(4.1)*
Changes in Non-Life premium provision	(56.1)	(189.9)	*(70.5)*
Life written premiums	3,759.0	5,454.6	*(31.1)*
Non-Life and Life gross earned premiums	11,810.4	13,715.8	*(13.9)*
Non-Life earned premiums ceded to reinsurers	(446.7)	(438.9)	*1.8*
Non-Life premiums ceded to reinsurers	(439.9)	(448.5)	*(1.9)*
Changes in Non-Life premium provision - reinsurers' share	(6.8)	9.6	*n.s.*
Life premiums ceded to reinsurers	(14.5)	(14.4)	*0.7*
Non-Life and Life earned premiums ceded to reinsurers	(461.2)	(453.3)	*1.7*
Total net premiums	11,349.2	13,262.5	*(14.4)*

1.2 Commission income

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Commission income from investment contracts	24.2	28.3	*(14.4)*
Other commission income	10.2	5.8	*77.1*
Total commission income	34.4	34.0	*1.1*

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

Amounts in €m	31/12/2020	31/12/2019	*% var.*
on held-for trading financial assets	(268.6)	(288.6)	6.9
on held-for trading financial liabilities	0.0	(0.8)	105.1
on financial assets/liabilities at fair value through profit or loss	81.6	183.1	(55.5)
Total net gains/losses	(187.0)	(106.3)	*75.9*

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

This item amounted to €15.7m (€10.2m in 2019).

1.5 Gains on other financial instruments and investment property

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Interests	1,348.5	1,467.5	*(8.1)*
on held-to-maturity investments	18.4	18.7	*(1.6)*
on loans and receivables	106.1	110.0	*(3.6)*
on available-for-sale financial assets	1,220.9	1,335.0	*(8.6)*
on sundry receivables	1.9	2.8	*(31.6)*
on cash and cash equivalents	1.2	1.0	*18.6*
Other income	180.5	213.7	*(15.6)*
from investment property	64.6	59.8	*8.1*
from available-for-sale financial assets	115.8	153.9	*(24.7)*
Realised gains	448.6	547.3	*(18.0)*
on investment property	6.6	6.5	*1.7*
on loans and receivables	4.7	9.0	*(47.9)*
on available-for-sale financial assets	437.3	531.9	*(17.8)*
Unrealised gains and reversals of impairment losses	250.8	68.2	*n.s.*
on available-for-sale financial assets	230.3	36.7	*n.s.*
on other financial assets and liabilities	20.5	31.5	*(35.1)*
Total item 1.5	2,228.3	2,296.8	*(3.0)*

1.6 Other revenue

Amounts in €m	31/12/2020	31/12/2019	*var.%*
Sundry technical income	77.7	72.6	*7.0*
Exchange rate differences	13.8	24.9	*(44.7)*
Extraordinary gains	11.5	17.9	*(35.8)*
Other income	715.4	688.2	*4.8*
Total other revenue	818.4	803.7	*1.8*

COSTS

2.1 Net charges relating to claims

Amounts in €m	31/12/2020	31/12/2019	% var.
Net charges relating to claims - direct and indirect business	9,015.2	11,658.4	*(22.7)*
Non-Life business	4,487.1	5,371.5	*(16.5)*
Non-Life amounts paid	5,337.8	5,885.5	
changes in Non-Life claims provision	(717.2)	(340.2)	
changes in Non-Life recoveries	(134.8)	(175.9)	
changes in other Non-Life technical provisions	1.3	2.0	
Life business	4,528.2	6,286.8	*(28.0)*
Life amounts paid	3,984.6	4,299.8	
changes in Life amounts payable	168.0	6.0	
changes in mathematical provisions	969.3	1,008.3	
changes in other Life technical provisions	78.1	36.1	
changes in provisions where the investment risk is borne by policyholders and arising from pension fund management	(671.8)	936.7	
Charges relating to claims - reinsurers' share	(170.9)	(308.5)	*(44.6)*
Non-Life business	(162.8)	(301.8)	*(46.1)*
Non-Life amounts paid	(296.4)	(299.2)	
changes in Non-Life claims provision	126.1	(11.9)	
changes in Non-Life recoveries	7.6	9.3	
Life business	(8.1)	(6.6)	*23.1*
Life amounts paid	(15.9)	(14.2)	
changes in Life amounts payable	(3.9)	(1.2)	
changes in mathematical provisions	11.7	8.8	
Total net charges relating to claims	8,844.3	11,349.9	*(22.1)*

2.2 Commission expense

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Commission expense from investment contracts	14.8	13.5	*9.5*
Other commission expense	4.9	7.5	*(34.0)*
Total commission expense	19.7	21.0	*(6.0)*

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

This item amounted to €0.5m (€0.3m in 2019).

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2.4 Losses on other financial instruments and investment property

Amounts in €m	31/12/2020	31/12/2019	% var.
Interests:	97.3	101.0	*(3.6)*
on other financial liabilities	95.0	98.4	*(3.4)*
on payables	2.3	2.6	*(10.5)*
Other charges:	28.3	31.2	*(9.1)*
from investment property	26.0	26.3	*(1.2)*
from available-for-sale financial assets	0.9	3.2	*(73.3)*
from other financial liabilities	1.3	1.5	*(17.4)*
from sundry payables	0.2	0.1	*80.8*
Realised losses:	415.1	109.9	*n.s.*
on investment property	0.9	1.2	*(27.6)*
on loans and receivables	73.9	4.4	*n.s.*
on available-for-sale financial assets	340.3	104.2	*n.s.*
Unrealised losses and impairment losses:	62.8	169.4	*(62.9)*
on investment property	52.1	81.7	*(36.3)*
on available-for-sale financial assets	9.7	82.4	*(88.3)*
on other financial liabilities	1.1	5.2	*(79.7)*
Total item 2.4	603.6	411.4	*46.7*

The Unrealised losses and impairment losses relating to investment property included depreciation that totalled €38.3m (€34.3m at 31/12/2019) and write-downs amounting to €13.7m (€47.4m at 31/12/2019), carried out on the basis of updated valuations performed by independent experts.

2.5 Operating expenses

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Insurance Sector	2,434.5	2,498.5	*(2.6)*
Other Businesses Sector	87.2	124.8	*(30.1)*
Real Estate Sector	31.0	22.1	*40.6*
Intersegment eliminations	(10.8)	(10.4)	*4.1*
Total operating expenses	2,541.9	2,634.9	*(3.5)*

Below are details of Operating expenses in the Insurance sector:

	Non-Life			Life			Total		
Amounts in €m	Dec-2020	Dec-2019	*% var.*	Dec-2020	Dec-2019	*% var.*	Dec-2020	Dec-2019	*% var.*
Acquisition commissions	1,329.3	1,350.5	*(1.6)*	59.2	69.1	*(14.3)*	1,388.5	1,419.6	*(2.2)*
Other acquisition costs	387.5	375.1	*3.3*	39.3	44.1	*(10.8)*	426.8	419.2	*1.8*
Change in deferred acquisition costs	1.0	0.9	*4.0*	(1.2)	(3.6)	*(66.7)*	(0.2)	(2.7)	*(90.9)*
Collection commissions	155.5	158.7	*(2.0)*	6.5	7.0	*(7.8)*	162.0	165.7	*(2.2)*
Profit sharing and other commissions from reinsurers	(129.3)	(133.8)	*(3.4)*	(3.1)	(3.5)	*(10.1)*	(132.5)	(137.3)	*(3.5)*
Investment management expenses	56.4	70.8	*(20.3)*	46.9	42.8	*9.6*	103.3	113.6	*(9.1)*
Other administrative expenses	401.8	431.9	*(7.0)*	84.8	88.4	*(4.2)*	486.6	520.4	*(6.5)*
Total operating expenses	2,202.2	2,254.2	*(2.3)*	232.3	244.3	*(4.9)*	2,434.5	2,498.5	*(2.6)*

2.6 Other costs

Amounts in €m	31/12/2020	31/12/2019	*% var.*
Other technical charges	303.0	248.8	*21.8*
Impairment losses on receivables	16.3	38.9	*(58.0)*
Other charges	811.1	722.4	*12.3*
Total other costs	1,130.4	1,010.1	*11.9*

3. Income tax

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

	31/12/2020			31/12/2019		
Amounts in €m	Ires	Irap	Total	Ires	Irap	Total
Current taxes	113.4	28.8	142.2	217.5	54.9	272.4
Deferred assets and liabilities:	109.0	14.3	123.3	(36.9)	(17.2)	(54.0)
Use of deferred tax assets	201.1	29.8	230.9	89.7	4.6	94.3
Use of deferred tax liabilities	(32.0)	(3.1)	(35.1)	(38.5)	(1.8)	(40.4)
Provisions for deferred tax assets	(116.0)	(22.3)	(138.3)	(171.2)	(31.7)	(202.9)
Provisions for deferred tax liabilities	55.9	9.9	65.8	83.2	11.8	95.0
Total	222.3	43.2	265.5	180.6	37.7	218.3

Against a pre-tax profit of €1,118.6m, taxes pertaining to the year of €265.5m were recorded, corresponding to a tax rate of 23.7% (25.0% at 31/12/2019), 19.9% of which for IRES and 3.9% for IRAP. The tax rate was positively influenced by adjustments of taxes from previous years for €70.3m, €50.4m of which due to the application of the facilitated taxation regime to a portion of the income from the 2015-2019 five-year period, following the Patent Box agreement entered into between UnipolSai and Arca Vita with the Italian Tax Authorities on 18 December 2020.

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

	31/12/2020			31/12/2019		
Amounts in €m	Total	Ires/Corp. tax	Irap	Total	Ires/Cor p. tax	Irap
DEFERRED TAX ASSETS						
Intangible assets and property, plant and equipment	241.0	187.6	53.4	253.9	195.9	58.1
Technical provisions – Reinsurers' share	128.6	128.6	0.0	140.6	140.6	0.0
Investment property	62.8	53.4	9.4	167.4	137.4	30.0
Financial instruments	149.9	106.7	43.2	134.3	96.1	38.2
Sundry receivables and other assets	120.1	106.2	13.8	119.1	109.4	9.7
Provisions	207.6	192.2	15.4	201.0	189.3	11.8
Technical provisions	1,200.7	943.0	257.8	1,124.1	919.1	205.0
Payables and other liabilities	5.3	4.7	0.6	5.4	4.7	0.7
Other deferred tax assets	17.3	14.2	3.0	17.4	14.7	2.7
Netting as required by IAS 12	(2,130.6)	(1,736.2)	(394.4)	(2,036.0)	(1,681.9)	(354.1)
Total deferred tax assets	**2.6**	**0.4**	**2.2**	**127.3**	**125.2**	**2.1**
DEFERRED TAX LIABILITIES						
Intangible assets and property, plant and equipment	143.1	116.6	26.5	160.5	134.1	26.4
Technical provisions – Reinsurers' share	0.7	0.6	0.2			
Investment property	14.8	12.3	2.5	3.6	1.1	2.5
Financial instruments	1,944.9	1,526.0	418.9	1,787.5	1,437.5	350.1
Sundry receivables and other assets	0.0	0.0	0.0	0.1	0.1	0.0
Provisions	10.7	8.3	2.3	9.8	7.7	2.2
Technical provisions	132.4	90.3	42.1	126.6	87.5	39.1
Financial liabilities	5.4	4.2	1.2	4.5	3.5	1.0
Payables and other liabilities	0.2	0.2	0.1	0.2	0.2	0.0
Other deferred tax liabilities	14.6	13.1	1.5	21.1	16.7	4.4
Netting as required by IAS 12	(2,130.6)	(1,736.2)	(394.4)	(2,036.0)	(1,681.9)	(354.1)
Total deferred tax liabilities	**136.3**	**35.3**	**100.9**	**78.0**	**6.3**	**71.6**

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

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

5. Other information

5.1 Hedge Accounting

Fair value hedges

UnipolSai Assicurazioni: in 2020, no new fair value hedging transactions were carried out.
The fair value hedges in place concern both fixed-rate bonds held by UnipolSai, for which the interest rate risk was hedged through Interest Rate Swaps, and equities (Mediobanca) for which the risk of changes in market prices was hedged.

Positions existing at 31 December 2020
These relate to:
- IRS contracts for a nominal value of €1,150.0m to hedge bond assets classified under Available-for-sale financial assets, whose synthetic hedged notional value is €970.6m; at 31 December 2020, the fair value change related to the hedged risk of bonds came to a positive €188.7m, while the fair value change of IRS amounted to a negative €224.9m, with a negative net economic effect of €36.2m, including the tax effect of €11.2m.
- purchase of put options and sale of call options, with the same strike, quantity and maturity, for a notional value of €13,855m, to hedge the Mediobanca shares classified under Available-for-sale financial assets; at 31 December 2020, the fair value change of the hedged shares was a positive €9.4m, while the fair value change of the options was a negative €9.7m, with a negative net economic effect of €0.3m gross of the tax effect of €0.1m.

At 31 December 2020, hedging was effective since the ratios between the respective variations in fair value were still within the range 80%-125%.

Positions closed at 31 December 2020
In relation to the hedges entered into through Interest Rate Swaps, note that in the second quarter of 2020, some contracts in place at 31 December 2019 for a nominal value of €320m to hedge bond assets were terminated early, for a synthetic notional value of €248.7m, classified under Available-for-sale financial assets.
The change in fair value of the hedging derivatives between 31 December 2019 and the closing date of such instruments was a negative €37.9m, offset by a positive change on hedged bond assets of €35.7m. The above-mentioned changes were recognised in the Income Statement.

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 31/12/2019).
The cumulative positive effect on Shareholders' equity in the Hedging reserve for gains or losses on cash flow hedges was €21.9m (€15.7m positive effect at 31/12/2019): net of tax, the positive impact was €15.1m (€10.9m at 31/12/2019).

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 31/12/2019).
The cumulative positive effect on Shareholders' equity in the Hedging reserve for gains or losses on cash flow hedges was €1.3m (€1.4m, negative effect at 31/12/2019): net of tax, the positive impact was €0.9m (€0.9m, negative effect at 31/12/2019).

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 €30.0m (unchanged compared to 31/12/2019).
The cumulative effect on Shareholders' Equity in the Hedging reserve for gains or losses on cash flow hedges was immaterial (immaterial at 31/12/2019 as well).

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

In order to allow an evaluation of the actual or potential effects of netting agreements on the UnipolSai Group, the information relating to the financial instruments involved in master netting arrangements is reported below, which at 31 December 2020 consist exclusively of derivative instruments.
With reference to derivatives, the ISDA Master agreements which regulate transactions in such instruments, make provision, in the cases of the insolvency of one of the contractual parties, for the offsetting between receivables and payables including any cash deposits or financial instruments pledged as guarantee.

Financial assets

(Amounts in €m)

Type	Gross amount (A)	Total financial liabilities offset in the financial statements (B)	Net total financial assets recognised in the financial statements (C)= (A) - (B)	Related amounts not subject to offsetting in the financial statements		Net total (F)=(C)-(D)-(E)
				Financial instruments (D)	Cash deposits received as guarantees (E)	
Derivative transactions (1)	310.8		310.8	298.3	12.4	0.2
Repurchase agreements (2)						
Securities lending						
Other						
Total	310.8		310.8	298.3	12.4	0.2

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

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

Financial liabilities

(Amounts in €m)

Type	Gross amount (A)	Total financial assets offset in the financial statements (B)	Net total financial liabilities recognised in the financial statements (C)= (A) - (B)	Related amounts not subject to offsetting in the financial statements		Net total (F)=(C)-(D)-(E)
				Financial instruments (D)	Cash deposits given as guarantees (E)	
Derivative transactions (1)	316.2		316.2	68.3	242.3	5.5
Repurchase agreements (2)						
Securities lending						
Other						
Total	316.2		316.2	68.3	242.3	5.5

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

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

5.3 Earnings (loss) per share

	31/12/2020	31/12/2019
Profit/loss allocated to ordinary shares (€m)	820.0	627.8
Weighted average of shares outstanding during the year (no./m)	2,828.3	2,787.0
Basic and diluted earnings (loss) per share (€ per share)	**0.29**	**0.23**

5.4 Dividends

In view of the profit for the year made by the Company at 31 December 2019 (as shown in the financial statements drawn up in accordance with Italian GAAP), the Shareholders' Meeting of UnipolSai SpA held on 29 April 2020, resolved on the distribution of dividends corresponding to €0.160 per share. The total amount set aside for dividends, including treasury shares held by UnipolSai, amounted to €453m.
The Shareholders' Meeting also set the dividend payment date for 20 May 2020.

The financial statements at 31 December 2020 of UnipolSai, drawn up in accordance with Italian GAAP, posted a profit of €814.3m.
UnipolSai's Board of Directors proposes that the Ordinary Shareholders' Meeting allocate as dividends €0.190 per Ordinary Share, for a total amount, taking into account the treasury shares held, of €537.6m.

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

At 31 December 2020, reclassifications carried out in application of IFRS 5 to item 6.1 of Assets amounted to €203.4m, of which €0.6m relating to assets held by the subsidiary Consorzio Castello and €202.8m relating to properties held for sale (€189.2m at 31/12/2019, of which €0.9m referred to assets held by the subsidiary Consorzio Castello and €188.3m to properties held for sale). The liabilities reclassified to item 6.1 Liabilities associated with disposal groups amounted to €3.2m (€3.3m at 31/12/2019).

5.6 Transactions with related parties

UnipolSai Assicurazioni provides the following services to the other companies of the Group:
- Governance (services supporting internal control, risk management, compliance and the Actuarial Function Validation);
- Finance;
- Innovation;
- Communications and Media Relations;
- Anti"money laundering and Anti-terrorism;
- 231 support;
- Institutional Relations;
- Assessment of investments;
- Human resources and industrial relations (personnel administration, external selection, development and remuneration systems, welfare initiatives, personnel management, trade union relations, employee disputes, employee welfare, safety);
- Organisation;
- Training;
- Legal and corporate (corporate affairs, group legal register management, anti-fraud, institutional response, legal insurance consulting, privacy consulting and support, general legal and disputes, corporate legal, complaints, management of investments);
- Claims settlement;
- Insurance (distribution network regulations, MV portfolio management, reinsurance, product marketing, MV tariff setting, development and maintenance of MV products, general class tariff setting, development and maintenance of general class products, technical actuarial coordination, Life bancassurance);

- IT services;
- Actuarial Function Calculation;
- Administration (accounting, tax, administrative and financial statements services);
- Management control;
- Procurement and general services;
- Real estate (coordination of urban planning processes, strategic real estate asset management, value added services, operational management of property sales and purchases, property leasing services, project management, tenders and contracts, logistics and real estate services, facility management, tax and duty property management, property management).

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

The services provided by UniSalute to its subsidiary UniSalute Servizi mainly concern the following areas:
- Administration and budget;
- Planning and management control;
- Marketing;
- IT services;
- Suppliers;
- Human resource monitoring;
- Training process support;
- Commercial and welfare development.

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

Auto Presto & Bene and APB Car Service provide car repair services to a number of Group companies.

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

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

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

In 2020, **UnipolReC,** in its capacity as an agent, conducted credit collection, out-of-court recovery of receivables due from Customers, such as, by way of example, the analysis of the receivables assigned, the sending of dunning letters by post and/or credit collection by phone, monitoring the responses received, checking payments and reconciliating the same, searching for individuals that are difficult to trace and any other activity required or related to said services on behalf of Gruppo UNA and Tenute del Cerro.

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

- Qshino, the product that offers an anti-abandonment device service for child car seats as required by Italian Law no. 117 of 1 October 2018, which makes their use compulsory. First product offered by the Group in the agency and through the large scale distribution channel irrespective of the insurance policy.

Support was also provided to UnipolSai in the development of mobile payment solutions to offer customers an integrated model of distinctive services, complementary to the insurance business. The first services available on the UnipolSai App therefore include the opportunity to pay car parking fees, fines and road tax.
Also in the payments area, in 2020 AlfaEvolution Technology was accredited with AISCAT [Italian Association of Turnpikes, Tunnels, Bridges and Other Toll Road Concessionaire Companies] (24 concessionaires) and the Ministry of Infrastructure and Transport for the provision, including at international level, of the Telepedaggio electronic toll collection service which will be available for Group customers starting in spring 2021 for industrial vehicles and in the summer for automobiles.

Leithà provides, in favour of several Group companies, innovative services with high technological value and study and analysis of data to support the development of new products and processes and business evolution, including the necessary preparatory and instrumental activities for the realisation of commissioned research projects, and, possibly the development of operating system software, operating systems and applications and database management pertaining and functional to the projects.

Pronto Assistance Servizi (PAS) provides the following services for the Companies of the Consortium (and to a minimal extent also to third parties on the external market):

- organisation, provision and 24/7 management of services provided by the assistance insurance coverage, by taking the action requested and managing relations with professionals and independent suppliers to which the material execution of the action is assigned, also including settlement of the related remuneration. Analogous activities, when requested, may be provided to Consortium members not in the insurance business.
  As part of the Tourism claims management for Consortium members only, in addition to the provision of normal Assistance services, at the request of an individual consortium member PAS can advance medical expense payments on behalf of that member.
- contact centre activities for the customers, specialists and agencies of the Group, whose services consist of:
  - providing front office services to existing or potential customers at all stages of relations with the consortium members and their respective sales networks, or to any intermediaries acting on their behalf (brokers, banks);
  - providing after-sales services on policy statuses or on any transactions that can be made on existing policies;
  - providing customer satisfaction services;
  - providing support services to the agency network in relations with customers and consortium members;
  - providing contact centre services dedicated to opening claims and related information requests.

The consortium **UnipolSai Servizi Consortili** manages a few agreements relating to communications, image and brand of the Unipol Group.

Arca Vita provides the following services to Group companies:

- human resource management and development, training, organisation, corporate affairs, purchasing, legal services and complaints, secretariat and general services, security and privacy, administration, management control for Arca Inlinea, Arca Sistemi and Arca Direct Assicurazioni;
- providing workstations, parking spaces and associated property services at the premises at Via del Fante 21, Verona, and general services necessary and functional to the outsourcing of compliance, anti-money laundering and anti-terrorism functions for UnipolSai Assicurazioni;
- providing parking spaces in the car park in Via del Fante 21, Verona, to UnipolSai Assicurazioni;
- providing workstations with associated property services at Via del Fante 21, Verona, and the related parking spaces in the property carparks and in Lungadige Capuleti to Arca Assicurazioni, Arca Direct Assicurazioni, Arca Sistemi and Arca Inlinea;
- leasing of offices in the property at Via San Marco 46, Verona, and related parking spaces, to UnipolSai;
- leasing of offices in the property at Via San Marco 48, Verona, and related parking spaces, to Arca Assicurazioni;
- providing workstations with associated property services at Via del Fante 21, Verona in favour of the company Arca Vita International DAC;
- an agreement with Arca Vita International is also in place regarding the licence for use of the "Arca Vita International" trademark owned by Arca Vita.

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

Arca Sistemi provides the following services:
- design, development and management of IT systems for Arca Vita, Arca Assicurazioni, Arca Inlinea and Arca Direct Assicurazioni;
- design, development and management of alternative storage for Arca Vita and Arca Assicurazioni;
- services as IT architecture provider for Arca Vita International.

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

UnipolRental provides medium/long-term vehicle rental services to Group companies.

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

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, 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 for which the costs are split), Auto Presto & Bene, UnipolSai Investimenti SGR and UnipolRe involve fixed prices.

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

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

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

The following table shows transactions with related parties (holding company, associates and others) carried out during 2020, as laid down in IAS 24 and in Consob Communication DEM/6064293/2006. It should be noted that the application scope of the Procedure for related party transactions, adopted pursuant to Consob Regulation no. 17221 of 12 March 2010, as amended, also includes some counterparties that are included, on a voluntary basis, pursuant to Art. 4 thereof. The above also includes UCIs, in which the Company, or one of its related parties, holds more than 20% of the equity rights.

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

Information on transactions with related parties

Amounts in €m	Holding company	Affiliated	Associates and others	Total	*% inc. (1)*	*% inc. (2)*
Loans and receivables	705.3		68.9	774.2	*1.0*	*25.4*
Available-for-sale financial assets	6.8			6.8	*0.0*	*0.2*
Sundry receivables	40.8	0.1	94.3	135.2	*0.2*	*4.4*
Other assets			12.9	12.9	*0.0*	*0.4*
Cash and cash equivalents			446.9	446.9	*0.6*	*14.6*
Total assets	**752.9**	**0.1**	**623.0**	**1,375.9**	***1.8***	***45.1***
Other financial liabilities	67.4		11.8	79.2	*0.1*	*2.6*
Sundry payables	111.4		48.4	159.8	*0.2*	*5.2*
Other liabilities	5.3		17.2	22.4	*0.0*	*0.7*
Total liabilities	**184.1**		**77.4**	**261.4**	***0.3***	***8.6***
Commission income			2.4	2.4	*0.0*	*0.1*
Gains on other financial instruments and investment property	9.3		5.8	15.1	*0.0*	*0.5*
Other revenue	4.9	0.1	5.2	10.2	*0.0*	*0.3*
Total revenues and income	**14.1**	**0.1**	**13.4**	**27.6**	***3.2***	***0.9***
Net charges relating to claims			1.4	1.4	*0.2*	*0.0*
Commission expense			11.6	11.6	*1.3*	*0.4*
Losses on other financial instruments and investment property	1.3		0.3	1.7	*0.2*	*0.1*
Operating expenses	13.7		232.8	246.6	*28.2*	*8.1*
Other costs	0.2		42.7	42.8	*4.9*	*1.4*
Total costs and expenses	**15.2**		**288.8**	**304.0**	***34.8***	***10.0***

The item Loans and receivables due from the holding company includes: (i) two loans taken out in 2009 (for an amount of €267.8m) in favour of Unipol following the replacement of Unipol Assicurazioni S.p.A. - subsequently merged in UnipolSai Assicurazioni S.p.A. - in the role of issuer of subordinated Unipol 7% and Unipol 5.66% bonds issued by Unipol, and (ii) a 5-year loan of €300m disbursed by UnipolSai in favour of Unipol on 1 March 2019, also repayable early, at an interest rate of the 3-month Euribor plus 260 basis points, as part of the exercise of the put option relating to 27.49% of the share capital of Unipol Banca SpA and UnipolReC SpA.
The item also includes an amount of €137m relating to the receivable due to some subsidiaries from the holding company Unipol as part of the centralised treasury contract (cash pooling), entered into on 1 July 2019 for the purpose of centralising at Unipol the management of the available funds of the non-insurance companies of the Unipol Group.
Loans and receivables from associates and others comprised €31.8m related to the shareholders' loan provided to the associate UnipolReC, €20.1m of time deposits above 15 days held by the companies of the Group with BPER Banca, €10.2m relating to receivables from insurance brokerage agencies for agents' reimbursements and €6.1m of interest-free loans disbursed by UnipolSai to the associate Borsetto.
The item Available-for-sale financial assets refers to bond securities issued by the holding company Unipol and subscribed by the subsidiary Arca Vita.

Sundry receivables from the holding company comprised amounts related to the tax consolidation and for services rendered.
The item Sundry receivables from associates and others included €45.1m in receivables due from insurance brokerage agencies for commissions and €40.6m in receivables due from Finitalia for premiums it had advanced for the service concerning the split payment of policies.
The item Sundry receivables from affiliates included receivables for seconded staff and services supplied by UnipolSai.
Other assets include current accounts, temporarily unavailable, that UnipolSai has opened with BPER Banca.
Cash and cash equivalents included the balances of current accounts opened by Group companies with BPER Banca.
The item Other financial liabilities to the holding company referred to the loan disbursed by the holding company Unipol Gruppo to the subsidiary UnipolRental and the payable of the subsidiary Tenute del Cerro to Unipol Gruppo as part of the above-mentioned cash pooling agreement; as concerns transactions with associates and others, this item referred to overdrafts on current accounts held by Group companies at BPER Banca or mortgages disbursed by the latter to Group companies.
Sundry payables comprised, as for relations with the holding company, the payable for IRES of the companies participating in the tax consolidation and the payable for Unipol staff seconded to Group companies; as regards relations with the associates and other entities, this item includes the payables for commissions to be paid to BPER Banca for the placement of insurance products in addition to payables for other services rendered.
Commission income referred to the bank relations between Group companies and BPER Banca.
Gains on other financial instruments and investment property include:
- as for relations with the holding company, the interest income on loans provided by UnipolSai to Unipol and rents paid to UnipolSai for properties leased to Unipol;
- as for relations with associates and others, interest income on bank deposits held by the Group companies at BPER Banca, the interest on the loan disbursed by UnipolSai to UnipolReC and income due to UnipolSai for property leases.
The item Other revenue due from the holding company and from the affiliates mainly included income for staff secondment; other revenue due from associates and others included relations of the Group companies with BPER Banca for banking services.
Commission expense referred to bank relations between the Group companies and BPER Banca.
Operating expenses included, as regards associates and others, costs for commissions paid to insurance brokerage agencies (€95.4m), costs to Finitalia for instalments of policies issued by the Group companies (€61.4m), bank account operating costs (€36.5m) and commissions recognised to BPER Banca for the placement of insurance policies issued by Group companies (€33.5m).

Please also note that the contributions payable by the UnipolSai Group companies paid in the course of 2020 to Unipol Group employee and executive pension funds amounted to €20.2m.

Remuneration payable for 2020 to the UnipolSai Directors, Statutory Auditors, General Managers and Key Managers for carrying out their duties within the Company and in other consolidated companies amounted to €14.2m, details of which are as follows (in €m):

-	Directors and General Manager	3.9
-	Statutory Auditors	0.3
-	Other Key Managers	10.0 (*)

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

During 2020, the Group companies paid Unipol Gruppo and UnipolSai the sum of €624k as remuneration for the posts held in them by the General Manager and by the Key Managers.

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

5.7 Fair value measurements – IFRS 13

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

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

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

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

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

Fair value measurement on a recurring and non-recurring basis

The table below shows a comparison between the assets and liabilities measured at fair value at 31 December 2020 and 31 December 2019, broken down based on fair value hierarchy level.

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

		Level 1		Level 2		Level 3		Total	
	Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets and liabilities at fair value on a recurring basis									
Available-for-sale financial assets		48,637.0	46,947.6	463.4	338.5	2,001.9	1,568.3	51,102.3	48,854.5
Financial assets at fair value through profit or loss	Held for trading financial assets	161.5	114.5	69.5	157.7	27.7	14.7	258.7	286.8
	Financial assets at fair value through profit or loss	7,171.3	7,465.0			6.5	0.6	7,177.8	7,465.6
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets at fair value on a recurring basis		*55,969.8*	*54,527.1*	*532.8*	*496.2*	*2,036.1*	*1,583.6*	*58,538.8*	*56,606.9*
Financial liabilities at fair value through profit or loss	Held for trading financial liabilities	25.6	20.7	292.4	220.6	6.3	11.3	324.3	252.6
	Financial liabilities at fair value through profit or loss					4,055.1	2,661.8	4,055.1	2,661.8
Total liabilities measured at fair value on a recurring basis		*25.6*	*20.7*	*292.4*	*220.6*	*4,061.4*	*2,673.0*	*4,379.3*	*2,914.4*
Assets and liabilities at fair value on a non-recurring basis									
Non-current assets or assets of disposal groups held for sale									
Liabilities associated with disposal groups									

The amount of financial assets classified in Level 3 at 31 December 2020 stood at €2,036.1m.

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

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

Amounts in €m	Available-for-sale financial assets	Financial assets at fair value through profit or loss		Investment property	Property, plant and equipment	Intangible assets	Financial liabilities at fair value through profit or loss	
		Held for trading financial assets	Financial assets at fair value through				Held for trading financial liabilities	Financial liabilities at fair value through
Opening balance	1,568.3	14.7	0.6				11.3	2,661.8
Acquisitions/Issues	529.6		6.1					
Sales/Repurchases	(8.2)							
Repayments	(33.6)							
Gains or losses recognised through profit or loss		(4.3)	(0.2)				0.5	
- of which unrealised gains/losses		*(4.3)*	*(0.2)*				*0.5*	
Gains or losses recognised in the statement of other comprehensive income	(55.1)							
Transfers to level 3								
Transfers to other levels	(1.0)							
Other changes	1.9	17.4					4.4	(1,393.3)
Closing balance	2,001.9	27.7	6.5				6.3	4,055.1

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

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

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

As regards "assets at fair value on a recurring basis" and belonging to Level 3, the stress test of non-observable parameters is performed with reference to financial instruments valued on a Mark to Model basis and on which the measurement is carried out through one or more non-observable parameters.
The portion of securities subject to analysis has a market value of €19.5m at 31 December 2020.

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

The following table shows the results of the shocks:

Amounts in €m	Curve Spread			
Fair value				
Shock	+10 bps	-10 bps	+50 bps	-50 bps
Fair Value delta	(0.13)	0.13	(0.63)	0.64
Fair Value delta %	*(0.68)*	*0.69*	*(3.21)*	*3.29*

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

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

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

	Carrying amount		*Fair value*							
			Level 1		Level 2		Level 3		Total	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets										
Held-to-maturity investments	420.8	454.6	519.3	543.2	0.9	37.9		2.2	520.2	583.2
Loans and receivables	5,256.4	4,766.7			3,284.8	2,839.9	1,963.5	2,084.2	5,248.3	4,924.1
Investments in subsidiaries, associates and interests in joint ventures	162.9	169.2					162.9	169.2	162.9	169.2
Investment property	2,261.5	2,063.2					2,459.7	2,239.9	2,459.7	2,239.9
Property, plant and equipment	2,279.8	2,411.5					2,398.0	2,551.8	2,398.0	2,551.8
Total assets	10,381.4	9,865.2	519.3	543.2	3,285.7	2,877.8	6,984.2	7,047.2	10,789.2	10,468.2
Liabilities										
Other financial liabilities	2,676.0	3,086.1	1,954.8	1,937.8			831.0	1,243.5	2,785.7	3,181.3

5.8 Information on personnel

Share-based compensation plans

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

The 2016-2018 compensation plan based on financial instruments (performance share type) envisages the assignment of UnipolSai and Unipol shares over three years with effect from April 2019. The first tranche, for 2,065,453 UnipolSai shares and 1,117,478 Unipol shares, was paid to entitled parties on 25 April 2019; the second tranche, for 1,938,683 UnipolSai Shares and 1,048,891 Unipol shares, was paid to entitled parties on 27 April 2020.

In December 2020, 557,729 UnipolSai shares and 308,318 Unipol shares were assigned only to the Executives not classified as significant risk takers, for the short-term incentive referring to the year 2019, in partial execution of the 2019-2021 Plan.

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

Trade union relations

NON-EXECUTIVE PERSONNEL
As part of activities for implementing the current Business Plan, in the 2019-2020 two-year period the Group insurance companies signed trade union agreements in relation to jointly agreed termination of employment contracts for non-executive personnel reaching pension age by 31 December 2023.
These personnel will receive their pension directly from INPS, if they have reached entitlement, or will have access to the extraordinary section of the Solidarity Fund, whereby they will receive a cheque paid by the company that is equivalent to the future pension until such a time as the state pension requirements are met, through payment by the company to INPS of the related contributions.
In this regard, in the course of 2020 the agreed termination of contract involved 520 workers, of whom:

- 377 stopped working on 29 February 2020, with access to the Solidarity Fund;
- 143 stopped working between 31 January 2020 and 31 December 2020 to receive the retirement incentive.

Following the COVID-19 epidemiological emergency, taking into account the significant decline in economic activity and on the basis of the legal provisions issued in the course of the year, various trade union agreements were signed in the Group's different business areas.
In particular, for the Group's insurance companies, a partial reduction in work activities was established, for a total of 18 days, first through the use of leave accrued and not yet taken and then by recourse to the ordinary section of the Solidarity Fund, in any event guaranteeing full protection of remuneration and the correlated contribution. This recourse made it possible to recover contributions paid to the Fund in the past by the Group companies, without requiring recourse to contributions referring to employees or other insurance sector companies. Furthermore, it was established that employees will make use of the leave due for the year 2020.
In other sectors, such as the hotel business, recourse was made to the social safety nets provided by provisions of law and the contract, practically continuously from 16 March 2020 to the end of the year. Lastly, on a voluntary basis, the possibility of applying a consensual termination of the employment relationship was also provided through a dedicated type of incentive.

EXECUTIVE PERSONNEL
The Group insurance companies signed trade union agreements in relation to jointly agreed termination of employment contracts for executive personnel reaching pension age by 31 December 2024 (initially 31 December 2023).
Following termination, these personnel will receive a cheque paid by the company that is equivalent to the future pension until such a time as the state pension requirements are met, through payment by the company to INPS of the related contributions.

Training

In 2020, Unica **committed to remaining close to people**, enabling employees and the sales network to continue training despite the health emergency.
The Unica team quickly reorganised to work remotely and immediately committed to guaranteeing all users continuous remote access to the training portal, through which training support was offered on the technologies required to operate within a new work scenario, as well as on other technical and transversal skills. The emergency scenario rapidly redefined priorities, slowing the planning and development of training projects, especially the more complex ones. Due to the suspension of classroom training, Unica concentrated on redesigning dozens of courses already started or scheduled during the year to support the business, with the resulting redefinition of structures, durations and training calendars. New classroom-alternative tools and methods were explored and introduced - including training videoconferences using Google Meet for Networks and the webinar via Adobe Connect for Networks and Employees.

In March, Unica's new organisation was deployed, with a simpler structure and a new Faculty dedicated to masters and high-level apprenticeship courses and entry courses for young people.
In July, following the audit performed by the certifying entity DNV GL, Unica obtained the renewal of its ISO 9001:2015 certification.

Training activities during the year focused on implementing courses, through the Unica Faculties, with mandatory and regulatory, technical, commercial, managerial and behavioural content.
Among these were the hours provided to meet obligatory requirements and those provided in compliance with IVASS Regulation no. 40/2018, necessary to spread knowledge on insurance products and revised industry regulations.

During 2020, the training activities dedicated to all Unipol Group companies recorded a total of 719,179 hours/participant, broken down as follows:

- 88,415 hours/participant for Group employees (excluding the Bancassurance companies);
- 630,764 hours/participant for the sales networks.

During the year 80% of the potential recipients were involved in training activities organised by Unica, in particular:

- 9,488 employees;
- 25,464 agents and secondary network partners.

With the suspension of classroom courses at the end of February due to the health emergency, the redesign of many initiatives led to the wide-scale use of webinar and videoconference based training activities, in addition to digital learning:
a) for employees, the two educational methods are basically balanced (out of the total hours, 49% is for classroom training and 51% for remote training);
b) for intermediaries, remote training hours continue to prevail (out of the total hours, 8% is for classroom training and 92% for remote training).

The average daily participation was:

- 158 users in classroom mode or through webinars (of which 56 employees and 102 intermediaries);
- 1,176 users in remote training mode (of which 102 employees and 1,074 intermediaries).

A total of 1,209 courses were created and held, using the above-mentioned instructional methods, many of which were shared between employees and network intermediaries.
The training catalogue currently includes around 330 initiatives.

5.9 Information on public funds received

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

Recipient	Name of disbursing party	Amount collected (€)	Reason
Tenute del Cerro SpA	ARTEA	234,235.04	Contributions to the Tuscany Region vineyard restructuring
Tenute del Cerro SpA	ARTEA	84,778.11	Contributions to Tuscany Region Rural Development Plan
Tenute del Cerro SpA	ARTEA	12,127.17	Contributions to allowances for the Tuscany Region mountain areas
Tenute del Cerro SpA	AGEA	587,445.83	Contributions to Community Agricultural Policy 2019/2020
Tenute del Cerro SpA	AGEA	7,271.16	Contribution to promotional expenses incurred in foreign countries - Tuscany Region 19/20
Tenute del Cerro SpA	AGEA	124,728.30	Contribution to promotional expenses incurred in foreign countries - Umbria Region 19/20
Tenute del Cerro SpA	AGEA	86,190.40	Individual Insurance Plan Contribution
Tenute del Cerro SpA	AGEA	244,035.54	Contribution for the Rural Development Plan Umbria - agri-food sector
Tenute del Cerro SpA	RETE OMEGA	667.63	Contribution for the Rural Development Plan Umbria - agri-food sector

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

5.10 Non-recurring significant transactions and events

There were no non-recurring significant transactions and events during the year.

5.11 Atypical and/or unusual positions or transactions

In 2020 there were no atypical and/or unusual transactions aside from any mentioned among the main events of the period that, because of the significance, importance, nature of the counterparties involved in the transaction, transfer pricing procedures, or occurrence close to the end of the year, could give rise to doubts relating to: the accuracy and completeness of the information in these Consolidated Financial Statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders.

5.12 Additional information on the temporary exemption from IFRS 9

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

Fair Value at 31 December 2020 and changes in the fair value of the financial investments recognised according to IAS 39 which passed the SPPI test, and the other financial investments

Amounts in €m	Consolidated Statement value at 31/12/2020	Fair value at 31/12/2020	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)	47,043.0	47,702.9	2,859.8
Other financial investments (b)	17,172.9	17,169.9	(189.5)
Total (a) + (b)	64,216.0	64,872.8	2,670.3

Main exposures by counterpart of investments passing the SPPI test

Amounts in €m

Counterpart	Consolidated Statement value at 31/12/2020
Italian Treasury	25,598.3
Spanish Treasury	3,951.6
French Treasury	1,465.1
Germanian Treasury	946.7
Intesa SanPaolo SpA	802.7
Portuguese Treasury	544.5
Deutsche Bank AG	424.8
Irish Treasury	389.7
Commerzbank AG	351.6
Société Générale SA	305.7
Other counterparts	12,262.3
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss	47,043.0

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

Amounts in €m

Rating class	Consolidated Statement value at 31/12/2020	IAS 39 carrying amount at 31/12/2020 before any impairment adjustment	Fair value at 31/12/2020
AAA	715.6	679.2	715.6
AA	2,396.3	2,200.8	2,393.2
A	7,807.3	6,923.5	7,916.4
BBB	33,100.0	27,311.7	33,605.5
Total financial investments with low credit risk (1)	44,019.1	37,115.2	44,630.7
BB	2,548.4	2,432.8	2,593.4
B	157.5	156.0	157.5
Lower rating	102.4	105.5	102.4
With no rating	215.7	215.7	219.1
Total financial investments other than those with low credit risk (2)	3,023.9	2,910.0	3,072.2

Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (1) + (2)	47,043.0	40,025.2	47,702.9

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

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

In determining the parameters used for the assessments, the criteria adopted were aligned with market practice, taking as a reference, for them and for the economic/financial projections, the current macroeconomic scenario and a forward-looking scenario incorporating the effects of the COVID-19 pandemic, taking into account the provisions of the ESMA guidelines[6] (October 2020) and Consob instructions (informational note no. 1/21 of 16 February 2021). As regards particularly the evolution of the business model, also in relation to the implications of the COVID-19 pandemic, as things currently stand the following is expected:
- an evolution of the insurance offer to meet new customer needs, increasingly integrated with value propositions, also in the services and beyond insurance area;
- an evolution of the major risks offer in the SME/small business area;
- an additional evolution of technical excellence in pricing as well as underwriting;
- a physical and digital ("phygital") omnichannel strategy, focusing on the value added provided by the agency to customer relationships;

an operating model capable of facilitating the digital and customer-centric evolution of the business model and improving the efficiency of the operating mechanism.

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

Note that in December, UnipolSai finalised the acquisition of 100% of the share capital of Cambiomarcia Srl ("Cambiomarcia"), an Italian company specialised in online used vehicle sales, incurring an outlay of approximately €5.9m. This value was determined by taking into account the contents of a fairness opinion issued by a leading independent advisor. This transaction generated goodwill of around €5.9m, allocated to the Non-Life Business CGU. The goodwill was calculated on a provisional PPA (Purchase Price Allocation) basis as permitted by IFRS 3, in consideration of the accounting position of Cambiomarcia at 31 December 2020. Note that the final accounting of the PPA, based on the fair value measurement of the assets and liabilities acquired, will take place within 12 months of the date that control of the company was acquired.

The CGU structure did not change compared to the previous year. Consequently, the CGUs to which the residual goodwill was allocated, impairment tested at 31 December 2020, were:
- Non-Life CGU: UnipolSai Assicurazioni - Non-Life
- Life CGU: UnipolSai Assicurazioni - Life

In relation to the measurement methods and benchmarks adopted to estimate the recoverable value of goodwill, note that, as specified below, the same measurement criteria were adopted as for the previous year for the Non-Life and Life segments, with benchmark updating arranged at the end of 2020.
The impairment testing of the Non-Life CGUs was performed as follows: with regard to UnipolSai Assicurazioni - Non-Life the recoverable value of goodwill was determined by using an excess capital version of the Dividend Discount Model (DDM); to determine the above-mentioned value, the actual economic-financial situation at 31 December 2020 and, for the years 2021-2025 economic-financial projections, functional to the definition of the profit forecasts for these years, were considered, as developed by the company and approved by its Board of Directors.

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

[6] *ESMA Public Statement issued in October 2020 "European common enforcement priorities for 2020 annual financial reports"*

The results obtained from application of the impairment procedure show that there is no need to make any value adjustments to the goodwill of the Non-Life CGU and the Life CGU recorded in the consolidated financial statements at 31 December 2020.

Non-Life CGU	
Valuation method used	The method used, similar to that carried out last year, was an "excess capital" type of DDM (Dividend Discount Model) and focused on the future cash flows theoretically available for shareholders, without drawing on the assets needed to support the expected growth and in accordance with the capital requirements imposed by the Supervisory Authority on capital requirements. According to this method the value of the economic capital is the sum of the current value of potential future cash flows and the current terminal value.
Net profits used	The above net profits were considered.
Projection period	Five prospective flows were considered.
Rate of discounting	A rate of discounting of 6.33% was used, broken down as follows: - risk-free rate: 1.14% - beta coefficient: 1.01 - risk premium: 5.13% The average figure for the 10-year Long-Term Treasury Bond for the period January-December 2020 was used for the risk-free rate. As regards the Beta factor, reference was made, as in the previous year, to a 2-year adjusted Beta concerning a sample of companies listed on the European Market and deemed as comparable. The risk Premium was defined by taking into account the estimates of said parameters made by various contributors.
Long term growth rate (g factor)	It was deemed appropriate to reduce the g-rate to 1.2% (compared to 1.7% in the previous year) taking into account the macroeconomic predictive indicators and related to the reference market.
Life CGU	
Goodwill recoverable amount	With regard to UnipolSai Assicurazioni - Life, the recoverable value of goodwill was determined using the "Appraisal Value" method.

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

Amounts in €m	Allocation of goodwill	Recoverable amount (a)	Excess
Non-Life CGU	309	5,286	4,977
Life CGU	204	1,338	1,134
Total	**514**	**6,624**	**6,110**

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

Parameters used	Non-Life
Risk Free	1.14%
Beta	1.01
Risk premium	5.13%
Short-term discounting rate	6.33%
Range	*5.83% - 6.83%*
Pass	*0.5%*
g factor	1.2%
Range	*0.7% - 1.7%*
Pass	*0.5%*

	Amounts in €m	Sensitivity (Value range)					
		Min			Max		
CGU	Recoverable Amount - Goodwill Delta	Amount	g	ke	Amount	g	ke
UnipolSai - Non-Life	4,977	4,259	0.7%	6.83%	6,024	1.7%	5.83%

	Amounts in €m	Sensitivity Recoverable Amount - Goodwill Delta	
CGU	Recoverable Amount - Goodwill Delta	Min	Max
UnipolSai - Life	1,134	1,087	1,149

5.14 Notes on Non-Life business

Procedural Note on fixing the level of provisions and assumpions made

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

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

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

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

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

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

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

Scope of analysis

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

Trend in claims

In 2020, the effects of the COVID-19 pandemic and the actions taken by the government to limit its spread (lockdown) influenced claims trends, which saw some very significant declines, as well as the volume of premiums, which was also down. The decrease in claims regarded in particular those in the medium-low range, while the average cost of claims reported was generally higher than in the past.
The tables below, which illustrate the trend in claims, show the estimated first-year costs for each year in which claims were incurred from 2011 until 2020 and the adjustments made in subsequent years as a result of the claim being settled or the budget being adjusted as a result of more information about the claim being received.
The line showing the variation compared with the first-year provision must be considered separately since subsequent adjustments may already have been incorporated into the provisions figures for later years.
Maximum caution must be exercised when extrapolating opinions on the adequacy or inadequacy of provisions from the results found in the following table.
The Group considers the provisions for claims reported or yet to be reported incurred by 31 December 2020 to be adequate in light of available information. Of course, as they are estimates there is no absolute certainty that the provisions are in fact adequate.

Trend in claims (all classes except Assistance)

Amounts in €m

Year of Event	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Estimate of claims accumulated											
at the end of the year of event	7,896	7,260	6,515	6,222	5,236	5,299	5,412	5,461	5,557	4,706	**59,566**
one year later	7,729	7,062	6,414	6,189	5,189	5,225	5,410	5,462	5,605		
two years later	7,788	7,046	6,362	6,113	5,119	5,191	5,356	5,416			
three years later	7,805	7,026	6,318	6,034	5,055	5,166	5,307				
four years later	7,781	6,984	6,278	5,955	5,018	5,122					
five years later	7,761	6,958	6,225	5,906	4,991						
six years later	7,736	6,935	6,187	5,868							
seven years later	7,720	6,907	6,127								
eight years later	7,696	6,877									
nine years later	7,667										
Estimate of claims accumulated	7,667	6,877	6,127	5,868	4,991	5,122	5,307	5,416	5,605	4,706	**57,685**
Accumulated payments	7,341	6,462	5,625	5,259	4,428	4,481	4,609	4,477	4,101	1,906	**48,688**
Change compared to assessment at year 1	(229)	(384)	(389)	(354)	(245)	(177)	(106)	(45)	48		
Outstanding at 31/12/2020 - Carrying amount	326	415	502	609	563	641	698	939	1,504	2,800	**8,996**

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

The ultimate cost relating to the year 2019 was up following the selection, in the valuation of the UnipolSai General TPL business, of only the CHL Paid method, which was the most prudent of the set of models developed.
The breakdown of the IBNR estimated at 31 December 2019 showed an overall sufficiency in 2020 of €120.2m or 11.9% of the estimate.

Change in the assumptions made and sensitivity analysis of the model

The estimated cost for 2011-2019 at 31 December 2020 was €52,979m, a decrease from the valuation carried out at 31 December 2019 for the same years (€53,255m).
The new figure takes account of the savings recognised on claims that have been settled and of the revaluations required on claims that are still outstanding.

The risks arising from insurance policies are complex and subject to numerous variables that make the task of quantifying the sensitivity of the model complex.
The incidence of the amount of the 2,268 major claims net of claims handled by others (above €800k in the case of MV TPL, above €400k in the case of General TPL and €350k in the case of Fire) on the total provisions of the three classes was 26.4%. A 10% increase in the number of major claims would have led to a fall in provisions of €189.1m. The incidence on total provisions of claims handled by others was 2.6%. If reinsurers had revalued these claims by 5.0%, costs would have risen by €11.5m.

The sensitivity analysis of the models directed at determining two scenarios, one favourable and one unfavourable, was conducted on the MV TPL (Non-Card and Handler Card separately) and General TPL classes of UnipolSai Assicurazioni (UnipolSai provisions represent 91.9% of the companies considered in this analysis; the provisions of the MV TPL and General TPL business of UnipolSai totalled 72.0%).

The two scenarios were obtained with the following assumptions:
- Favourable: for MV TPL, a decline in inflation by one and a half points (1.0%) was assumed for the ACPC method compared to the baseline model (2.5%); reference was made to the provision corresponding to the tenth percentile for the Chain Ladder Paid method (*). For General TPL, reference was made to the provision corresponding to the tenth percentile (*).
- Unfavourable: for MV TPL, a decline in inflation by one and a half points (4.0%) was assumed for the ACPC method compared to the baseline model (2.5%); reference was made to the provision corresponding to the ninetieth percentile for the Chain Ladder Paid method (*). For General TPL, reference was made to the provision corresponding to the ninetieth percentile (*).

(*) Assuming that the provision is distributed according to a log-normal function with parameter relating to standard deviation calculated with the Mack method

In the sensitivity analysis for years prior to 2009 (excluded from the model), the same changes deriving from application of the stress scenarios to later years were applied.

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

Amounts in €m	Pre 2009	2009 -- 2020	Total	*Delta %*
Provision requirements	828	8,082	8,910	
Unfavourable LAT assumption	869	8,401	9,270	*4.04*
Favourable LAT assumption	790	7,783	8,574	*(3.78)*

In assessing the results of these variations, note that these analyses are of the deterministic type and no account is taken of any correlations. Overall, provisions (€10,380m relating to the consolidation scope examined) in the financial statements are higher than the top end, i.e. the unfavourable scenario assumption.

5.15 Notes on Life business

Breakdown of the insurance portfolio

Consolidated Life premiums for 2020 totalled €4,327.9m (insurance and investment products), with a decline of -26% compared to the previous year.
The Life direct premiums of the Group came from both the traditional companies (UnipolSai Assicurazioni and DDOR) and bancassurance companies (Arca Group and Bim Vita).

The consolidated Life premiums of the UnipolSai Group at 31 December 2020 are broken down as follows:

Consolidated Life premiums

Amounts in €m	UnipolSai Assicurazioni	Gruppo Arca	Bim Vita	Ddor Novi Sad	Total
Insurance premiums (IFRS4)	2,874.9	820.6	46.0	17.1	3,758.7
var. %	*(26.8)*	*(43.7)*	*(18.1)*	*9.8*	*(31.1)*
Investment Products (IAS39)	223.7	318.9	26.7		569.3
var. %	*44.4*	*46.3*	*34.9*		*45.0*
Total Life business premium income	3,098.6	1,139.5	72.7	17.1	4,327.9
var. %	*(24.0)*	*(32.0)*	*(4.3)*	*9.8*	*(26.0)*
Breakdown:					
Insurance premiums (IFRS4)	*92.8%*	*72.0%*	*63.3%*	*100.0%*	*86.8%*
Investment Products (IAS39)	*7.2%*	*28.0%*	*36.7%*	*0.0%*	*13.2%*

The Life direct premiums for the Group originate for €3,098.6m from UnipolSai (-24%), €1,139.5m from the ARCA Group (-32%), €72.7m from BIM Vita (-4.3%) and €17.1m from DDOR (+9.8%).

Insurance premiums totalling €3,758.7m (-31.1%) accounted for 86.8% of total premiums, down compared to the figure for the previous year (93.3%). Non-insurance premiums amounted to €569.3m (+45%) and related to unit-linked and open pension funds.

Direct insurance premiums:

Amounts in €m	UnipolSai Assicurazioni	Gruppo Arca	Bim Vita	Ddor Novi Sad	Total
Traditional premiums	2,229.6	820.6	31.9	17.1	3,099.2
Financial premiums	0.5		14.1		14.7
Pension funds	644.9				644.9
Insurance premiums (IFRS4)	2,874.9	820.6	46.0	17.1	3,758.7
of which investments with DPF	1,890.4	772.8	14.1		2,677.3
% investment with DPF	*65.8%*	*94.2%*	*30.7%*	*0.0%*	*71.2%*

The insurance premiums of the UnipolSai Group continued to be composed primarily of traditional policies, which account for 82.5% of total consolidated premiums (up from the 77.1% recorded in 2019), compared to 17.2% represented by pension fund premiums (22.7% in 2019) and, finally, only 0.4% by financial premiums (0.2% in 2019).

5.16 Risk Report

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

Activities by the competent corporate organisations of the Group were carried out in 2020 in compliance with Solvency II regulations and the supervisory provisions issued by IVASS.

Internal Control and Risk Management System

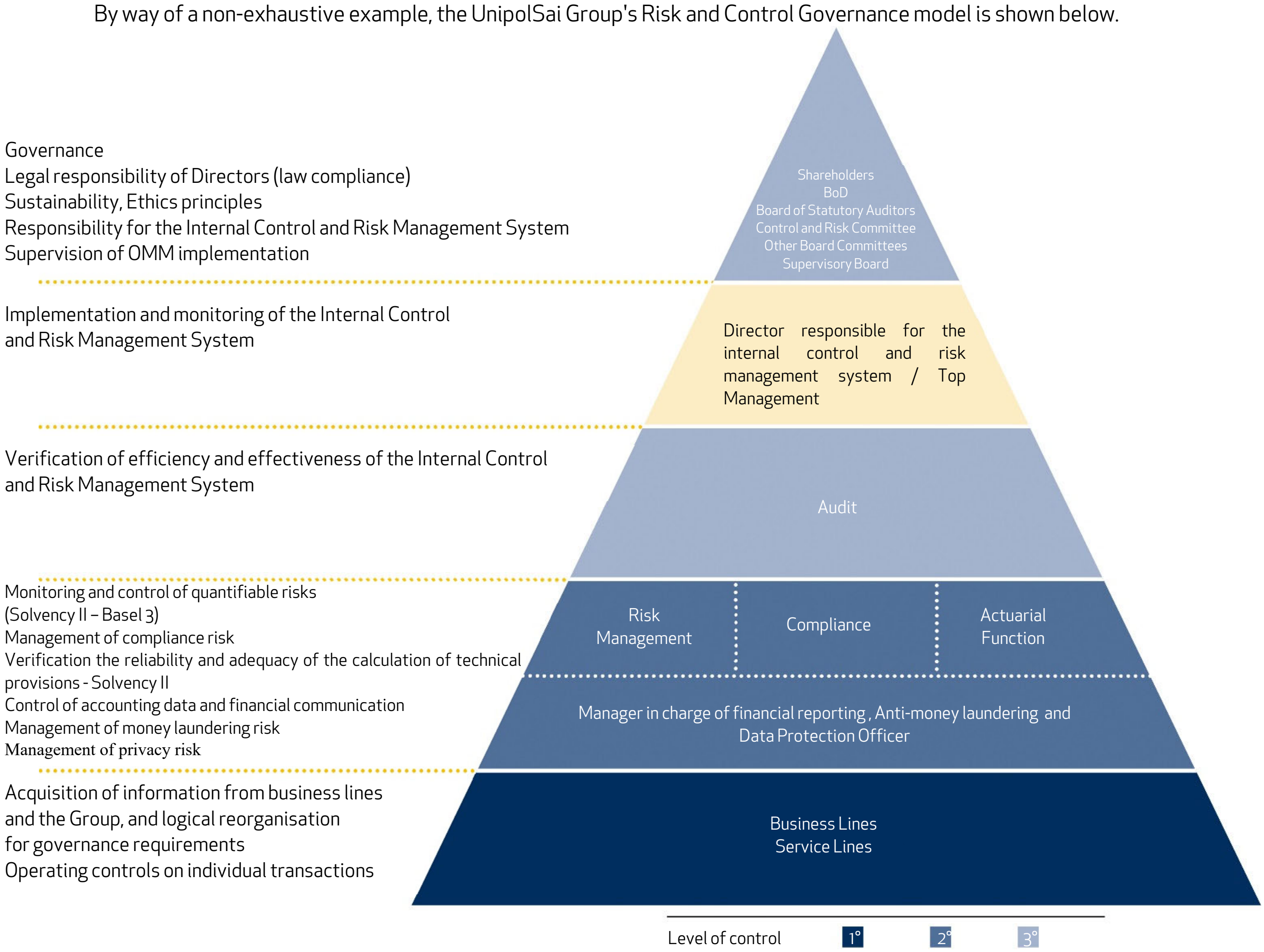
The Unipol Group and the UnipolSai Group's Risk Management structure and process are part of the wider internal control and risk management system which operates according to several levels:

- line controls (so-called "first-level controls"), aimed at ensuring transactions are carried out correctly. These are performed by the same operating structures (e.g. hierarchical, systematic and sample controls), also through the different units which report to the managers of the operating structures, or carried out as part of back office activities; as far as possible, they are incorporated in IT procedure. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures for implementing the process and compliance with the established risk tolerance level;
- risk and compliance controls (so-called "second-level controls"), which aim to ensure, among other things:
  - the correct implementation of the risk management process;
  - the implementation of activities assigned to them by the risk management process;
  - the observance of the operating limits assigned to the various departments;
  - the compliance of company operations with the regulations, including internal regulations;
  - the reliability and adequacy of the calculation of Solvency II technical provisions.

The departments responsible for these controls are separate from the operating functions; they help define the risk governance policies and the risk management policy;

- internal review (so-called "third-level controls") verification of the completeness, functionality and adequacy of the Internal Control and Risk Management System (including the first- and second-level controls) and that business operations comply with the System.

By way of a non-exhaustive example, the UnipolSai Group's Risk and Control Governance model is shown below.



Within UnipolSai:

- The **Board of Directors**, in observance of and consistent with the policies and guidelines of the Parent and based on prior judgment of the Control and Risk Committee, defines the guidelines of the Internal Control and Risk Management System, to ensure that the main risks facing the Company and its subsidiaries are correctly identified, and adequately measured, managed and monitored. The Board performs an assessment, at least annually, of the adequacy of the current and forward-looking Internal Control and Risk Management System with respect to the characteristics of the Company and its subsidiaries and to the defined risk appetite, as well as its efficiency and capacity to adapt to evolving corporate risks and the interaction between them.
- The **Risk Control Committee** plays a propositional, advisory, investigative and support role to the Board of Directors in relation to the Board's assessments and decisions mainly concerning the Internal Control and Risk Management System.
- The **Director Responsible** for the internal control and risk management system, handles the identification of the main company risks, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, periodically subjecting them to review by the Board of Directors.
- **Top Management** supports the Director in charge of designing and implementing the Internal control and risk management system, including therein those deriving from non-compliance with the regulations, in line with the directives and the risk governance policies defined by the Administrative Body and with the guidelines provided by the Parent.

- The **Key Functions**: pursuant to applicable industry legislation, the Company's organisational structure requires that the Key Functions (Audit, Risk Management, Compliance and Actuarial Function) report directly to the Board of Directors and operate with the coordination of the Director responsible for the Internal Control and Risk Management System.
- The **Risk Management Department** supports the Board of Directors, the Director responsible for the internal control and risk management system and Top Management in the evaluation of the structure and effectiveness of the Risk Management System and reports its conclusions to said bodies, highlighting any deficiencies and suggesting ways of resolving them. The Risk Management Department carries out this work as part of the process of "Own Risk and Solvency Assessment" (ORSA), ensuring that the work carried out by the various company departments dealing with risk management is coordinated. This does not exempt the individual operating departments from their specific responsibilities for managing the risks relating to their own work since the departments themselves must have the necessary tools and expertise.
  Within the Risk management system, the Risk Management Department is in charge of continuously identifying, measuring, assessing and monitoring the current and prospective risks at individual and aggregated level which the Company is or may be exposed to and the relevant interdependencies.
  In this respect, Risk Management also contributes to the dissemination of a risk culture extended to the entire Group.

Operational Oversight Mechanisms: Company Committees

Some internal company committees have been set up within UnipolSai to support the General Manager in implementing and monitoring the policies on guidelines, coordination and operating strategy laid down by the Board of Directors.

Risk Management System

The Internal control and risk management system (hereinafter, the "System") is defined in the Group Directives on the corporate governance system ("Directives") - adopted by the UnipolSai Board of Directors most recently on 12 November 2020 - which define, inter alia, the role and responsibilities of the parties involved in the internal control and risk management system. The Directives are complemented by the Key Function Policies - approved at the same board meeting.
The principles and processes of the System as a whole are governed by the following Group policies: "Risk Management Policy", "Current and Forward-looking Internal Risk and Solvency Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy".
The policies setting the principles and guidelines below are an integral part of this System: (i) management of specific risk factors (e.g. Investment Policy with regard to market and liquidity risks, and the "Credit Policy"), (ii) risk management as part of a specific process, (iii) risk mitigation and (iv) risk measurement model management.
A risk management process is defined within the Risk management system to allow for risk identification, measurement, monitoring and mitigation.
The risk identification, assessment and monitoring processes are performed on an ongoing basis, to take into account any changes in their nature, business volumes and market context, and any insurgence of new risks or changes in existing risks.
These processes are carried out using methods that guarantee an integrated approach at Group level. The Parent ensures that the risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company included in the scope of supervision of the Group and their mutual interdependencies.

Risk Appetite and Risk Appetite Framework

The Risk Management System is inspired by an enterprise risk management logic. This means that is based on the consideration, with an integrated approach, of all the current and prospective risks the Group is exposed to, assessing the impact these risks may have on the achievement of the strategic objectives and replies on a fundamental element: the Risk Appetite.

In quantitative terms, Risk Appetite is generally determined on the basis of the following elements:
- capital at risk;
- capital adequacy;
- Liquidity/ALM ratios.

Furthermore, quality objectives are defined in reference to compliance, emerging, strategic, reputational, ESG (Environmental, Social and Governance) and operational risks.
The Risk Appetite is formalised in the Risk Appetite Statement, which indicates the risks that the Company intends to assume or avoid, sets their quantitative limits and the qualitative criteria to be taken into account for the management of unquantified risks.
The Risk Appetite forms part of a reference framework - the Risk Appetite Framework (RAF).
The RAF is defined in strict compliance and prompt reconciliation with the business model, the Strategic Plan, the Own Risk and Solvency Assessment (ORSA) process, the budget, company organisation and the internal control system.
The RAF defines the Risk Appetite and other components ensuring its management, both in normal and stress conditions. These components are:
- Risk Capacity;
- Risk Tolerance;
- Risk Limits (or operational risk limits);
- Risk Profile.

The activity to define RAF components is dynamic and progressive, and reflects the risk management objectives associated with the objectives of the Strategic Plan. Verification is performed annually as part of the process of assigning Budget objectives. Further analyses for preventive control of the Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (such as mergers, acquisitions, disposals).
The RAF is broken down into several analysis macro areas with the aim of guaranteeing continuous monitoring of risk trends. The main analysis macro areas are risk type, total risk, individual company and group.
Lastly, the solvency objectives are defined.

The ORSA process

Under its own risk management systems, the Company uses the ORSA process to assess the effectiveness of the risk management system and its capital adequacy as well as liquidity governance and management.
The internal ORSA assessment process allows the analysis of the current and prospective risk profile analysis of the Company, based on strategy, market scenarios and business development; in addition, the ORSA is an assessment element to support operational and strategic decisions.

The risk management process

The risk management process involves the following steps:
- risk identification;
- current and forward looking assessment of risk exposure;
- risk monitoring and reporting;
- risk mitigation.

The process is performed in compliance with the Risk Appetite Framework.

Risk identification

Risk identification consists in identifying the risks considered significant, i.e. those with consequences capable of compromising the solvency or reputation of the Group and of the Company, or constitute a serious obstacle to achieving strategic objectives. These risks are classified according to a methodology that takes into consideration the Group structure, the specific nature of the types of business managed by the various operating Companies and the classifications proposed by Italian and European supervisory regulations.
The categories of risk identified are as follows:
- Technical-Insurance underwriting risks (Non-Life and Health);
- Technical-Insurance underwriting risks (Life);

- Market risk;
- Credit risk;
- Liquidity and ALM risk;
- Operational risk;
- Standard compliance risk;
- Emerging risks and strategic risk;
- Reputational risk;
- ESG (Environmental, Social and Governance) risks;
- Other risks.

This identification and its constant updating are the result of meticulous and continuous activity performed through:
- continuous monitoring of business operations;
- continuous monitoring of the reference regulatory framework;
- the exercise of Profit and Loss attribution that compares profit and loss recorded at year end with those estimated by the Internal Model, in order to verify whether it correctly represents all risk factors.

An assessment is performed at least annually to verify that the risks identified actually represent the risk profile of the Group and its companies.

Current and forward looking assessment of risk exposure

At least annually and in any event every time circumstances arise that could significantly alter the risk profile, the Group assesses the risks to which the Group and the individual companies are exposed, at present and prospectively, documenting the methods used and the related results. In the internal Current and Forward-looking Risk and Solvency Assessment Policy, the process for the current and forward-looking assessment of risks is also defined, including risks deriving from companies included in the scope of Group supervision and taking into account the risk interdependencies. The current and forward-looking assessment also includes stress testing to verify the company's vulnerability to extreme but plausible events.

<u>Current assessment of risks</u>
The current assessment of risks identified is performed through methods envisaged in regulations and best practices as regards risks for which measurement is not regulated or defined by high-level principles.

<u>Forward-looking assessment of risks</u>
The Own Risk Solvency Assessment (ORSA) is used to support strategic and operating decisions.
The Group defines and implements procedures that are commensurate with the nature, scope and complexity of the business activities and enable it to identify and assess accurately the risks to which the Group or individual company is or could be exposed in the short and long term.

Stress test, reverse stress test and sensitivity analyses

The Group and each subsidiary Company conduct stress test, reverse stress test and sensitivity analyses at least annually, in compliance with requirements of the national Supervisory Authority regulations. To this end, the Group has adopted:

- a stress test framework that begins with analysis of the key risk factors, envisaging the definition of a set of stress tests:
  - <u>general</u> (i.e. applying to the Group and to all Group Companies) or specific (i.e. applying to individual Companies);
  - which consist in the application of <u>shocks to individual risk factors</u> (e.g. interest rates) or contextual shocks to multiple groups of risk factors (i.e. scenario analysis);
  - which concern financial variables and/or technical-insurance variables.
- a sensitivity analysis framework for the main financial figures of interest, in order to assess the solvency of the Group and the Companies in alternative economic scenarios;
- a set of reverse stress test exercises to identify loss scenarios that could put the Company's solvency in difficulty.

Risk monitoring and reporting

In order to ensure prompt and constant monitoring of the evolution of the Risk Profile and compliance at the different levels of company responsibility with the defined Risk Appetite, a reporting system was implemented based on the principles of completeness, promptness and disclosure efficiency.
This system guarantees that the quality and quantity of information provided is commensurate with the needs of the various recipients and with the complexity of the business managed, in order for it to be used as a strategic and operating tool in assessing the potential impact of decisions on the company's risk profile and solvency.
In relation to the recipients, reporting is divided into "internal" and "external". "Internal" reporting is addressed to the bodies and internal structures of the Group and its companies, with the aim of steering strategic and business decisions and verifying sustainability over time. "External" reporting is directed to Supervisory Authorities and the market and meets the disclosure and transparency requirements of regulations in force.

With regard to internal reporting, in consideration of the recipients of the various requirements and uses, two types of reporting are provided:
- Strategic reporting on risk management, containing information important in supporting strategic decisions;
- Operational reporting on risk management with an adequate granularity in supporting business operations.

As part of the strategic reporting, the following are provided to the Board of Directors, the Control and Risk Committee and Top Management:
- annually, a proposal for approval of the Risk Appetite (Risk Appetite Statement);[7]
- quarterly, a report with the results of controls performed on observance of the Risk Appetite for the current year (Risk Appetite Monitoring);
- quarterly, a report with the results of controls performed on observance of the operational risk limits defined in the specific risk management policies;
- at least annually, the results of stress testing.

Risk escalation and mitigation process

With regard to Risk Appetite monitoring, detection of any of the defined thresholds being exceeded triggers the escalation process described below:
- if the Risk Appetite and the Risk Tolerance, when defined, are exceeded, the Board of Directors is informed. The Board of Directors assesses whether the approval of a new Risk Appetite or Risk Tolerance level is appropriate or defines action to be taken to restore the Risk Appetite or Risk Tolerance level;
- if the Risk Capacity is exceeded, the Board of Directors is notified and defines the actions to be taken.

If the Risk Appetite and/or Risk Tolerance and/or Risk Capacity of individual companies are exceeded, the Boards of Directors of Unipol Gruppo SpA and UnipolSai Assicurazioni SpA are informed, indicating any corrective action taken.
In order to mitigate existing or prospective levels of risk not in line with the defined risk objectives, the following measures can be adopted:

a) Financial hedges: these measures may take the form of hedging transactions on the market using financial derivatives. The Investment Policy defines the principles for the use and management of hedging instruments;
b) Reinsurance: transfers part of the underwriting risk outside the Group, providing more possibility for business growth, both by proportionally reducing the amounts at risk (e.g. proportional treaties) and by limiting even further the amounts of major claims (e.g. non-proportional treaties). The "Reinsurance and Other Risk Mitigation Techniques Policy" defines the guidelines on reinsurance cover management;
c) Guarantees held as a hedge against credit risks: the main type of guarantee available on exposures to reinsurers comprises deposits with the Group for the risks ceded and retroceded that are generally moved (placed and repaid) annually or half-yearly. Their duration largely depends on the specific nature of the underlying insurance benefits and on the actual duration of the reinsurance agreements, which are renegotiated at the end of each year. For exposures to reinsurers the Group also makes use of a limited number of guarantees consisting mainly of Letters of credit and Securities. Collateral deposited by the counterparties for operating in derivatives under CSA-type (Credit Support Annex) agreements is also used as guarantees on credit risks.[8] If the Internal Model for measuring risks includes mitigation techniques, their compatibility and constant updating in line with performance must be guaranteed;

[7] In reference to the Parent, at consolidated level and at individual company level.
[8] The CSA requires the delivery of a collateral asset when the value of the contract exceeds the set threshold.

d) **Management action**: corrective action to be applied if certain events occur, such as the restructuring of assets and/or liabilities under management or the disposal of assets and/or liabilities (position closures);
e) **Operational risk mitigation actions**: mitigation plans with the aim of preventing or mitigating the effects should a risk event occur. The implementation of mitigation plans is based on decisions made on a continual basis during the entire operational risk monitoring stage;
f) **Emergency and contingency plans**: extraordinary ex ante measures to be activated if certain catastrophes or emergency events should occur, such as those envisaged in the Pre-Emptive Recovery Plan of the Insurance Group, Business Continuity Plan and Disaster Recovery Plan which respectively define the measures/actions to be adopted at Group and/or Company level to restore the financial position of the Group and/or a Group company in specific scenarios of financial difficulty and severe macro-economic stress, and govern operating procedures for declaring a crisis situation arising from catastrophes and managing the effects.

Partial Internal Model

The Unipol Group, UnipolSai Assicurazioni and Arca Vita are authorised by IVASS to use the Partial Internal Model to calculate the Group and individual solvency capital requirement.

The Partial Internal Model is used to assess the following risk factors, as well as in the aggregation process:
- Non-Life and Health Technical Insurance risks relating to the earthquake catastrophe component;
- Life Technical Insurance risks;
- Market risk;
- Credit risk.

There is a plan for the extension of the Partial Internal Model to include all measurable risk modules and reach a Full Internal Model type configuration.

Non-Life and Health technical insurance risk is represented by the following sub-modules: tariff-setting risk, provisions risk, catastrophe risk and surrender risk. A Partial Internal Model that integrates Internal Model components (Earthquake catastrophe risk), Specific Company Parameters and the Standard Formula is used to calculate the solvency capital requirement.
In particular, the use of the Specific Parameters concerns the tariff-setting and provisions risks of the company UnipolSai in the segments of Non-Life insurance and reinsurance obligations under Annex II to EU Delegated Regulation 2015/35 of 10 October 2014, as specified below:
- Segment 1, Proportional insurance and reinsurance on TPL resulting from the circulation of vehicles;
- Segment 4, Proportional insurance and reinsurance against fire and other damage to property;
- Segment 5, Proportional insurance and reinsurance on general TPL.

In addition, except with regard to Earthquake risk, the catastrophe risks and surrender risk are assessed using the Standard Formula.

Life underwriting risk (mortality/longevity risk, surrender risk and expense risk) is measured using the Partial Internal Model based on the Least Square Monte Carlo approach, consistent with the principles indicated in Solvency II regulations, which allow calculation of the Probability Distribution Forecast in relation to Life risk factors. Catastrophe risk, in addition to the Life underwriting risks relating to Unit-Linked and Pension Fund products, are assessed using the Standard Formula.

The **market risk** of the securities portfolio, for which the investment risk is not borne by the policyholders, is measured using the Partial Internal Model that adopts a Monte Carlo VaR approach. As part of the Internal Market Model, Life liabilities are replicated through cash flows with a maturity equivalent to the breakdown of Life provisions for the guaranteed component and polynomial functions (the Least Square Monte Carlo approach) to represent the Future Discretionary Benefits component. Market risk of the securities portfolio for which investment risk is borne by policyholders and concentration risk are measured using the Market Wide Standard Formula.

The table in the following paragraph analyses the main sensitivities to market risk factors.

Credit risk is measured using the Partial Internal Model that adopts a CreditRisk+ approach. This model makes it possible to measure the risk of default relating to bank counterparties, concerning exposures deriving from cash available at banks and financial risk mitigation operations through derivative contracts, and to the insurance and reinsurance exposures. Furthermore, the model allows the risk of default deriving from exposures to intermediaries and policyholders to be measured.

In the **risk aggregation process**, measurements are based on the Partial Internal Model. The risk aggregation process defined by the Group calls for a bottom"up approach and may be broken down into two phases:

- aggregation of the risk sub"modules which make up Market risks, Non-Life and Health Technical Insurance risks, Life technical insurance risks and Credit risks so as to obtain the Probability Distribution Forecast ("PDF") of each risk module;
- aggregation of the risk modules of Market risks, Non-Life and Health Technical Insurance risks, Life Technical Insurance risks and Credit risks in order to calculate the Basic SCR.

The aggregation of the sub-modules involves three distinct approaches:

- joint sampling of risk factors;
- aggregation by means of the Var-Covar method (with a posteriori determination of the PDF);
- aggregation of multiple marginal distributions through coupling functions.

Below is additional information on the calculation procedure and the main results for each risk at 31 December 2020.

Financial Risks

The Group's Investment Policy establishes the criteria forming the basis of the investment policy, the types of activities considered correct to invest in, the breakdown of the portfolio of medium/long-term investments and fixes the limits on the underwriting and monitoring of market risk in such a way as to ascertain total exposure, in line with the "risk appetite" expressed in the Group's strategic objectives, guaranteeing an adequate portfolio diversification.

Market risk

Market risk refers to all risks which have the effect of diminishing investments of a financial or real estate nature as a result of adverse trends in the relevant market variables. The market risk modules are:

- Interest rate risk;
- Equity risk;
- Real estate risk;
- Exchange rate risk;
- Spread risk.

In the Partial Internal Model, the Value at Risk method is used to measure the market risk, calculated over a 1-year time period and with a confidence interval of 99.5%. In addition, sensitivity and stress test measurements are determined for each risk factor.

Interest rate risk for ALM purposes is quantified in terms of duration mismatch and Net Asset Value sensitivity against parallel changes in the forward interest rates structure. The assets falling under the calculation of the duration mismatch and Net Asset Value sensitivity include securities, cash, receivables and properties; the liabilities include the financial liabilities and technical provisions. The market value is used for financial assets and liabilities, whilst best estimates are used for the technical provisions. The duration mismatch is calculated as the difference between the duration of assets and the duration of liabilities weighted for the assets value, considering the adjusting effect of the derivatives.
For the UnipolSai Group, at 31 December 2020 the duration mismatch for Life business stood at -0.61, while it was +1.40 for Non-Life business.
With reference to Net Asset Value sensitivity to a parallel change in the forward interest rate curve for the Life business, the sensitivity +100 basis points equals +€266m, whilst for the Non-Life business the sensitivity +100 basis points equals -€265m.
With reference to Net Asset Value sensitivity to a parallel change in the forward interest rate curve for the Life business, the sensitivity +100 basis points equals +€337m, whilst for the Non-Life business the sensitivity +100 basis points equals -€290m.

Equity risk is the risk connected with a potential variation in the value of share assets, as a result of market volatility of the reference indexes.

Real estate risk is the risk connected with the occurrence of losses as a result of unfavourable changes in the market value of real estate assets.
The assets falling under the calculation of real estate risk include real estate funds, directly-owned properties and direct and indirect investments in real estate projects.
In particular, with reference to directly-owned properties, the value used to calculate the risk (fair value) is that deriving from the estimate made by independent experts.

Exchange rate risk for ALM purposes is defined as the risk of a possible variation in the value of financial statement assets and liabilities and the Net Asset Value as a result of unfavourable changes in exchange rates. Based on the Investment Policy, the total exposure to non-Euro currencies, net of currency hedging, must be limited to 3% of total investments.
The UnipolSai Group's exposure to currency risk was not significant at 31 December 2020.

Spread risk is the risk connected with a variation in the value of bond assets following a change in spreads representing the credit rating of individual issuers. In light of the policies and processes adopted to monitor and manage liquidity risk and the objective difficulty in quantifying the default risk of government bonds issued by European Union Member States, spread risk on government bonds has been excluded from the measurement of the market SCR based on the Partial Internal Model. It is not included because of:

- the nature of the business of the insurance companies, characterised by primarily buy and hold type long-term investment strategies and restrictions regarding the matching of liabilities expressed in terms of ALM;
- the objective difficulty of quantifying the probability of default and loss given default of developed countries, which represent the reference investment area for government bonds for risk measurement purposes;

The assessment of spread risk on government bonds is included within Pillar II risks and the relative measurement is carried out based on a stress testing type approach.

The level of sensitivity of the UnipolSai Group's portfolios of financial assets to the main market risk factors is shown below.
Sensitivity is calculated as a variation in the market value of the assets at 31 December 2020, following 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.

31/12/2020	INSURANCE BUSINESS		REAL ESTATE AND OTHER BUSINESSES		TOTAL	
Amounts in €m	Impact on Income Statement	Impact on Statement of financial position	Impact on Income Statement	Impact on Statement of financial position	Impact on Income Statement	Impact on Statement of financial position
UnipolSai Group						
Interest rate sensitivity (+10 bps)	31.41	(408.83)		(0.12)	31.41	(408.95)
Credit spread sensitivity (+10 bps)	(0.99)	(428.67)		(0.12)	(0.99)	(428.79)
Equity sensitivity (-20%)	20.81	(768.57)		(5.77)	20.81	(774.33)

The values include the hedging derivatives.

Liquidity risk

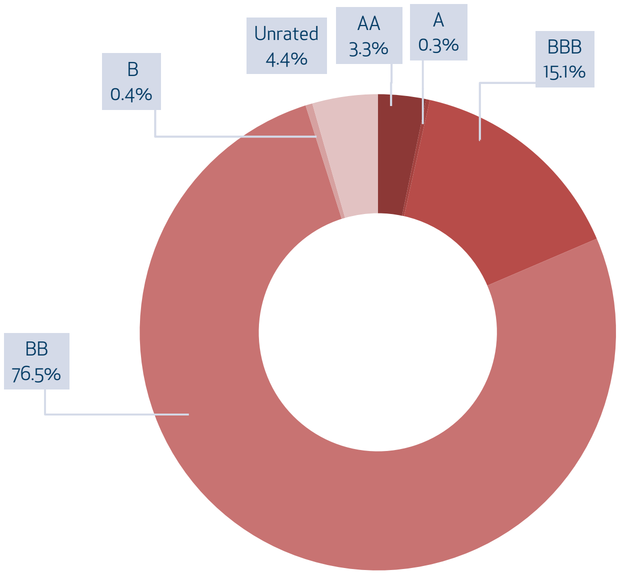
Liquidity risk is the risk of not having the liquid resources necessary to meet the assumed obligations, in the financial statements and off-balance sheet, pertaining to their business, without undergoing economic losses deriving from forced sales of assets in case of adverse scenarios.
The liquid resources functional for the core business deriving from cash and cash equivalents, from the sale of securities that can be swiftly turned into cash and from any financing activities.
The main principles on which the liquidity risk management model within the UnipolSai Group is based may be summarised as follows:
- punctual measurement of the contractual and forecast cash flows on different maturity dates;
- definition and approval of the liquidity risk tolerance in terms of "survival time" in ordinary and stress conditions;
- managing structural liquidity by keeping a balance between maturities of medium-term assets and liabilities in order to avoid critical situations in the short-term liquidity positions;
- managing short-term liquidity in order to have the necessary liquidity to fulfil short-term commitments, both foreseeable and unforeseeable, deriving from any stress scenarios, by keeping a suitable balance between cash inflows and outflows;
- defining and periodically applying stress scenarios relating to the technical and financial variables in order to verify the ability of the individual Companies and of the Group as a whole to address these situations;
- maintaining an adequate amount of assets that can be swiftly turned into cash on the market, so as to avoid significant economic impact if adverse scenarios occur, or able to be financed with repurchase agreements.

Credit risk

Credit risk (or Counterparty Default Risk) identifies the risk that a debtor or guarantor under an enforcement order may wholly or partially fail to honour its accrued monetary commitment to the Parent or one of the Group companies.
Credit risk therefore reflects the potential losses from an unexpected default by counterparties and debtors of the insurance and reinsurance companies in the next twelve months. Counterparty default risk includes the risk mitigation contracts, e.g. reinsurance agreements, securitisations and derivatives, and likewise every other credit exposure not included among the financial risks (credit spread risk).
Credit risk management is defined in the Credit Policy which describes the roles and responsibilities of the parties involved, the risk assessment principles, the operating limits imposed for monitoring purposes and the mitigation principles.
In relation to credit risk, the Risk Management Department monitors compliance with the limits defined in the Group Credit Policy and prepares reports to the administrative body, Top Management and the operating structures on developments in this risk.

Within the scope of the UnipolSai Group, the credit risk is mainly in the exposures to banks, in the insurance and outwards reinsurance areas.

Banks
Existing exposure to banks refers to deposited liquidity and exposures in OTC derivatives. In particular, the derivatives exposure considered for risk management and monitoring purposes is equal to the sum of market values, if positive, of the current individual contracts and takes into account any risk mitigation arrangements (collateralisation) covered in the CSAs signed with individual counterparties. The following table shows the distribution of UnipolSai exposures to banks, broken down by rating class, recognised at 31 December 2020.

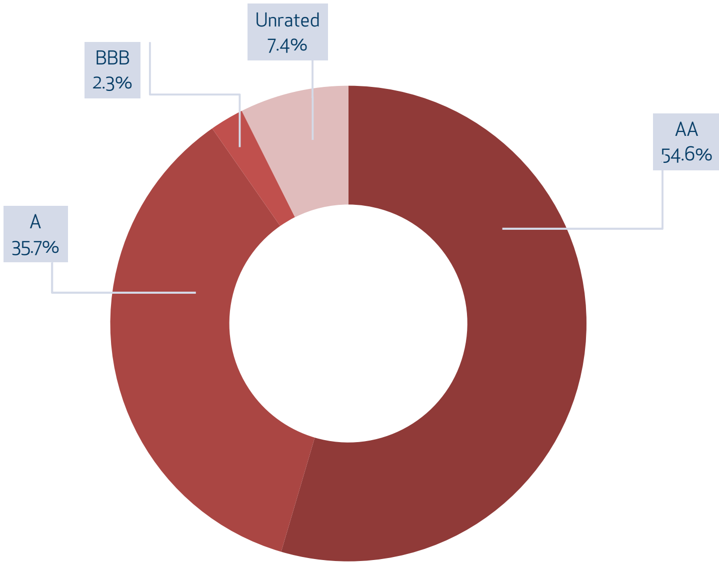


Bond classes of the insurance companies in the Group
This risk is calculated within the technical insurance risks (see relevant section) and monitored by the Bond and Credit Assignment Committee.

Outwards reinsurance
In this area, the existing exposure to credit risk is divided into:

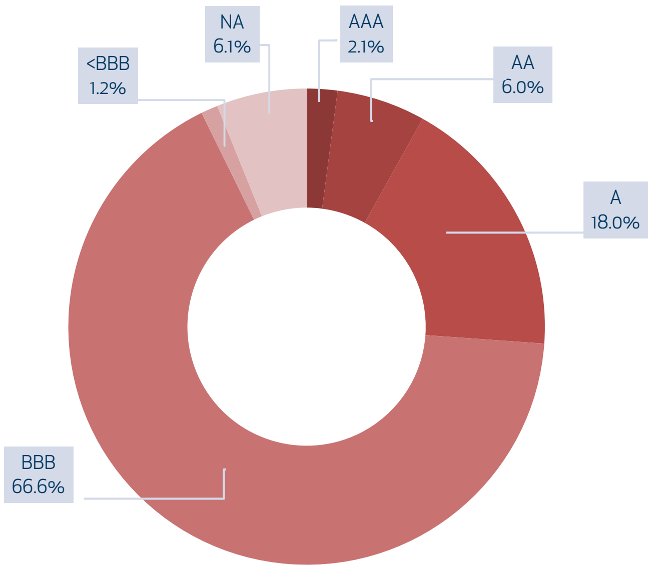
- liquid receivables already due arising out of the bordereaux sent to the reinsurer listing the balances on each policy during the period and those still outstanding;
- potential estimated receivables for the provisions borne by the reinsurer (which will become due at the time of the payment to the policyholder and for the relative amounts). The exposure for provisions is always deemed to be net of any deposits retained or other collateral guarantees (e.g. Banking LOC, reinsurers' and Parent's commitment, etc.).

Provided below is the table showing the distribution of UnipolSai Group exposure to reinsurers, broken down by rating class, recognised at 31 December 2020 net of intragroup reinsurance.



Debt security Issuer Risk
The credit risk of debt securities is monitored within market risk based on credit spread volatility.
The following table shows the distribution of the UnipolSai Group's bonds portfolio, Insurance business and Real Estate and Other Businesses, broken down by rating class (figures at 31/12/2020).

Breakdown of debt securities by rating class



Information relating to exposure to sovereign debt securities referred to in Consob Communication DEM/11070007 of 5 August 2011

In accordance with Consob Communication DEM/11070007 of 5 August 2011 and ESMA document 2011/397 of 25 November 2011, relating to information to be provided in annual and interim financial reports on listed companies' exposures to Sovereign debt securities and current trends in international markets, details are provided of Sovereign exposures (i.e. bonds issued by central and local governments and by government organisations and loans granted to them) held by the UnipolSai Group at 31 December 2020, broken down by type of portfolio, nominal value, carrying amount and fair value.

Amounts in €m	Balance at 31 December 2020		
	Nominal value	Carrying amount	Market value
Italy	22,637.0	25,802.3	26,217.3
Available-for-sale financial assets	21,517.0	24,734.1	24,734.1
Financial assets at fair value through profit or loss	3.0	3.1	3.1
Held-to-maturity investments	362.7	350.8	518.4
Loans and receivables	754.2	714.3	961.7
Spain	3,366.7	3,979.3	4,021.3
Available-for-sale financial assets	3,062.2	3,659.9	3,659.9
Financial assets at fair value through profit or loss	20.0	27.7	27.7
Loans and receivables	284.5	291.8	333.8
France	1,304.9	1,465.1	1,465.1
Available-for-sale financial assets	1,304.9	1,465.1	1,465.1
Germany	844.8	869.4	864.1
Available-for-sale financial assets	744.8	769.4	769.4
Loans and receivables	100.0	100.0	94.7
Portugal	418.8	544.5	545.4
Available-for-sale financial assets	401.4	531.6	531.6
Loans and receivables	17.4	12.9	13.8
Ireland	299.4	389.7	389.7
Available-for-sale financial assets	299.4	389.7	389.7
Belgium	252.3	279.5	283.1
Available-for-sale financial assets	202.3	225.3	225.3
Loans and receivables	50.0	54.1	57.7
Slovenia	209.1	257.5	257.5
Available-for-sale financial assets	209.1	257.5	257.5
Slovakia	98.1	132.7	132.7
Available-for-sale financial assets	98.1	132.7	132.7
Serbia	89.9	96.5	101.2
Available-for-sale financial assets	25.5	28.7	28.7
Held-to-maturity investments	64.4	67.8	72.6
Israel	82.9	92.0	92.0
Available-for-sale financial assets	82.9	92.0	92.0
Cyprus	73.5	82.8	82.8
Available-for-sale financial assets	73.5	82.8	82.8
Great Britain	60.8	62.5	62.5
Available-for-sale financial assets	60.8	62.5	62.5
Latvia	48.5	60.9	60.9
Available-for-sale financial assets	48.5	60.9	60.9

	Balance at 31 December 2020		
Amounts in €m	Nominal value	Carrying amount	Market value
USA	46.1	55.4	55.4
Available-for-sale financial assets	46.1	55.4	55.4
Sweden	19.8	21.8	21.8
Available-for-sale financial assets	19.8	21.8	21.8
Netherlands	17.3	19.1	19.1
Available-for-sale financial assets	17.3	19.1	19.1
Chile	13.0	14.4	14.4
Available-for-sale financial assets	13.0	14.4	14.4
Austria	11.0	11.6	11.6
Available-for-sale financial assets	11.0	11.6	11.6
Lithuania	10.0	10.9	10.9
Available-for-sale financial assets	10.0	10.9	10.9
Canada	9.8	9.9	9.9
Available-for-sale financial assets	9.8	9.9	9.9
Poland	8.1	8.9	8.9
Available-for-sale financial assets	8.1	8.9	8.9
Mexico	8.0	9.7	9.7
Available-for-sale financial assets	8.0	9.7	9.7
Croatia	5.0	5.5	5.5
Available-for-sale financial assets	5.0	5.5	5.5
Finland	5.0	5.1	5.1
Available-for-sale financial assets	5.0	5.1	5.1
TOTAL	29,939.5	34,287.1	34,748.1

The carrying amount of the sovereign exposures represented by debt securities at 31 December 2020 totalled €34,287.1m, 75% of which (82% in 2019) is concentrated on securities issued by the Italian State. Moreover, the bonds issued by the Italian State account for 42% of total investments of the UnipolSai Group.

Technical-insurance risks

Risks relating to Life portfolios

The guidelines of the underwriting and provisions activities of the Life business are defined in the "Underwriting Policy - Life Business" and in the "Provisions Policy - Life Business".

The Underwriting Policy defines the guidelines addressing underwriting activities and the related risk management, governing the assumption principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Life business.

The Provisions Policy defines the guidelines addressing provisioning activities for direct business and the related risk management, governing the provisioning principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Life business, in compliance with national and international accounting standards and the Solvency II prudential supervisory system.

Technical-insurance risks relating to Life business underwriting are divided into:
- mortality risk: associated with an unfavourable change in demographic bases resulting from experience (higher death rate) compared to those used in determining the tariff;
- longevity risk: associated with an unfavourable change in demographic bases resulting from experience (lower death rate) compared to those used in determining the tariff;
- surrender risk: associated with adverse changes in the level or volatility of the incidence of surrenders, withdrawals, early settlements and terminations in premium payments;
- expense risk: associated with adverse changes in the value of expense linked to policies compared to the values used to determine the tariff;
- catastrophe risk: deriving from an unforeseeable event, the consequence of which is to affect multiple individuals at the same time, generating a number of claims for amounts significantly higher than expected.

The options included in the tariffs that can affect the assessment of risks present in the portfolio are monitored. The most significant of these are illustrated below.

Surrender
This option allows the customer to surrender the contract and receive the surrender value (does not apply to the pure-risk tariffs and annuities currently being distributed). Depending on the contract type, more or less significant penalties can be applied, often based on claim seniority.

Conversion to annuity
In individual products where the benefit is expressed in the form of capital, there is often the option to accept disbursement as an annuity.
Among the individual products portfolio there are products for which the conversion ratios are determined at the time of issue of the contract and others, the majority of which (generally those issued after 2000) with the amount of the annuity determined only at the time of the option. In this case the demographic risk is considerably mitigated.
In the supplementary pensions segment, especially collective, the ratios are often associated with each sum paid in, but the risk is mitigated by the frequency at which the offer conditions can be reviewed.

Maturity deferment
The portfolio includes individual term life products (not "whole-life") that often provided the option to extend the validity of the contract after its original maturity date. During maturity deferment the payment of further premiums is not normally allowed.
The conditions applied during deferment vary according to the contractual terms, and continuation of the contract's financial guarantees or the application of those used at the time of the option can be granted.
Depending on the conditions, even the duration of the maturity deferment can be determined or extended year by year.
The impact on the portfolio of exercising the maturity deferment option is not particularly significant at present.

Risks relating to Non-Life portfolios

With regard to risk assessment relating to the Non-Life portfolio, the reference guidelines are contained in the "Policy for the governance and amendment of the Undertaking Specific Parameters to calculate the SCR of the Technical-Insurance Non-Life and Health risks", the "Underwriting Policy - Non-Life Business", the "Provisions Policy - Non-Life Business" and the "Reinsurance and Other Risk Mitigation Techniques Policy".

The Policy for the governance and amendment of the Undertaking Specific Parameters to calculate the SCR of the Technical-Insurance Non-Life and Health risks defines guidelines on the governance and amendment of the USP methodology by defining the roles and responsibilities of the corporate bodies and functions involved.

The Underwriting Policy defines the guidelines addressing underwriting activities and the related risk management, governing the assumption principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Non-Life business.

The Provisions Policy defines the guidelines addressing provisioning activities and the related risk management, governing the provisioning principles and logic of UnipolSai Group insurance companies based in Italy and operating in the Non-Life business, in compliance with national and international accounting standards and the new Solvency II prudential supervisory system.

The Reinsurance and Other Risk Mitigation Techniques Policy aims to define the guidelines on outwards reinsurance and other techniques for mitigating risk.

During 2020 the Non-Life technical-insurance risks were calculated using the Non-Life Partial Internal Model, consistent with the standards of Solvency II.

With regard to the assessment of Non-Life and Health underwriting and provisions risks, in the initial transition phase it was decided to adopt the use of parameters calculated by Undertaking Specific Parameter methods (USP) for the high-volume lines of business, in place of market parameters. These methods allow a more accurate representation of the Group's risk characteristics, which have specific features in terms of dimension, business type and reference market, that cannot be captured by average estimates performed on the European market.

Action continued in 2020 for the development of the Non-Life Internal Model project, which envisages the gradual development of models based on phased extension of the scope of application (insurance companies, risks, lines of business). Specifically, the new model uses a level of granularity based on uniform risk groups consistent with:

- the reinsurance strategies;
- the provisioning process;
- product pricing.

With reference to Earthquake risk, the Group adopts one of the main global models for the analytical evaluation of such risk. This tool consists of three modules:
- *Hazard*, which assesses the uncertainty associated with the possibility of an earthquake occurring in a given area (frequency) and the uncertainty relating to its magnitude (intensity). The following chance variables are modelled in this module:
  - Location (uncertainty associated with determining the possible point of origin of the event);
  - Frequency (period of recurrence of the events);
  - Intensity (the severity of the event in terms of energy released).
- *Vulnerability*, which assesses the seismic vulnerability of different types of insurable assets to a seismic event of a given intensity. The assessment is based on specific parameters such as the type of building (residential, commercial, etc.), the construction quality, the number of floors in the building and the type of assets present.
- *Financial*, which identifies the economic loss to the insurance company (in terms of deductibles, the sum insured, reinsurance cover, etc.).

In 2020 this tool also provided support to the Group in the Underwriting and Tariff-setting processes and in defining the reinsurance strategy.

With reference to other Catastrophe Risks, the assessments were performed using the standardised scenario approach proposed by EIOPA, in which the following events are taken into consideration:

- natural disasters such as flood and hail;
- man-made disasters such as large-scale fires and acts of terrorism;
- "health" risks, such as the risk of a pandemic.

Consistent with the internal model expansion plan relating to catastrophe risks, in the course of 2020 the licences of the Italy Flooding model were acquired from a leading software house specialised in catastrophe modelling. A phase of assessing the Severe Convective Storm (SCS) model of the same software house was also initiated relating to the estimation of damages associated with hail, tornado and strong wind events.

Operational risks

The Framework of Operational Risk Management

In order to ensure a complete analysis of company risks, the UnipolSai Group has an "Operational Risk Management Policy", updated annually, and has drafted a framework to identify, measure, monitor and manage Operational Risk. This term means "*the risk of losses deriving from the inadequacy or malfunctioning of processes, human resources or systems, or from external events*". Based on the Operational Risk Management framework, relations and reciprocal impacts between operational and other risks are also considered, with the objective of understanding the direct and indirect effects of events linked to operational risk. In particular, the analysis schemes adopted are aimed at understanding, based on a causal approach, the risk factors, events and effects, both financial and non-financial, and the impacts these can have on the Group's solvency and on the achievement of the objectives set.

Within the Group governance structure, the monitoring of Operational Risks is entrusted to the Operational Risks function of the Risk Management Department. The objectives assigned to this unit, within the internal control system, are aimed at ensuring the Group's assets are safeguarded and at adequate risk control.

Operational risk identification consists in gathering as much information as possible about the risk event, its possible causes and effects with a view to increasing awareness of the specific exposure of the various company areas. In addition, this activity also aims to assess the adequacy of controls and identify the best management solutions for any critical situations.
The operational risk identification essentially involves carrying out two separate processes.

- Loss Data Collection ("LDC") with a backward-looking approach: LDC is a process that aims to analyse and quantify historic operational risk events. External loss data is also collected, which helps to enhance the wealth of information on how operational risk can arise in comparable companies.
- Collection of expert opinions through the Risk Self Assessment process ("RSA") with a forward-looking approach: the data collected through the RSA includes an estimate of the potential economic impact of the risk event and an estimate of the related expected annual occurrence frequency.

The organisational model for operational risk governance and control envisages a network of analysts in a number of UnipolSai Assicurazioni SpA Divisions and the main Group companies which, after following a specific training course on operational risk management, provide support to the Risk Management Department in identifying operational risk and monitoring this risk within their own areas of operations.
Operational risk assessment is performed annually by the main Group Companies.

Standard compliance risk

With regard to Standard compliance risk, the Group's compliance risk management process is transversal and comprises organisational and operating monitoring activities carried out by resources from the various company functions. The Compliance Function is tasked with assessing whether the organisation and the internal corporate procedures are suitable to reach the objective of preventing this risk, according to a risk-based approach.

Emerging risks, strategic risk and reputational risk

With regard to emerging risks, strategic risk and reputational risk, within the dedicated structure present within the Risk Management Department, a dedicated Observatory was created at Group level, called "Reputational & Emerging Risk Observatory", whose key elements are the involvement of an interfunctional Technical Panel and of all the main Business Departments, the use of a consolidated predictive model and methodologies based on futures studies to ensure a forward-looking view of the medium/long-term in order to anticipate the risks and future opportunities, and a holistic approach aimed at grasping and governing the interconnections, both in reading the external context for an integrated vision of the different emerging macro trends (social, technological, political and environmental), and in the internal response for a unified view of the different corporate areas and of the different steps of the value chain.
The purpose of the Observatory is to assure effective monitoring of emerging risks, strategic risk and reputational risk, verifying the constant alignment between stakeholders' expectations and the Group's responses and anticipating the most significant phenomena to catch new business opportunities and prepare for emerging risks.
Strategic risk is controlled at Group level through the monitoring of Strategic Plan drivers to verify any deviation from the defined scenarios, also using scenario analysis with the aim of strengthening the resilience of Group strategy in an external context characterised by accelerating change, with growing levels of complexity and uncertainty.
With specific reference to the reputational risk, within the frame of the Observatory, a Reputation Management framework was developed at the Group level, which operates in the dual mode of construction and protection of the reputational capital, through two work sites that rely on dedicated corporate competencies and structures in a path of constant mutual alignment, under the joint leadership of the "Corporate Communication and Media Relations" and "Risk Management" functions, with the goal of stably integrating these assets in the strategic planning processes.
The level of awareness reached within the Group on the growing importance of reputation as leverage for business and distinctive market positioning in 2019 led to the definition of an integrated governance model for Reputation, operational from 2020, which envisages the setup of corporate bodies dedicated to the proactive management of the Group's reputation in terms of both building and protection, such as the Operational Reputation Management Team and the Reputation Network, and the launch of a widespread system for reporting reputational warnings involving all the Group managers.

ESG risks

As part of the ERM Framework, the Group identifies and monitors the ESG risk factors at the level of impact on underwriting risks, in association with investment-related risks, with a view to focusing on risks emerging on environmental, social and governance aspects and in terms of potential impact at reputational risk level.

ESG risk control is outlined in the individual risk categories, in such a way as to ensure management at all stages of the value creation process and mitigating any reputational risks associated with ESG risks as they arise. These controls, also designed to prevent exposure concentration to areas and/or sectors significantly exposed to ESG risks, are defined in the management policies for each risk category, where material.

Within the scope of ESG risks, a particular focus is dedicated to climate risks, specifically with regard to underwriting and investment activities.

The Group has mapped the risks and opportunities linked to the climate, prepared in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. This map includes both physical and transitional risks. As regards the impact of climate change on physical risks, specific stress test analyses have been implemented and integrated within the Group's stress test framework.

As regards the ESG risks generated, a dedicated KRI dashboard has been developed, making it possible to monitor the risk level of each area - environmental, social and governance - while integrating oversight and listening indicators in order to combine the "inside-out" with the "outside-in" view.

Capital management

The capital management strategies and objectives of the Group are outlined in the "Capital management and dividend distribution policy", which describes the reference context and the process for managing capital and distributing dividends also in terms of the roles and responsibilities of the players involved. The document also identifies the principles of capital management and the distribution of dividends or other elements of own funds, in line with the capital return objectives and the risk appetite defined by the Board of Directors.

The general aims pursued by the "Capital management and dividend distribution policy" are:

- ex ante definition of the return objectives on allocated capital, consistent with the profitability targets and in line with the risk appetite;
- maintaining a sound and efficient capital structure, considering growth targets and risk appetite;
- outlining the capital management process for the definition of procedures to ensure, inter alia, that:
    - the elements of own funds, both at the time of issue and subsequently, satisfy the requirements of the applicable capital regime and are correctly classified;
    - the terms and conditions for each element of own funds are clear and unequivocal;
- ex ante definition of a sustainable flow of dividends, in line with the profit generated, free cash flow and risk appetite, identifying and documenting any situations in which the postponement or cancellation of distributions from an element of own funds could arise;
- outlining the dividend distribution process for the definition of procedures to ensure sound and efficient capital management, considering that the growth and profitability targets are in line with the risk appetite;
- defining the roles, responsibilities and reporting in relation to capital management and the distribution of dividends or other elements of own funds.

The capital management and dividend distribution process is divided into five steps, in close relation with other corporate processes:

- final measurement of available capital and the capital required;
- preparation of the mid-term capital management plan;
- monitoring and reporting;
- management action on capital, including any contingency measures;
- distribution of dividends or other elements of own funds.

Bologna, 18 March 2021

The Board of Directors

4 TABLES APPENDED TO THE NOTES TO THE FINANCIAL STATEMENTS

Consolidation scope

Name	Country of registered office		Registered office	Country of operations (5)	Method (1)	Business activity (2)
UnipolSai Assicurazioni SpA	086	Italy	Bologna		G	1
UnipolSai Finance SpA	086	Italy	Bologna		G	9
UniSalute SpA	086	Italy	Bologna		G	1
Compagnia Assicuratrice Linear SpA	086	Italy	Bologna		G	1
Unisalute Servizi Srl	086	Italy	Bologna		G	11
Centri Medici Dyadea Srl	086	Italy	Bologna		G	11
Midi Srl	086	Italy	Bologna		G	10
Arca Vita SpA	086	Italy	Verona		G	1
Arca Assicurazioni SpA	086	Italy	Verona		G	1
Arca Vita International Dac	040	Ireland	Dublin		G	2
Arca Direct Assicurazioni Srl	086	Italy	Verona		G	11
Arca Inlinea Scarl	086	Italy	Verona		G	11
Arca Sistemi Scarl	086	Italy	Verona		G	11
BIM Vita SpA	086	Italy	Turin		G	1
Incontra Assicurazioni SpA	086	Italy	Milan		G	1
Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni	086	Italy	Genoa		G	1
Ddor Novi Sad	289	Serbia	Novi Sad		G	3
Ddor Re	289	Serbia	Novi Sad		G	6
UnipolRe Dac	040	Ireland	Dublin		G	5
UnipolSai Nederland Bv	050	Netherlands	Amsterdam		G	11
Finsai International Sa	092	Luxembourg	Luxembourg		G	11
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 Responsabilità Limitata	086	Italy	Bologna		G	11

% Direct holding	% Indirect holding		% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
					100.00%
100.00%			100.00%		100.00%
98.99%			98.99%		100.00%
100.00%			100.00%		100.00%
	100.00%	UniSalute SpA	98.99%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
63.39%			63.39%		100.00%
	98.12%	Arca Vita SpA	62.20%		100.00%
	100.00%	Arca Vita SpA	63.39%		100.00%
	100.00%	Arca Vita SpA	63.39%		100.00%
	60.22%	Arca Vita SpA	62.92%		100.00%
	39.78%	Arca Assicurazioni SpA			
	77.03%	Arca Vita SpA	63.19%		100.00%
	16.97%	Arca Assicurazioni SpA			
	5.00%	Arca Vita International Dac			
	1.00%	Arca Inlinea Scarl			
50.00%			50.00%		100.00%
51.00%			51.00%		100.00%
94.69%			94.69%		100.00%
100.00%			100.00%		100.00%
	0.00%	Ddor Novi Sad	100.00%		100.00%
	100.00%	UnipolRe Dac			
	100.00%	UnipolSai Nederland Bv	100.00%		100.00%
100.00%			100.00%		100.00%
63.85%			100.00%		100.00%
	36.15%	UnipolSai Finance SpA			
	70.00%	Auto Presto & Bene SpA	70.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
100.00%			100.00%		100.00%
	100.00%	Casa di Cura Villa Donatello - SpA	100.00%		100.00%
99.17%			99.88%		100.00%
	0.20%	UniSalute SpA			
	0.20%	Compagnia Assicuratrice Linear SpA			
	0.20%	Arca Vita SpA			
	0.02%	BIM Vita SpA			
	0.02%	Incontra Assicurazioni SpA			
	0.11%	Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni			
	0.02%	UnipolRe Dac			

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)
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
Gruppo UNA SpA	086 Italy	Milan		G	11
Consorzio Castello	086 Italy	Florence		G	10
Ital H&R Srl	086 Italy	Bologna		G	11
Marina di Loano SpA	086 Italy	Loano (SV)		G	10
Meridiano Secondo Srl	086 Italy	Turin		G	10
Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	086 Italy	Florence		G	10
Tikal R.E. Fund	086 Italy			G	10
Athens R.E. Fund	086 Italy			G	10
Alfaevolution Technology SpA	086 Italy	Bologna		G	11
Leithà Srl	086 Italy	Bologna		G	11
UniAssiTeam Srl	086 Italy	Bologna		G	11
Fondo Emporion	086 Italy			G	10
Fondo Landev	086 Italy			G	10
Unipol*Rental* SpA	086 Italy	Reggio Emilia		G	11
Immobiliare C.S. Srl	086 Italy	Reggio Emilia		G	10
Unica Lab Srl	086 Italy	Bologna		G	11
Fondo Oikos	086 Italy			G	10
Cambiomarcia Srl	086 Italy	Ravenna		G	11

(1) Consolidation method: G=on a line-by-line basis; P=proportional=P; U=on a line-by-line basis as per unitary management.
(2) 1=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.

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	0.02% Auto Presto & Bene SpA			
	0.02% Pronto Assistance Servizi Scarl			
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
95.65%		99.89%		100.00%
	0.25% UniSalute SpA			
	3.00% Compagnia Assicuratrice Linear SpA			
	0.10% Arca Assicurazioni SpA			
	0.15% Incontra Assicurazioni SpA			
	0.10% UnipolSai Servizi Consortili Societa' Consortile a Responsabilità Limitata			
	0.25% Alfaevolution Technology SpA			
	0.50% Unipol*Rental*SpA			
100.00%		100.00%		100.00%
	99.57% Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	99.57%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
89.59%		89.59%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
	65.00% UnipolSai Finance SpA	65.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
	100.00% Unipol*Rental*SpA	100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		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
Arca Vita SpA	36.61%		39.5	148.5

Details of unconsolidated investments

Name	Country of registered office		Registered office	Country of operations (5)	Business activity (1)
Assicoop Toscana SpA	086	Italy	Siena		11
Pegaso Finanziaria SpA	086	Italy	Bologna		9
Fondazione Unipolis	086	Italy	Bologna		11
Uci - Ufficio Centrale Italiano	086	Italy	Milan		11
SCS Azioninnova SpA	086	Italy	Bologna		11
Garibaldi Sca	092	Luxembourg	Luxembourg		11
Isola Sca	092	Luxembourg	Luxembourg		11
Fin.Priv. Srl	086	Italy	Milan		11
UnipolSai Investimenti Sgr SpA	086	Italy	Turin		8
Ddor Auto - Limited Liability Company	289	Serbia	Novi Sad		3
Funivie del Piccolo San Bernardo SpA	086	Italy	La Thuile (AO)		11
Ddor Garant	289	Serbia	Belgrade		11
Borsetto Srl	086	Italy	Turin		10
Servizi Immobiliari Martinelli SpA	086	Italy	Cinisello Balsamo (MI)		10
Golf Club Poggio dei Medici SpA Societa' Dilettantistica Sportiva	086	Italy	San Piero (FI)		11
UnipolReC SpA	086	Italy	Bologna		11
Assicoop Bologna Metropolitana SpA	086	Italy	Bologna		11
Hotel Villaggio Citta' del Mare SpA in Liquidazione	086	Italy	Modena		11
Assicoop Modena & Ferrara SpA	086	Italy	Modena		11
Assicoop Romagna Futura SpA	086	Italy	Ravenna		11
Assicoop Emilia Nord Srl	086	Italy	Parma		11
Promorest Srl	086	Italy	Castenaso (BO)		11

(1) 1=Italyn insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 4.1=mixed financial holding companies; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=other holdings; 10=real estate companies; 11=other
(2) a=subsidiaries (IFRS10); b= associates (IAS28); c=joint ventures (IFRS11)
(3) the product of investment relations concerning all companies which, positioned in an investment chain, may be between the company responsible for the consolidated financial statements and the company in question. If the latter is a direct investee of multiple subsidiaries, add together the individual products first
(4) total % availability of votes at ordinary general meetings if different from the direct or indirect investment
(5) this disclosure is required only if the country of operations is different from the country of the registered office

Summary income and financial position data							
Total assets	Investments	Technical provisions	Financial liabilities	Shareholders' equity	Profit (loss) for the year	Dividends distributed to non-controlling interests	Gross premiums written
12,263.7	11,997.2	10,496.9	1,278.6	405.6	107.8	19.1	820.6

Type (2)	% Direct holding	% Indirect holding		% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	Carrying amount (€m)
b		46.77%	UnipolSai Finance SpA	46.77%		2.2
b		45.00%	UnipolSai Finance SpA	45.00%		5.4
a	100.00%			100.00%		0.3
b	38.12%			38.21%		0.2
		0.00%	Compagnia Assicuratrice Linear SpA			
		0.01%	Arca Assicurazioni SpA			
		0.002%	Incontra Assicurazioni SpA			
		0.092%	Siat-Societa' Italiana Assicurazioni e Riassicurazioni – per Azioni			
b		42.85%	UnipolSai Finance SpA	42.85%		2.7
b	32.00%			32.00%		3.1
b	29.56%			29.56%		
b	28.57%			28.57%		31.1
b	49.00%			49.00%		12.8
a		100.00%	Ddor Novi Sad	100.00%		0.0
b	23.55%			23.55%		2.5
b		32.46%	Ddor Novi Sad	40.00%		0.6
		7.54%	Ddor Re			
b	44.93%			44.93%		0.5
b	20.00%			20.00%		0.2
b		40.32%	Athens R.E. Fund	36.13%		0.9
b	14.76%			14.76%		64.9
b		49.19%	UnipolSai Finance SpA	49.19%		9.4
b	49.00%			49.00%		
b		43.75%	UnipolSai Finance SpA	43.75%		8.0
b		50.00%	UnipolSai Finance SpA	50.00%		6.7
b		50.00%	UnipolSai Finance SpA	50.00%		6.5
b		49.92%	UnipolSai Finance SpA	49.92%		5.0

4 Tables appended to the Notes to the Financial Statements

Statement of financial position by business segment

		Non-Life business		Life business	
	Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019
1	INTANGIBLE ASSETS	635.0	596.0	271.5	284.4
2	PROPERTY, PLANT AND EQUIPMENT	1,469.4	1,528.6	73.3	74.5
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	808.3	950.0	27.1	39.7
4	INVESTMENTS	15,461.0	15,597.0	49,290.7	47,499.9
4.1	Investment property	495.7	1,256.6	4.3	6.5
4.2	Investments in subsidiaries, associates and interests in joint ventures	88.1	96.4	28.1	27.3
4.3	Held-to-maturity investments	50.8	83.0	370.0	371.6
4.4	Loans and receivables	2,703.4	2,029.7	2,536.0	2,672.0
4.5	Available-for-sale financial assets	11,963.2	11,952.6	39,075.9	36,848.8
4.6	Financial assets at fair value through profit or loss	159.9	178.8	7,276.4	7,573.6
5	SUNDRY RECEIVABLES	2,506.1	2,428.5	674.8	695.4
6	OTHER ASSETS	773.5	810.3	88.9	88.5
6.1	Deferred acquisition costs	38.8	42.1	60.3	59.1
6.2	Other assets	734.6	768.2	28.6	29.3
7	CASH AND CASH EQUIVALENTS	334.5	285.7	267.8	354.3
	TOTAL ASSETS	21,987.7	22,196.1	50,694.0	49,036.6
1	SHAREHOLDERS' EQUITY				
2	PROVISIONS	403.2	403.4	14.6	20.1
3	TECHNICAL PROVISIONS	14,387.8	15,067.2	43,319.2	42,500.2
4	FINANCIAL LIABILITIES	1,946.9	2,133.5	5,082.4	3,718.9
4.1	Financial liabilities at fair value through profit or loss	129.1	65.6	4,250.2	2,848.8
4.2	Other financial liabilities	1,817.8	2,067.9	832.2	870.1
5	PAYABLES	874.4	880.6	117.4	168.9
6	OTHER LIABILITIES	772.8	733.7	415.8	282.9
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				

Other businesses		Real Estate		Inter-segment eliminations		Total	
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
14.3	12.6	0.0	0.0			920.7	893.0
164.2	198.3	572.9	610.2			2,279.8	2,411.5
						835.3	989.6
295.0	284.7	1,794.2	789.1	(200.5)	(110.0)	66,640.4	64,060.7
30.8	33.4	1,730.8	766.6			2,261.5	2,063.2
45.9	45.5	0.9				162.9	169.2
						420.8	454.6
188.8	175.0	28.7		(200.5)	(110.0)	5,256.4	4,766.7
29.4	30.6	33.9	22.5			51,102.3	48,854.5
0.2	0.1					7,436.5	7,752.5
83.5	82.0	20.6	8.4	(75.4)	(61.6)	3,209.7	3,152.7
17.7	19.4	138.6	124.9	(160.5)	(118.8)	858.1	924.3
						99.2	101.2
17.7	19.4	138.6	124.9	(160.5)	(118.8)	758.9	823.0
52.0	78.5	26.3	28.6			680.6	747.1
626.7	675.5	2,552.5	1,561.2	(436.4)	(290.4)	75,424.5	73,178.9
						8,144.0	7,152.9
15.1	14.3	4.8	4.5			437.8	442.3
						57,707.0	57,567.3
18.9	25.8	207.4	231.9	(200.4)	(109.6)	7,055.3	6,000.4
						4,379.3	2,914.4
18.9	25.8	207.4	231.9	(200.4)	(109.6)	2,676.0	3,086.1
65.4	61.7	41.5	35.0	(72.7)	(65.8)	1,026.0	1,080.4
14.9	19.2	14.3	14.8	(163.3)	(115.0)	1,054.5	935.6
						75,424.5	73,178.9

Income statement by business segment

	Amounts in €m	Non-life business 31/12/2020	Non-life business 31/12/2019	Life business 31/12/2020	Life business 31/12/2019
1.1	Net premiums	7,604.7	7,822.3	3,744.5	5,440.2
1.1.1	*Gross premiums earned*	*8,051.3*	*8,261.2*	*3,759.0*	*5,454.6*
1.1.2	*Earned premiums ceded to reinsurers*	*(446.7)*	*(438.9)*	*(14.5)*	*(14.4)*
1.2	Commission income	2.5	4.6	32.1	29.6
1.3	Gains and losses on financial instruments at fair value through profit or loss	(250.5)	(232.9)	63.4	126.6
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	3.4	3.5	8.1	2.2
1.5	Gains on other financial instruments and investment property	770.3	931.7	1,419.3	1,349.8
1.6	Other revenue	687.2	551.6	45.3	53.2
	TOTAL REVENUE AND INCOME	8,817.5	9,080.8	5,312.7	7,001.6
2.1	Net charges relating to claims	(4,324.3)	(5,069.7)	(4,520.0)	(6,280.2)
2.1.1	*Amounts paid and changes in technical provisions*	*(4,487.1)*	*(5,371.5)*	*(4,528.2)*	*(6,286.8)*
2.1.2	*Reinsurers' share*	*162.8*	*301.8*	*8.1*	*6.6*
2.2	Commission expenses	(4.5)	(6.8)	(15.1)	(14.0)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	(0.1)	(0.0)	(0.3)	(0.3)
2.4	Losses on other financial instruments and investment property	(232.0)	(254.6)	(328.6)	(94.9)
2.5	Operating expenses	(2,202.2)	(2,254.2)	(232.3)	(244.3)
2.6	Other costs	(948.9)	(797.8)	(143.2)	(140.1)
2	TOTAL COSTS AND EXPENSES	(7,712.1)	(8,383.1)	(5,239.6)	(6,773.8)
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	1,105.4	697.7	73.2	227.8

Other businesses		Real Estate		Intersegment eliminations		Total	
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
						11,349.2	13,262.5
						11,810.4	*13,715.8*
						(461.2)	*(453.3)*
				(0.2)	(0.1)	34.4	34.0
0.0	0.0				0.0	(187.0)	(106.3)
4.2	4.5					15.7	10.2
2.4	2.0	47.8	25.5	(11.5)	(12.3)	2,228.3	2,296.8
106.7	224.3	23.1	34.7	(43.9)	(60.1)	818.4	803.7
113.4	**230.8**	**70.9**	**60.2**	**(55.6)**	**(72.5)**	**14,259.0**	**16,300.9**
						(8,844.3)	(11,349.9)
						(9,015.2)	*(11,658.4)*
						170.9	*308.5*
(0.0)	(0.1)	(0.0)	(0.0)			(19.7)	(21.0)
(0.0)	(0.0)					(0.5)	(0.3)
(1.9)	(3.2)	(42.6)	(59.0)	1.5	0.2	(603.6)	(411.4)
(87.2)	(124.8)	(31.0)	(22.1)	10.8	10.4	(2,541.9)	(2,634.9)
(49.7)	(106.1)	(31.8)	(28.1)	43.3	61.9	(1,130.4)	(1,010.1)
(138.8)	**(234.2)**	**(105.5)**	**(109.2)**	**55.6**	**72.5**	**(13,140.4)**	**(15,427.7)**
(25.4)	(3.4)	(34.6)	(48.9)			1,118.6	873.2

4 Tables appended to the Notes to the Financial Statements

Details of property, plant and equipment and intangible assets

Amounts in €m	At cost	At restated value or at fair value	Total carrying amount
Investment property	2,261.5		2,261.5
Other property	1,447.5		1,447.5
Other tangible assets	832.2		832.2
Other intangible assets	407.0		407.0

Details of financial assets

	Investments held to maturity		Loans and receivables		Available-for-sale financial assets	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Equity instruments and derivatives at cost					4.8	4.8
Equity instruments at fair value					840.8	941.7
listed securities					*645.8*	*744.4*
Debt securities	420.8	454.6	3,936.4	3,471.4	47,043.2	44,996.6
listed securities	*420.8*	*422.6*			*46,396.0*	*44,589.3*
UCITS units					3,213.4	2,911.4
Loans and receivables from bank customers						
Interbank loans and receivables						
Deposits with ceding companies			86.3	62.9		
Financial receivables on insurance contracts						
Other loans and receivables			1,233.7	1,232.5		
Non-hedging derivatives						
Hedging derivatives						
Other financial investments						
Total	420.8	454.6	5,256.4	4,766.7	51,102.3	48,854.5

Financial assets at fair value through profit or loss				Total carrying amount	
Held-for-trading financial assets		Financial assets at fair value through profit or loss			
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
				4.8	4.8
1.5	3.0	138.8	164.6	981.1	1,109.2
1.5	*3.0*	*138.8*	*164.6*	786.1	*912.0*
142.4	94.1	2,987.1	4,376.7	54,529.8	53,393.4
141.1	*90.6*	*2,986.7*	*4,374.4*	49,944.6	*49,477.0*
1.8	6.1	3,015.2	2,576.4	6,230.5	5,493.9
				86.3	62.9
		1,036.6	347.9	1,036.6	347.9
				1,233.7	1,232.5
22.7	63.4			22.7	63.4
90.4	120.3			90.4	120.3
258.7	286.8	7,177.8	7,465.6	64,216.0	61,828.3

Details of assets and liabilities relating to insurance contracts where the investment risk is borne by policyholders and arising from pension fund management

	Benefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Recognised assets	2,849.2	2,463.7	4,328.5	5,001.3	7,177.8	7,465.1
Intragroup assets *						
Total assets	**2,849.2**	**2,463.7**	**4,328.5**	**5,001.3**	**7,177.8**	**7,465.1**
Recognised financial liabilities	2,568.4	2,178.2	1,465.6	471.6	4,033.9	2,649.7
Recognised technical provisions	280.9	286.7	2,863.2	4,530.5	3,144.1	4,817.2
Intragroup liabilities *						
Total liabilities	**2,849.2**	**2,464.9**	**4,328.7**	**5,002.0**	**7,178.0**	**7,466.9**

* Assets and liabilities eliminated on consolidation.

Details of technical provisions – reinsurers' share

Amounts in €m	Direct business		Non Direct business		Total carrying amount	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-Life provisions	790.0	929.3	18.3	20.7	808.3	950.0
Premium provisions	214.3	225.2	3.2	2.2	217.5	227.4
Claims provision	575.7	704.1	15.1	18.5	590.8	722.6
Other provisions						
Life provisions	25.2	36.5	1.9	3.1	27.1	39.7
Provision for amounts payable	8.3	4.8	0.0	0.2	8.3	5.0
Mathematical provisions	16.9	31.8	1.9	2.9	18.7	34.6
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management						
Other provisions						
Total technical provisions - reinsurers' share	815.2	965.8	20.1	23.8	835.3	989.6

Details of technical provisions

Amounts in €m	Direct business		Non Direct business		Total carrying amount	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Non-Life provisions	13,791.8	14,536.2	596.1	531.0	14,387.8	15,067.2
Premium provision	3,314.5	3,245.1	74.5	91.4	3,389.0	3,336.5
Claims provision	10,444.8	11,263.9	521.5	439.6	10,966.3	11,703.4
Other provisions	32.5	27.2	0.0		32.5	27.2
including provisions allocated as a result of the liabilityadequacy test						
Life provisions	43,314.9	42,494.2	4.3	6.0	43,319.2	42,500.2
Provision for amounts payable	572.2	412.0	1.3	1.4	573.5	413.4
Mathematical provisions	34,075.5	33,107.0	3.0	4.5	34,078.5	33,111.5
Technical provisions where the investment risk is borne by policyholders and provisions arising from pension fund management	3,144.1	4,817.2			3,144.1	4,817.2
Other provisions	5,523.2	4,158.0			5,523.2	4,158.0
including provisions allocated as a result of the liability adequacy test						
including deferred liabilities to policyholders	*5,379.8*	*4,017.2*			*5,379.8*	*4,017.2*
Total technical provisions	57,106.7	57,030.4	600.4	537.0	57,707.0	57,567.3

4 Tables appended to the Notes to the Financial Statements

Details of financial liabilities

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Held-for-trading financial liabilities		Financial liabilities at fair value through profit or loss					
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Equity instruments								
Subordinated liabilities					2,088.3	2,167.6	2,088.3	2,167.6
Liabilities from financial contracts issued by insurance companies			4,055.1	2,661.8		0.0	4,055.1	2,661.8
Arising from contracts where the investment risk is borne by policyholders			*2,589.5*	*2,190.2*			*2,589.5*	*2,190.2*
Arising from pension fund management			*1,465.6*	*471.6*			*1,465.6*	*471.6*
Arising from other contracts						*0.0*		*0.0*
Deposits received from reinsurers					134.7	150.4	134.7	150.4
Financial items payable on insurance contracts								
Debt securities issued								
Payables to bank customers								
Interbank payables								
Other loans obtained					453.0	559.7	453.0	559.7
Non-hedging derivatives	36.7	11.3					36.7	11.3
Hedging derivatives	287.6	241.2					287.6	241.2
Sundry financial liabilities						208.3		208.3
Total	324.3	252.6	4,055.1	2,661.8	2,676.0	3,086.1	7,055.3	6,000.4

Details of technical insurance items

Amounts in €m	31/12/2020 Gross amount	31/12/2020 Reinsurers' share	31/12/2020 Net amount	31/12/2019 Gross amount	31/12/2019 Reinsurers' share	31/12/2019 Net amount
Non-Life business						
NET PREMIUMS	8,051.3	(446.7)	7,604.7	8,261.2	(438.9)	7,822.3
a Written premiums	8,107.5	(439.9)	7,667.6	8,451.1	(448.5)	8,002.7
b Change in premium provision	(56.1)	(6.8)	(62.9)	(189.9)	9.6	(180.4)
NET CHARGES RELATING TO CLAIMS	(4,487.1)	162.8	(4,324.3)	(5,371.5)	301.8	(5,069.7)
a Amounts paid	(5,337.8)	296.4	(5,041.4)	(5,885.5)	299.2	(5,586.3)
b Change in claims provision	717.2	(126.1)	591.2	340.2	11.9	352.1
c Change in recoveries	134.8	(7.6)	127.2	175.9	(9.3)	166.5
d Change in other technical provisions	(1.3)		(1.3)	(2.0)		(2.0)
Life business						
NET PREMIUMS	3,759.0	(14.5)	3,744.5	5,454.6	(14.4)	5,440.2
NET CHARGES RELATING TO CLAIMS	(4,528.2)	8.1	(4,520.0)	(6,286.8)	6.6	(6,280.2)
a Amounts paid	(3,984.6)	15.9	(3,968.7)	(4,299.8)	14.2	(4,285.6)
b Change in provision for amounts payable	(168.0)	3.9	(164.1)	(6.0)	1.2	(4.7)
c Change in mathematical provisions	(969.3)	(11.7)	(981.0)	(1,008.3)	(8.8)	(1,017.2)
d Change in technical provisions where the investment risk is borne by policyholders and arising from pension fund management	671.8		671.8	(936.7)		(936.7)
e Change in other technical provisions	(78.1)	(0.0)	(78.1)	(36.1)	(0.0)	(36.1)

Investment income and charges

Amounts in €m	Interest	Other income	Other charges	Realised gains	Realised losses
Balance on investments	1,406.2	321.0	(182.2)	495.3	(521.2)
a Arising from investment property		64.6	(26.0)	6.6	(0.9)
b Arising from investments in subsidiaries, associates and interests in joint ventures		15.7	(0.4)		(0.0)
c Arising from held to maturity investments	18.4		(0.0)	0.0	
d Arising from loans and receivables	106.1		(0.0)	4.7	(73.9)
e Arising from available-for-sale financial assets	1,220.9	115.8	(0.9)	437.3	(340.3)
f Arising from held-for-trading financial assets	5.8	105.3	(85.6)	4.3	(43.9)
g Arising from financial assets at fair value through profit or loss	55.0	19.5	(69.3)	42.4	(62.2)
Balance on sundry receivables	1.9				
Balance on cash and cash equivalents	1.2		(0.0)		
Balance on financial liabilities	(95.0)		(44.0)	0.0	
a Arising from held-for-trading financial liabilities				0.0	
b Arising from financial liabilities at fair value through profit or loss			(42.7)		
c Arising from financial liabilities	(95.0)		(1.3)		
Balance on payables	(2.3)		(0.2)		
Total	1,312.0	321.0	(226.3)	495.4	(521.2)

	Unrealised gains		Unrealised losses				
Total realised gains and losses	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment	Total unrealised gains and losses	Total gains and losses 31/12/2020	Total gains and losses 31/12/2019
1,519.1	473.0	16.3	(364.0)	(23.4)	101.9	1,621.0	2,148.2
44.4		16.3	(38.3)	(13.7)	(35.8)	8.5	(13.1)
15.3						15.3	9.9
18.4						18.4	18.7
36.8		0.0			0.0	36.8	114.5
1,432.8	230.3			(9.7)	220.7	1,653.5	1,867.6
(14.0)	8.8		(263.4)		(254.6)	(268.6)	(288.6)
(14.5)	233.8		(62.2)		171.6	157.2	439.2
1.9						1.9	2.8
1.2						1.2	1.0
(139.0)	4.5		(34.2)		(29.7)	(168.7)	(360.4)
0.0						0.0	(0.8)
(42.7)	0.3		(33.2)		(32.9)	(75.6)	(256.1)
(96.3)	4.2		(1.1)		3.1	(93.2)	(103.5)
(2.5)						(2.5)	(2.7)
1,380.8	477.5	16.3	(398.2)	(23.4)	72.1	1,452.9	1,788.9

Details of insurance business expenses

	Non-Life business		Life business	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Gross commissions and other acquisition costs	(1,873.3)	(1,885.3)	(103.8)	(116.5)
a Acquisition commissions	(1,329.3)	(1,350.5)	(59.2)	(69.1)
b Other acquisition costs	(387.5)	(375.1)	(39.3)	(44.1)
c Change in deferred acquisition costs	(1.0)	(0.9)	1.2	3.6
d Collection commissions	(155.5)	(158.7)	(6.5)	(7.0)
Commissions and profit-sharing received from reinsurers	129.3	133.8	3.1	3.5
Investment management expenses	(56.4)	(70.8)	(46.9)	(42.8)
Other administrative expenses	(401.8)	(431.9)	(84.8)	(88.4)
Total	(2,202.2)	(2,254.2)	(232.3)	(244.3)

4 Tables appended to the Notes to the Financial Statements

Details of other consolidated comprehensive income

Amounts in €m	Amounts allocated 31/12/2020	Amounts allocated 31/12/2019	Adjustments from reclassification to the Income Statement adjustments 31/12/2020	Adjustments from reclassification to the Income Statement adjustments 31/12/2019
Other income items not reclassified to profit or loss	**(26.0)**	**6.0**		
Reserve deriving from changes in the shareholders' equity of the investees	(20.5)	10.8		
Revaluation reserve for intangible assets				
Revaluation reserve for property, plant and equipment				
Gains or losses on non-current assets or disposal groups held for sale				
Actuarial gains and losses and adjustments relating to defined benefit plans	(5.4)	(6.1)		
Other items		1.3		
Other income items reclassified to profit or loss	**359.8**	**1,127.2**	**(185.8)**	**(40.2)**
Reserve for foreign currency translation differences	(1.1)	0.2		
Gains or losses on available-for-sale financial assets	344.5	1,117.1	(185.8)	(40.2)
Gains or losses on cash flow hedges	4.2	9.9		
Gains or losses on hedges of a net investment in foreign operations				
Reserve deriving from changes in the shareholders' equity of investees	12.1			
Gains or losses on non-current assets or disposal groups held for sale				
Other items				
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	333.8	1,133.1	(185.8)	(40.2)

Other changes		Total changes		Income tax		Balance	
31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
		(26.0)	6.0	3.2	2.5	(29.3)	(3.4)
		(20.5)	10.8	0.7		0.7	21.2
		(5.4)	(6.1)	2.5	2.5	(31.3)	(25.9)
			1.3			1.3	1.3
		174.0	1,087.0	(69.0)	(481.0)	1,348.4	1,174.4
		(1.1)	0.2			4.0	5.1
		158.8	1,076.9	(67.6)	(476.6)	1,316.2	1,157.4
		4.2	9.9	(1.9)	(4.4)	16.0	11.8
		12.1		0.4		12.1	
		148.1	1,092.9	(65.8)	(478.5)	1,319.1	1,171.0

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

		Level 1		Level 2		Level 3		Total	
Amounts in €m		31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets and liabilities at fair value on a recurring basis									
Available-for-sale financial assets		48,637.0	46,947.6	463.4	338.5	2,001.9	1,568.3	51,102.3	48,854.5
Financial assets at fair value through profit or loss	Held for trading financial assets	161.5	114.5	69.5	157.7	27.7	14.7	258.7	286.8
	Financial assets at fair value through profit or loss	7,171.3	7,465.0			6.5	0.6	7,177.8	7,465.6
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets at fair value on a recurring basis		*55,969.8*	*54,527.1*	*532.8*	*496.2*	*2,036.1*	*1,583.6*	*58,538.8*	*56,606.9*
Financial liabilities at fair value through profit or loss	Held for trading financial liabilities	25.6	20.7	292.4	220.6	6.3	11.3	324.3	252.6
	Financial liabilities at fair value through profit or loss					4,055.1	2,661.8	4,055.1	2,661.8
Total liabilities measured at fair value on a recurring basis		*25.6*	*20.7*	*292.4*	*220.6*	*4,061.4*	*2,673.0*	*4,379.3*	*2,914.4*
Assets and liabilities at fair value on a non-recurring basis									
Non-current assets or assets of disposal groups held for sale									
Liabilities associated with disposal groups									

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

		Financial assets at fair value through profit or loss					Financial liabilities at fair value through profit or loss	
Amounts in €m	Available-for-sale financial assets	held for trading financial assets	at fair value through profit or loss	Investment property	Property, plant and equipment	Intangible assets	held for trading financial liabilities	at fair value through profit or loss
Opening balance	1,568.3	14.7	0.6				11.3	2,661.8
Acquisitions/Issues	529.6		6.1					
Sales/Repurchases	(8.2)							
Repayments	(33.6)							
Gains or losses recognised through profit or loss		(4.3)	(0.2)				0.5	
- of which unrealised gains/losses		(4.3)	(0.2)				0.5	
Gains or losses recognised in the statement of other comprehensive income	(55.1)							
Transfers to level 3								
Transfers to other levels	(1.0)							
Other changes	1.9	17.4					4.4	(1,393.3)
Closing balance	2,001.9	27.7	6.5				6.3	4,055.1

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

	Carrying amount		*Fair value*							
			Level 1		Level 2		Level 3		Total	
Amounts in €m	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Assets										
Held-to-maturity investments	420.8	454.6	519.3	543.2	0.9	37.9		2.2	520.2	583.2
Loans and receivables	5,256.4	4,766.7			3,284.8	2,839.9	1,963.5	2,084.2	5,248.3	4,924.1
Investments in subsidiaries, associates and interests in joint ventures	162.9	169.2					162.9	169.2	162.9	169.2
Investment property	2,261.5	2,063.2					2,459.7	2,239.9	2,459.7	2,239.9
Property, plant and equipment	2,279.8	2,411.5					2,398.0	2,551.8	2,398.0	2,551.8
Total assets	10,381.4	9,865.2	519.3	543.2	3,285.7	2,877.8	6,984.2	7,047.2	10,789.2	10,468.2
Liabilities										
Other financial liabilities	2,676.0	3,086.1	1,954.8	1,937.8			831.0	1,243.5	2,785.7	3,181.3

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STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with art. 81-Ter of CONSOB Regulation no.11971/1999

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

1. The undersigned, Carlo Cimbri, as designated Chairman, and Maurizio Castellina, as Manager in charge of financial reporting of UnipolSai Assicurazioni S.p.A., hereby certify, also taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures for the preparation of the **consolidated financial statements** for the period 1 January 2020-31 December 2020.
2. The assessment of the adequacy of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2020 is based on a process defined by Unipol Gruppo S.p.A., inspired by the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organisations of the Treadway Commission), internationally recognised as the reference standards for the implementation and evaluation of internal control systems.
3. It is also certified that:

   3.1. the consolidated financial statements at 31 December 2020:
   - were prepared in compliance with the International Accounting Standards recognised in the European Community in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, Legislative Decree 38/2005, Legislative Decree 209/2005 and applicable IVASS measures, regulations and circulars;
   - correspond to the book results and accounting records;
   - are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer and of the consolidated companies;

   3.2. the management report includes a reliable analysis of the performance and of the operating result, and of the situation of the issuer and of the consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Bologna, 18 March 2021

The Manager in charge of financial reporting	The Chairman
Maurizio Castellina	*Carlo Cimbri*

(signed on the original)

UnipolSai Assicurazioni S.p.A.

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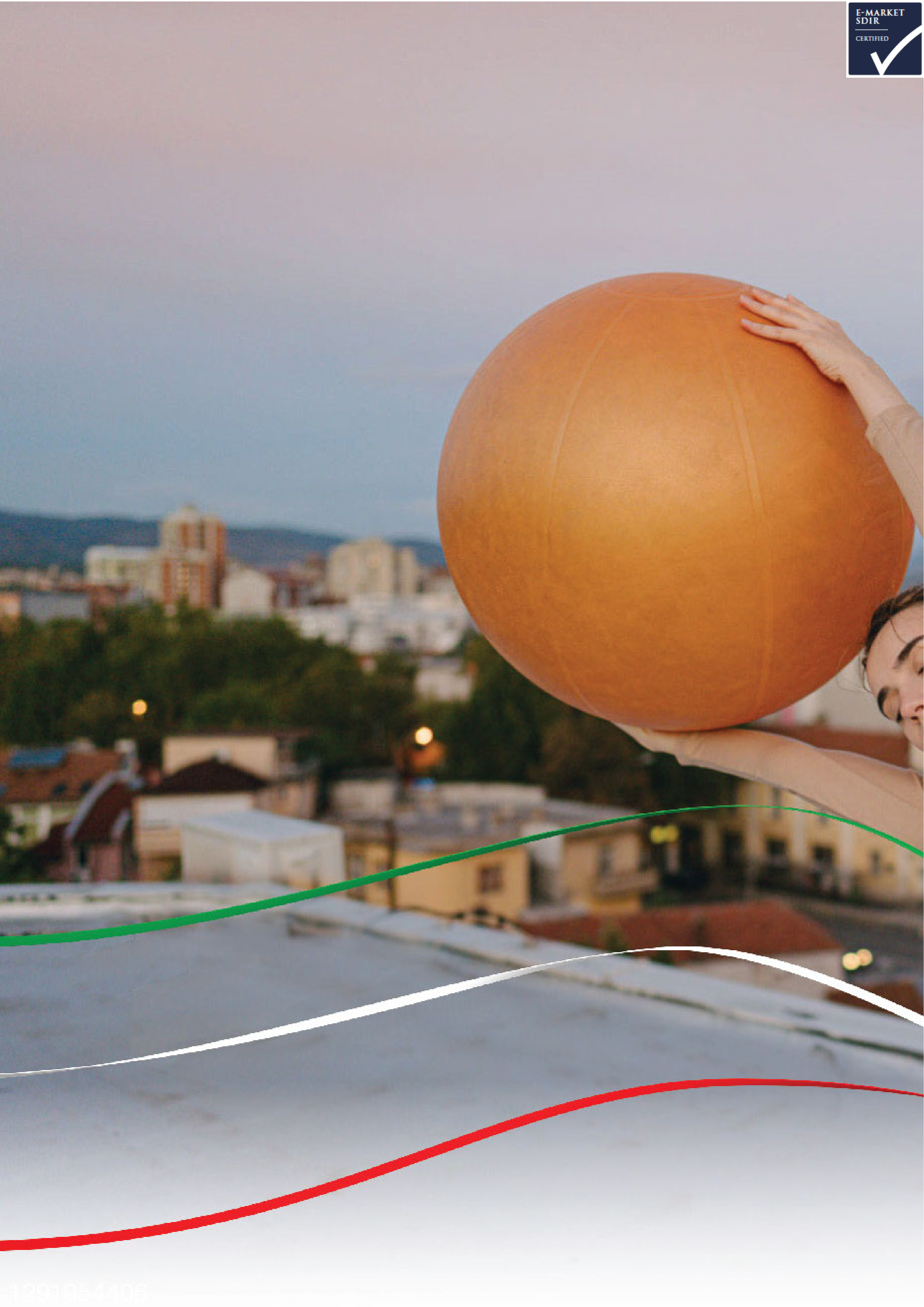
Capitale sociale i.v. Euro 2.031.456.338,00 - Registro delle Imprese di Bologna, C.F. 00818570012 - P. IVA 03740811207 - R.E.A. 511469
Società soggetta all'attività di direzione e coordinamento di Unipol Gruppo S.p.A., iscritta all'Albo Imprese di Assicurazione
e riassicurazione Sez. I al n. 1.00006 e facente parte del Gruppo Assicurativo Unipol iscritto all'Albo delle società capogruppo al n. 046

www.unipolsai.com - www.unipolsai.it



6

SUMMARY OF FEES FOR THE YEAR FOR SERVICES PROVIDED BY THE INDEPENDENT AUDITORS

Summary of fees for the year for services provided by the Independent Auditors (Art. 149-duodecies of Issuer's Regulation)

Amounts in €k

Type of services	Provider of the service	Recipient	Fees (*)
Legally-required audit	PricewaterhouseCoopers SpA	UnipolSai SpA	1,960
Attestation services	PricewaterhouseCoopers SpA	UnipolSai SpA	504
Other professional services	PricewaterhouseCoopers SpA	UnipolSai SpA	434
Other professional services	PricewaterhouseCoopers Actuarial Services Srl	UnipolSai SpA	273
Total UnipolSai			**3,171**
Legally-required audit	PricewaterhouseCoopers SpA	Subsidiaries	1,000
Legally-required audit	PricewaterhouseCoopers Dublin	Subsidiaries	130
Legally-required audit	PricewaterhouseCoopers Doo	Subsidiaries	77
Attestation services	PricewaterhouseCoopers SpA	Subsidiaries	32
Other professional services	PricewaterhouseCoopers SpA	Subsidiaries	64
Other professional services	PricewaterhouseCoopers Dublino	Subsidiaries	30
Total subsidiaries			**1,332**
Grand total			**4,503**

(*) fees do not include any non-deductible VAT nor charged back expenses

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UnipolSai Assicurazioni S.p.A.

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Share capital
€ 2,031,456,338.00
Bologna Register of Companies
Tax No. 00818570012
VAT No. 03740811207
R.E.A. No. 511469

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

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