



Consolidated interim financial report

at 30 June 2021





Unipol Gruppo S.p.A.
**Consolidated interim
financial report at 30 June 2021**

Company bodies

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ALTERNATE AUDITORS	Massimo Gatto		
		Rossella Porfido	
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INDEPENDENT AUDITORS	EY SpA		

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Macroeconomic background and market performance

Macroeconomic background and market performance

In 2020, the COVID-19 pandemic triggered a 3.6% decline in global GDP compared to 2019. In the first quarter of 2021, signs of a recovery consolidated, with global GDP recovering by an estimated 0.7% compared to the previous quarter.

In the United States, the recovery in GDP that had already started in the second half of 2020 continued in the first quarter of 2021. Specifically, in the first quarter of 2021, the US economy recorded growth of 1.6% over the final quarter of 2020. This growth primarily regarded private consumption and domestic demand, especially following the increase in investments and public spending in the form of support to households and businesses. The recovery in economic activity resulted in a continuous improvement in the job market, with the unemployment rate down to 5.9% at the end of June 2021, compared to 6.8% at the end of 2020. In parallel, the inflation rate rose by 5.4% at 30 June 2021 compared to the same month of the previous year. Even during a recovery in employment and consumer prices, the Federal Reserve is currently continuing to assess these inflationary drives as transitory, maintaining an accommodating monetary policy, with the Fed Funds rate still at 0-0.25% and Quantitative Easing (QE) remaining unchanged.

China also marked positive growth rates in the first half of 2021. While growth in the first quarter of 2021 compared to the final quarter of 2020 stood at 0.4%, in the second quarter it strengthened to 1.3%. Economic growth consolidated especially as a result of increasing domestic demand, which made it possible to reduce the unemployment rate to 5% (as reported in June). Within this context, in China inflationary pressures remain moderate, with a 1.1% increase in consumer prices compared to the same month of the previous year.

In China, the economic recovery helped the block of emerging countries to limit their decrease in GDP for 2020 to just 1.6%. However, excluding China, the recession for the group of emerging countries was on average more intense and equal to 4.7% of GDP.

Japan, which closed 2020 with a 4.7% drop in GDP, recorded a decline of 1% in GDP in the first quarter of 2021 compared to the final quarter of 2020. Although the Bank of Japan is maintaining a considerably expansionary monetary policy and employment is confirmed at very high levels (in the first quarter of 2021, the average unemployment rate was 2.8%), in June 2021 the inflation rate was weak, at just 0.2%.

After closing 2020 with a 6.7% decline in GDP, the Eurozone recorded a drop of 0.3% in the first quarter of 2021 compared to the previous quarter. The average unemployment rate in the first quarter of 2021 was 8.2%, still far from long-term levels. The ECB's highly expansionary monetary policy favoured a recovery in the inflation rate (1.9% at 30/6/2021), which however remains under the target level of 2%.

In 2020, the Italian economy recorded an 8.9% decline in GDP. In the first quarter of 2021, GDP growth amounted to 0.1% compared to the previous quarter, driven especially by the recovery in private investments. The job market continued to show weak performance, with an average unemployment rate of 10.4% in the first quarter. In June 2021, the inflation rate was 1.3%, an improvement compared to the negative average values recorded throughout 2020 (-0.1%).

Financial markets

In the first half of 2021, the extensive package of monetary expansion measures enacted by the ECB in 2020 to combat the recessionary effects of the COVID-19 pandemic - the Pandemic Emergency Purchase Program (PEPP), which joined the existing Asset Purchase Program (APP) - made it possible to maintain all European interest rate curves at stable or moderately increasing levels. The 3M Euribor rate closed the first half of 2021 at -0.54%, against -0.55% at the end of 2020. In the same period, the 10-year swap rate rose by 36 basis points, coming to 0.10% at the end of June. The interest rate curve on German government bonds experienced modest volatility on short-term maturities (+9 basis points on the one-year rate), while the 10-year Bund increased by 33 basis points compared to the values recorded in late 2020, closing the first half of 2021 at -0.22%.

The ECB's expansionary measures were also effective in keeping yields on Italian government bonds low, although they did rise slightly. The 10-year BTP rate closed the first half of the year at 0.82%, against 0.54% at the end of 2020, while in the same period the 10-year BTP-Bund spread remained basically stable, reducing by 5 basis points (from 109 basis points at the end of 2020 to 104 basis points at the end of June 2021).

In the first half of 2021, the European stock indexes experienced considerable gains, anticipating the economic recovery linked to fiscal stimulus - such as Next Generation EU (NGEU) - as well as monetary stimulus measures. The Eurostoxx 50, referring to the Eurozone indexes, closed June 2021 up 14.4% compared to the values at the end of 2020, while the FTSE MIB, referring to Italian listed companies, gained 12.9% in the same period.

In the first half of 2021, the Fed also continued to remain cautious on the timing for the reduction and suspension of its Quantitative Easing government bond buying programme, deeming that current levels of inflation and unemployment are not yet such so as to justify an announced reduction in those purchases (tapering). The expansionary orientation of monetary policies and the anticipation of the effects of fiscal stimulus measures enabled the S&P 500 index to close the first half of 2021 up 14.4% compared to the end of 2020. In the same period, the emerging market indexes (the Morgan Stanley Emerging Markets index) gained 6.5% compared to the end of 2020.

Insurance Sector

In the first quarter of 2021, the Italian insurance market recorded premiums of €37.1bn, up 7.9% compared to the first quarter of 2020.

During the same period, Life premiums from Italian direct business amounted to €28.9bn, up (+10%) compared to the first quarter of 2020. The Life business growth referred to class I (+4.4%), class III (+27.4%) and class VI (+8.3%), while classes IV and V were down considerably by -26.5% and -49.0%, respectively. In the first quarter of 2021, the balance between Life inflows and outflows was €7.2bn, up 22.4% compared to the first quarter of 2020. In the same period, the total amount of outflows rose by 6.4% compared to the previous year, amounting to €21.7bn. Life technical provisions at the end of the first quarter of 2021 totalled €785bn, up 8.4% compared to the same period of 2020 and up 1.6% compared to the end of 2020.

At the end of the first quarter of 2021, total premiums of the Italian direct portfolio in the Non-Life segment amounted to €8.2bn, up slightly (+0.9%) compared to the end of the first quarter of 2020. In the same period, total premiums in the MV TPL business were €3bn (-4.8%), while those in the Land Vehicle Hulls class came to €0.8bn (+6.0%), driven by the recovery in registrations and transfers of ownership following the end of the lockdown period. In June 2021, the average premium of MV TPL policies renewed experienced a slight decline to €312 compared to €326 recorded in June 2020. The other Non-Life classes confirmed the positive trend of recent years, accounting for more than €4.4bn in premiums at the end of the first quarter of 2021, with a growth rate of 4.1% compared to the first quarter of 2020. Specifically, in the same period, the following general classes recorded an increase in premiums exceeding the average: Bonds (+11.5%), Fire (+9.5%), General TPL (+8.7%) and Legal Expenses (+8.0%). The following classes recorded more limited, albeit positive, growth: Assistance (+6.2%), Other Damage to Property (+4.9%), Accidents (+2.3%) and Health (+1.8%).

As of June, the ISTAT index of MV TPL prices, which are comparable to the list prices, showed a 1.6% contraction, on an annual basis, reaching 125.8.

Real Estate market

According to the Real Estate Market Observatory of the Tax Authorities, in the initial months of 2021, home sales in the residential sector rose by 38.6% compared to the first quarter of 2020, after returning to pre-crisis levels already in the final quarter of 2020 (+8.8% compared to the fourth quarter of 2019). The increase in sales was driven primarily by government guarantees on loans and low interest rates, as well as government incentives for the construction sector (110% Eco Bonus and 50% Renovation Bonus), which favoured the acquisition of properties to be renovated. Italians' low propensity to consume during the crisis and the need to invest the extra savings of roughly €80bn accumulated during the COVID-19 health emergency also played an important role.

The crisis had the greatest impact on major cities, which in the early months of 2021 recorded a recovery in activity lower than the national average (24.4%). In particular Milan, which in 2019 was confirmed as one of the most dynamic markets in Italy, after experiencing the greatest loss (-19.0%), recorded the most limited growth in sales in the beginning of 2021 (14.4%).

Home prices are demonstrating lower reactivity to macroeconomic conditions as a result of the average time between the assignment of the engagement and the sale, and the average discount requested. In the first quarter, the ISTAT index of home prices was 1.8% higher than in the same quarter of 2020 while, with reference to home prices overall relating to the 13 major cities, in the first half of 2021 there was once again a downturn of 0.3% compared to the first half of 2020. In the major cities, residential rent also continued to decline, by 0.3% in the first quarter of 2021, in line with the decline in used home prices (-0.4%) and with a cap rate stable at 5.25%.

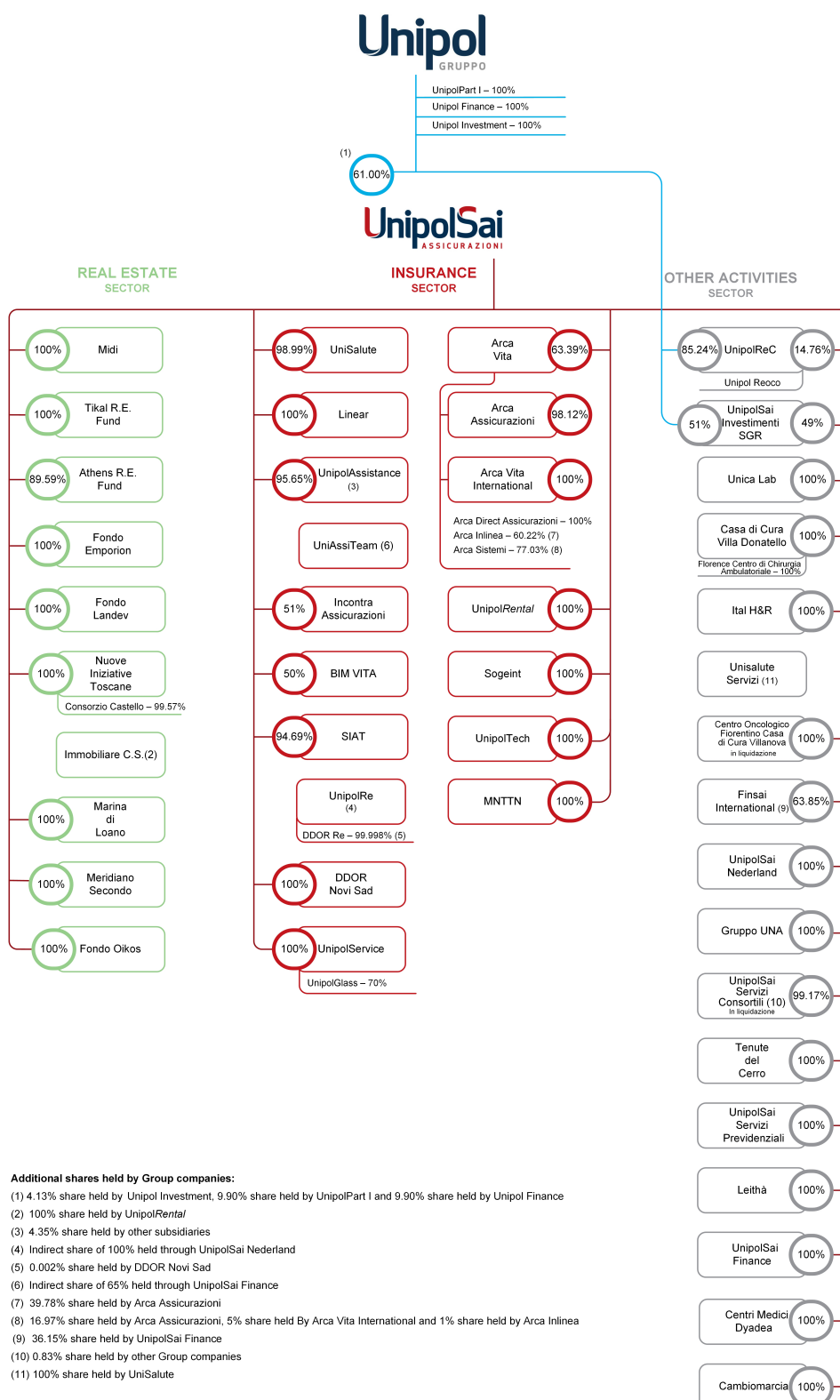
In the first half of 2021, non-residential sector sales rose by 45.5% compared to the first half of 2020, in large part returning to pre-crisis levels. The recovery was spread between the different segments and, in order, in the production segment (39.3%), stores (46.1%) and offices (50.3%).

The pandemic also significantly impacted non-residential real estate prices. Despite the strong recovery in sales, the decline in store and office prices, which has lasted now for 28 half-years, continued once again in the first half of 2021. Prices of offices declined by 1.8% compared to the first half of 2020, while those of stores were down by 2.3%. Rent was also down, but by less than prices (-1.9% for stores and -1.0% for offices) and with stable cap rates.

Consolidation Scope at 30 June 2021

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

For more details see the table appended to the Notes “Consolidation Scope”



1. Management Report

1 Management Report

Group highlights

	<i>Amounts in €m</i>	30/06/2021	30/06/2020	31/12/2020
Non-Life direct insurance premiums		3,923	3,927	7,882
<i>% variation</i>		<i>(0.1)</i>	<i>(4.4)</i>	<i>(3.5)</i>
Life direct insurance premiums		2,629	2,173	4,328
<i>% variation</i>		<i>21.0</i>	<i>(31.8)</i>	<i>(26.0)</i>
of which Life investment products		614	241	569
<i>% variation</i>		<i>154.4</i>	<i>49.4</i>	<i>45.0</i>
Direct insurance premiums		6,552	6,100	12,210
<i>% variation</i>		<i>7.4</i>	<i>(16.4)</i>	<i>(12.9)</i>
Net gains on financial instruments (*)		940	660	1,319
<i>% variation</i>		<i>42.3</i>	<i>(45.8)</i>	<i>(37.3)</i>
Consolidated profit (loss)		652	617	864
<i>% variation</i>		<i>5.7</i>	<i>(20.3)</i>	<i>(20.5)</i>
Balance on the statement of comprehensive income		769	(65)	1,079
Investments and cash and cash equivalents		71,445	66,408	71,271
<i>% variation</i>		<i>7.6</i>	<i>(2.0)</i>	<i>5.2</i>
Technical provisions		57,136	56,843	57,707
<i>% variation</i>		<i>0.5</i>	<i>(1.3)</i>	<i>0.2</i>
Financial liabilities		9,471	7,494	9,730
<i>% variation</i>		<i>26.4</i>	<i>(3.6)</i>	<i>25.2</i>
Non-current assets or assets of a disposal group held for sale		143	194	203
Liabilities associated with disposal groups held for sale		3	3	3
Shareholders' Equity attributable to the owners of the Parent		8,026	6,674	7,614
<i>% variation</i>		<i>20.3</i>	<i>(0.2)</i>	<i>13.8</i>
Solvency ratio (**)		216	188	216
No. staff		11,993	11,957	11,836

(*) 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.

(**) Value at 30/6/2021 calculated based on information available as of today before the 2019 dividend payment (refer to paragraph 4.3 of the Notes to the Financial Statements). Group solvency ratio at 30/06/2021, net of the 2019 dividend payment, is 212. The definitive results will be reported to the Supervisory Authority with the timing required by regulations in force.

Alternative performance indicators¹

Alternative performance indicators	classes	30/06/2021	30/06/2020	31/12/2020
Loss ratio - direct business (including OTI ratio)	non-life	63.2%	53.1%	57.3%
Expense ratio calculated on written premiums - direct business	non-life	28.1%	27.4%	28.1%
Combined ratio - direct business	non-life	91.4%	80.5%	85.4%
Loss ratio - net of reinsurance (including OTI ratio)	non-life	65.0%	54.6%	58.8%
Expense ratio (calculated on earned premiums) - net of reinsurance	non-life	27.5%	27.4%	28.2%
Combined ratio - net of reinsurance (*)	non-life	92.6%	82.1%	87.0%
Premium retention ratio	non-life	93.5%	93.3%	94.6%
Premium retention ratio	life	99.3%	99.4%	99.6%
Premium retention ratio	total	95.4%	95.3%	96.2%
Group pro-rata APE (amounts in €m) (**)	life	220	184	397
Expense ratio - direct business	life	5.2%	4.6%	5.0%

(*) with expense ratio calculated on earned premiums

¹ These indicators are not defined by accounting rules; rather, they are calculated based on economic-financial procedures used in the sector.

Loss ratio: primary indicator of the cost-effectiveness of operations of an insurance company in the Non-Life sector. This is the ratio of the cost of claims for the period to premiums for the period.

OTI (Other Technical Items) ratio: ratio of the sum of the balance of other technical charges/income and the change in other technical provisions to net premiums for the period.

Expense ratio: percentage indicator of the ratio of total operating expenses to premiums written as far as direct business is concerned, and the premiums as far as retained business, net of reinsurance, is concerned.

Combined ratio: indicator that measures the balance of Non-Life technical management, represented by the sum of the loss ratio and the expense ratio.

APE - Annual Premium Equivalent: the new Life business expressed in APE is a measurement of the volume of business relating to new policies and corresponds to the sum of periodic premiums of new products and one tenth of single premiums. This indicator is used to assess the business along with the in force value and the Life new business value of the Group.

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

1 Management Report

Unipol Group Performance

Information on significant events during the first six months

Main initiatives of the Group in response to the health emergency

At operating level, the Group continued with its actions and initiatives already undertaken in the course of 2020, adapting and adding to them over time as the health emergency and related regulatory measures developed.

In particular, initiatives supporting customers and the agency network activated in the course of 2020 continued, as did the Group's careful and constant monitoring of the liquidity and solvency situation, with a view to allowing for the prompt activation of any risk profile optimisation actions.

With respect to employees, the Group extended the highly precautionary initiatives already carried out in 2020 to limit contagion risks and manage the continuation of the emergency such as the suspension of trips and the limitation of all forms of gathering, remote working, the intensification of office disinfection activities, the expansion of flexibility in entry and exit times, the protection of people in vulnerable situations, daily monitoring by the Task Force and the centralised management of authorisations to access the offices.

Aside from the prevention and management actions intended to limit the health emergency, the decision was made to provide a remote counselling service, due to the continuation of the pandemic, called "Parliamone" ("Let's Talk About It"), to support people in managing critical issues in their personal lives, which the extensive pandemic period may have caused to emerge or accentuated.

With the exception of limited and verified cases, personnel continue to work remotely.

In this context, the company decided to support the national anti-COVID-19 vaccination plan by putting itself at the service of the country, providing facilities and dedicated personnel for vaccine administration and obtaining accreditation from the Extraordinary Commissioner for the COVID-19 emergency. The design and executive organisation of the vaccination plan were developed by UniSalute which, also relying on the network of healthcare facilities affiliated with the Company, set up roughly 200 vaccination sites throughout the country, 4 specialised hubs, located in Piedmont, Lombardy and Emilia Romagna, and a mobile unit for a potential user group of more than 800 thousand people. The vaccination hubs in Bologna, Milan and Turin and affiliated healthcare facilities throughout the country were activated starting from early June with a view to serving Group employees and their relatives, agents, their employees and relatives, to then serve other businesses and the community, administering in excess of 10,000² vaccinations.

The Unipol Group's vaccination plan is one of the most important initiatives that the Group has undertaken to support the country in response to the increasing needs of the population for social and healthcare assistance, which have become even more pressing as a result of the pandemic. This initiative represents valid welfare support for customers, agents and all of our employees and their relatives, confirming Unipol's role as a central player in the public-private healthcare integration process.

Completion of the sale of Torre Velasca

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

² Figure updated at the end of July 2021.

1 Management Report

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

In March 2021, with reference to the corporate liability action against several former directors and statutory auditors, approved by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni in the year 2013 and the relative pending legal cases, UnipolSai signed a settlement agreement with all defendants which fully defines the two liability actions. This settlement agreement, approved by the Shareholders' Meeting of UnipolSai and the other plaintiff companies of the Unipol Group and executed in full, at the date of this report, in both its economic and procedural parts, resulted in the recognition of a gain of €42m.

For more information on the terms and conditions of the above-mentioned agreement, please refer to the Information Document drafted pursuant to Art. 5 of the Related Party Transactions Regulation adopted by Consob with Resolution no. 17721 of 12 March 2010 as amended, provided on UnipolSai's institutional website.

Early repayment of UnipolSai subordinated loans maturing in 2021 and 2023

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

Exercise by UnipolSai of the tax realignment option (Decree Law no. 104/2020)

UnipolSai has taken advantage of the option set forth in Article 110, paragraph 8-bis of Decree Law 104/2020, which makes it possible to realign the values recognised for tax purposes of goodwill and other assets already recognised in the financial statements at 31 December 2019, to the values of such assets as set forth in the financial statements at 31 December 2020, against payment of a substitute tax of 3% of the higher value recognised for tax purposes. The realignment concerned goodwill for a value of €283.3m and real estate for a value of €24.8m, resulting in a substitute tax expense of €9.2m, to be paid in three annual instalments, the first of which was paid on 30 June 2021 within legal terms.

As a result of the higher values recognised for tax purposes, UnipolSai achieved a benefit in terms of lower future IRES and IRAP taxes quantified at €94.0m and recognised in the income statement as an increase in net deferred tax assets.

The net economic benefit recognised overall at 30 June 2021 therefore amounted to €84.7m.

The realignment of tax values entails the requirement of restricting a reserve subject to suspended taxation in an amount corresponding to the higher values recognised for tax purposes net of the substitute tax due.

Agreement with Intesa Sanpaolo SpA

Please recall that, in the course of 2020, UnipolSai Assicurazioni entered into an agreement with Intesa Sanpaolo for the subsequent acquisition, either directly or through a subsidiary, of business units linked to one or more 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"), subject to the fulfilment of specific conditions.

In the first half of 2021, some of the conditions set forth were met, including in particular the acquisition by BPER of a business unit consisting of bank branches and assets, liabilities and legal relationships referring to them of UBI Banca, as well as the assumption of control of Lombarda Vita and Aviva Vita by Intesa Sanpaolo.

On the basis of the agreement, when additional conditions are fulfilled, UnipolSai Assicurazioni and Intesa Sanpaolo 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.

Equity investment in Banca Popolare di Sondrio SCPA

In the first half of 2021, UnipolSai, in part through a reverse accelerated book-building (RABB) procedure and in part as a result of acquisitions in the market, acquired 40,289,500 ordinary shares of Banca Popolare di Sondrio S.C.P.A. (“BPS” or the “Bank”) equal to 8.89% of the share capital of BPS. As a result of these transactions, UnipolSai - which already held 2,836,500 BPS shares at 31 December 2020, equal to roughly 0.63% of the share capital of the Bank - holds 43,126,000 ordinary shares, equal to around 9.51% of its share capital, at 30 June 2021.

The Transaction falls within the scope of UnipolSai’s strategy to contribute to the development plans of the Bank, a business partner of the Unipol Group since 2010 within the Non-Life and Life bancassurance segment.

Fitch increases UnipolSai’s rating to “BBB+”

On 10 June 2021, the Fitch Ratings rating agency increased the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA from “BBB” to “BBB+”, or two notches above Italy’s rating (BBB- / Stable outlook). As a result, the Long-Term Issuer Default Rating (IDR) assigned to Unipol Gruppo SpA also went from “BBB-” to “BBB” and the ratings of the Unipol Group’s debt issues all improved by 1 notch:

- the senior bonds of Unipol Gruppo SpA are now “BBB-”;
- the subordinated bonds of UnipolSai Assicurazioni SpA are now “BB+”;
- the RT1 perpetual subordinated bond of UnipolSai Assicurazioni SpA is now “BB-”.

At the same time, the rating agency maintained the outlook of the above-mentioned ratings at “stable”.

In its decision, the Fitch Committee recognised the validity of the strategy and results achieved by the Group, particularly with respect to the decrease in investment portfolio concentration risk and the resulting capital strengthening in 2020.

1 Management Report

Operating performance

Unipol Group ended the first half of 2021 with a **consolidated net profit** of €652m, growth compared to the results in the corresponding period of the previous year (€617m). Please recall that the first half of 2020 was particularly influenced by the reduction in claims resulting from the complete lockdown ordered by the government in the months of March and April, while the following positively influenced the net profit in the first half of 2021:

- €138m (€22m in the first half of 2020) deriving from the pro-rata consolidation of BPER Banca's result affected in turn by extraordinary accounting items following the acquisition in the half-year of former UBI Banca and Intesa Sanpaolo business units;
- €85m deriving from the tax benefit caused by UnipolSai's decision to opt for the realignment of tax values with statutory values with reference to real estate and goodwill;
- €33m (€42m gross of taxes) due to the net income recognised against the finalisation of the settlement agreement regarding legal cases pending for the corporate liability action against former directors and statutory auditors.

In the first half of 2021, **direct insurance premiums**, gross of reinsurance, stood at €6,552m, up +7.4% compared to €6,100m at 30 June 2020.

Non-Life direct premiums at 30 June 2021, amounting to €3,923m, were basically aligned with the €3,927m recorded in the first half of 2020 (-0.1%), owing to the good results obtained by the Non-MV sector, which made it possible to absorb the further decline seen in the MV sector.

Indeed, there was a 4.7% decrease in the MV sector on the figures recorded in the first half of 2020, with premiums equal to €1,946m, values which still reflect both the strong competition in this market and the measures adopted by the Group to protect customers. The latter include, in particular, the initiative named #UnMesePerTe, which, due to the improvement in claims caused by blocks imposed on circulation, as from April 2020 provided UnipolSai customers with 1/12 (one month) of the premium paid previously when they renewed their MV TPL policies. The initiative was also extended to 31 December 2021 for customers that did not already make use of it during their first policy renewal.

On the other hand, Non-MV premiums, amounting to €1,977m, were up by 4.8% thanks to the continued commercial drive applied by our sales networks on those products and the constant customer interest demonstrated in health products.

The decline in the MV sector regarded in particular the parent UnipolSai, which recorded Non-Life premiums of €3,306m (-1.4%), and Linear (€94m, -2.3%). The premiums of UniSalute were up significantly (€272m, +13.9%) as were those of Arca Assicurazioni (€85m; +24.1%), active in bancassurance, while SIAT premiums were down (€67m, -5.6%) since portfolio selection was privileged. The contribution of the other Companies was basically stable.

The Group's **combined ratio**, net of reinsurance, came to 92.6% compared to 82.1% at 30 June 2020, with a loss ratio of 65% (54.6% at 30/6/2020) and an expense ratio of 27.5% (27.4% at 30/6/2020). Please recall that the first half of 2020 was particularly influenced by the effects of the severe lockdown in force in March and April and the gradual return to normal that followed, while the restrictions on people's mobility in place in the first half of 2021, despite being quite significant, had less of an impact on claims.

The Non-Life **pre-tax profit** was €618m (€810m in the first six months of 2020), affected by the technical performance recorded as well as a considerable contribution from income from investments, inclusive of the capital gain from the sale of Torre Velasca (€71m gross of taxes), the share of the BPER Banca result of €68m and income recorded in light of the settlement agreement with former directors and statutory auditors of €22m.

In the first six months of this year, the Group recorded a 21% increase in turnover in the **Life sector**, with direct premiums amounting to €2,629m at 30 June 2021. The funding mix was oriented primarily towards multi-segment and class III products, which marked significant growth.

UnipolSai achieved direct premiums of €1,410m (-6.4% due to the comparison with a first half of 2020 which was influenced by several contracts of significant amounts), while in the bancassurance channel Arca Vita, along with its subsidiary Arca Vita International, had direct premiums of €1,165m (+84.5% compared to €632m in the first half of 2020), also benefitting

from the expansion of the BPER Banca network following the acquisition of former UBI Banca and Intesa Sanpaolo branches.

The Life sector **pre-tax profit**, which includes income of €7m recognised due to the settlement agreement with former directors and statutory auditors, amounted to €111m, up considerably compared to €14m in the first six months of 2020, negatively influenced by capital losses on disposals of securities in the portfolio.

As far as **financial investment management** is concerned, in the first half of 2021 the gross profitability of the Group's insurance financial investment portfolio continued to be influenced by market interest rates that remain at low values, but in any event obtained a yield of 3.2% of the invested assets (2.9% at 30/6/2020), of which 2.9% relating to the coupons and dividends component.

As concerns the **other sectors** in which the Group operates, the continuation of the COVID-19 emergency is still having particularly negative repercussions on the hotel sector in which, even in the first half of this year, it was necessary to close the majority of the hotels in operation. On the other hand, UnipolReC again recorded a positive result, while the other businesses basically broke even.

The **pre-tax result** of the Real Estate, Holding and Other Businesses sectors was €14m (-€70m at 30/6/2020): the sector was positively impacted by the contribution of the pro-rata consolidation of BPER Banca for €70m, income recognised in light of the settlement agreement with former directors and statutory auditors of €12m and a higher contribution of income from investments.

At 30 June 2021, **consolidated shareholders' equity** amounted to €9,955m (€9,525m at 31/12/2020). Shareholders' equity attributable to the owners of the Parent amounted to €8,026m (€7,614m at 31/12/2020).

As regards the Group **solvency ratio** at 30 June 2021, the ratio between own funds and the capital requirement was 2.16³, unchanged compared to 31 December 2020.

³ Value at 30/6/2021 calculated based on information available as of today before the 2019 dividend payment (refer to paragraph 4.3 of the Notes to the Financial Statements). Group solvency ratio at 30/06/2021, net of the 2019 dividend payment, is 2.12. The definitive results will be reported to the Supervisory Authority with the timing required by regulations in force.

1 Management Report

Condensed Consolidated Operating Income Statement broken down by business segment

	Non-Life business			Life business			Insurance Sector			
	Amounts in €m	Jun-2021	Jun-2020	% var.	Jun-2021	Jun-2020	% var.	Jun-2021	Jun-2020	% var.
Net premiums		3,849	3,756	2.5	2,002	1,920	4.3	5,851	5,676	3.1
Net commission income			(1)	55.4	10	8	16.9	9	7	28.1
Financial income/expense (**)		352	171	105.5	534	526	1.6	886	697	27.1
<i>Net interest income</i>		141	127		501	515		642	642	
<i>Other income and charges</i>		98	41		22	51		120	92	
<i>Realised gains and losses</i>		99	44		(15)	(64)		84	(20)	
<i>Unrealised gains and losses</i>		14	(40)		25	24		39	(16)	
Net charges relating to claims		(2,410)	(1,960)	23.0	(2,270)	(2,279)	(0.4)	(4,681)	(4,240)	10.4
Operating expenses		(1,083)	(1,060)	2.2	(128)	(111)	15.6	(1,212)	(1,171)	3.4
<i>Commissions and other acquisition costs</i>		(848)	(837)	1.3	(60)	(47)	26.7	(908)	(884)	2.7
<i>Other expenses</i>		(235)	(223)	5.4	(69)	(64)	7.4	(304)	(287)	5.9
Other income/charges		(89)	(95)	6.8	(35)	(49)	28.3	(124)	(145)	14.1
Pre-tax profit (loss)		618	810	(23.7)	111	14	n.s.	729	824	(11.5)
Income taxes		(79)	(232)	(66.0)	(20)	(4)	n.s.	(99)	(236)	(58.1)
Profit (loss) from discontinued operations										
Consolidated profit (loss)		539	578	(6.8)	92	10	n.s.	630	588	7.2
<i>Profit (loss) attributable to the Group</i>										
<i>Profit (loss) attributable to non-controlling interests</i>										

(*) the Real Estate sector only includes Group real estate companies

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

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

- **direct insurance premiums**, gross of reinsurance, totalled €6,552m (€6,100m at 30/6/2020, +7.4%). Non-Life direct premiums amounted to €3,923m (€3,927m at 30/6/2020, -0.1%) whereas Life direct premiums amounted to €2,629m (€2,173m at 30/6/2020, +21%), of which €614m was related to Life investment products (€241m at 30/6/2020);
- **net premiums earned**, net of reinsurance, amounted to €5,851m (€5,676m at 30/6/2020, +3.1%), of which €3,849m in the Non-Life business (€3,756m at 30/6/2020, +2.5%) and €2,002m in the Life business (€1,920m at 30/6/2020, +4.3%);
- **net charges relating to claims**, net of reinsurance, amounted to €4,681m (€4,240m at 30/6/2020, +10.4%), of which €2,410m from Non-Life business (€1,960m at 30/6/2020, +23.0%) and €2,270m from Life business (€2,279m at 30/6/2020, -0.4%), including €44m in net gains on financial assets and liabilities at fair value (€24m in net losses at 30/6/2020);
- **operating expenses** amounted to €1,304m (€1,245m at 30/6/2020, +4.8%). In the Non-Life business, operating expenses amounted to €1,083m (€1,060m at 30/6/2020, +2.2%), €128m in the Life business (€111m at 30/6/2020, +15.6%), €87m in the Holding and Other Businesses sector (€74m at 30/6/2020) and €17m in the Real Estate sector (€11m at 30/6/2020). Intersegment eliminations amounted to €11m (€11m at 30/6/2020);
- the **combined ratio**, net of reinsurance, of the Non-Life business was 92.6% (82.1% at 30/6/2020);

Holding and Other businesses Sector			Real Estate Sector (*)			Intersegment elimination		Total Consolidated		
Jun-2021	Jun-2020	% var.	Jun-2021	Jun-2020	% var.	Jun-2021	Jun-2020	Jun-2021	Jun-2020	% var.
								5,851	5,676	3.1
7	3	125.1				(7)	(3)	9	7	26.9
66	(21)	n.s.	(4)	(8)	n.s.	(8)	(7)	940	660	42.3
(29)	(23)		(1)	(1)				612	618	
73	12		25	7		(8)	(7)	210	104	
26	12			(9)				110	(17)	
(3)	(23)		(28)	(6)				8	(45)	
								(4,681)	(4,240)	10.4
(87)	(74)	16.9	(17)	(11)	53.9	11	11	(1,304)	(1,245)	4.8
							2	(908)	(883)	2.8
(87)	(74)	16.9	(17)	(11)	53.9	11	10	(396)	(362)	9.4
39	32	20.3	10	9	7.1	5	(1)	(71)	(105)	32.0
25	(60)	n.s.	(11)	(10)	(9.3)			743	753	(1.4)
8	98	(91.6)		1	(127.0)			(91)	(137)	(33.5)
33	38	(12.2)	(11)	(9)	(26.6)			652	617	5.7
								537	514	
								115	102	

- **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), which include the effect of the pro rata consolidation of the result of BPER Banca for €138m, amounted to €921m (€660m at 30/6/2020);
- **taxes** for the period, which were impacted by the net benefit of €85m deriving from the exercise by UnipolSai of the option to realign tax values, constituted a net expense of €91m (expense of €137m at 30/6/2020).

1 Management Report

Insurance Sector performance

The Group's insurance business closed the period with a total **pre-tax profit of €729m** (€824m at 30/6/2020, -11.5%), of which €618m relating to the Non-Life sector (€810m at 30/6/2020, -23.7%) and €111m relating to the Life sector (€14m at 30/6/2020). Please recall that the pre-tax profit for the period benefited for €30m from income deriving from the settlement with former directors and statutory auditors, and for €68m from the pro-rata result of BPER influenced in turn by extraordinary accounting items ensuing from the acquisition during the half-year of the former UBI Banca and former Intesa Sanpaolo business units.

At 30 June 2021, **Investments and cash and cash equivalents** of the Insurance sector amounted to €66,459m (€66,372m at 31/12/2020), of which €16,905m from the Non-Life business (€16,768m at 31/12/2020) and €49,554m from the Life business (€49,604m at 31/12/2020).

Technical provisions amounted to €57,136m (€57,707m at 31/12/2020), of which €14,405m in the Non-Life business (€14,388m at 31/12/2020) and €42,731m in the Life business (€43,319m at 31/12/2020).

Financial liabilities amounted to €7,054m (€7,029m at 31/12/2020), of which €1,482m in the Non-Life business (€1,947m at 31/12/2020) and €5,572m in the Life business (€5,082m at 31/12/2020).

Total premiums (direct and indirect premiums and investment products) at 30 June 2021 amounted to €6,744m (€6,259m at 30/6/2020, +7.8%). Non-Life premiums amounted to €4,114m (€4,086m at 30/6/2020, +0.7%) and Life premiums amounted to €2,630m (€2,173m at 30/6/2020, +21%), of which €614m related to investment products (€241m at 30/6/2020, +154.4%).

All Non-Life premiums of the Group insurance companies are classified under insurance premiums, as they meet the requirements of the IFRS 4 standard (presence of significant insurance risk).

As for Life premiums, investment products at 30 June 2021, for €614m, related to class III (Unit- and Index-Linked policies) and class VI (pension funds).

Direct premiums amounted to €6,552m (€6,100m at 30/6/2020, +7.4%), of which Non-Life premiums totalled €3,923m (-0.1%) and Life premiums €2,629m (+21%).

	Amounts in €m	30/06/2021	% comp.	30/06/2020	% comp.	% var.
Non-Life direct premiums		3,923	59.9	3,927	64.4	(0.1)
Life direct premiums		2,629	40.1	2,173	35.6	21.0
Total direct premium income		6,552	100.0	6,100	100.0	7.4

Indirect premiums from Non-Life and Life businesses at 30 June 2021 amounted to €191m (€158m at 30/6/2020, +20.8%), almost entirely attributable to the Non-Life business.

	Amounts in €m	30/06/2021	comp. %	30/06/2020	% comp.	% var.
Non-Life indirect premiums		191	99.9	158	99.9	20.8
Life indirect premiums		0	0.1	0	0.1	(6.4)
Total indirect premiums		191	100.0	158	100.0	20.8

Group **premiums ceded** totalled €281m (€284m at 30/6/2020), €267m of which from Non-Life premiums ceded (€272m at 30/6/2020) and €14m from Life premiums ceded (€12m at 30/6/2020). Retention ratio remained substantially stable in both the Non-Life and Life businesses.

	Amounts in €m	30/06/2021	comp. %	30/06/2020	% comp.	% var.
Non-Life ceded premiums		267	95.2	272	95.8	(1.9)
Retention ratio - Non-Life business (%)		93.5%		93.3%		
Life ceded premiums		14	4.8	12	4.2	15.2
Retention ratio - Life business (%)		99.3%		99.4%		
Total premiums ceded		281	100.0	284	100.0	(1.2)
Overall retention ratio (%)		95.4%		95.3%		

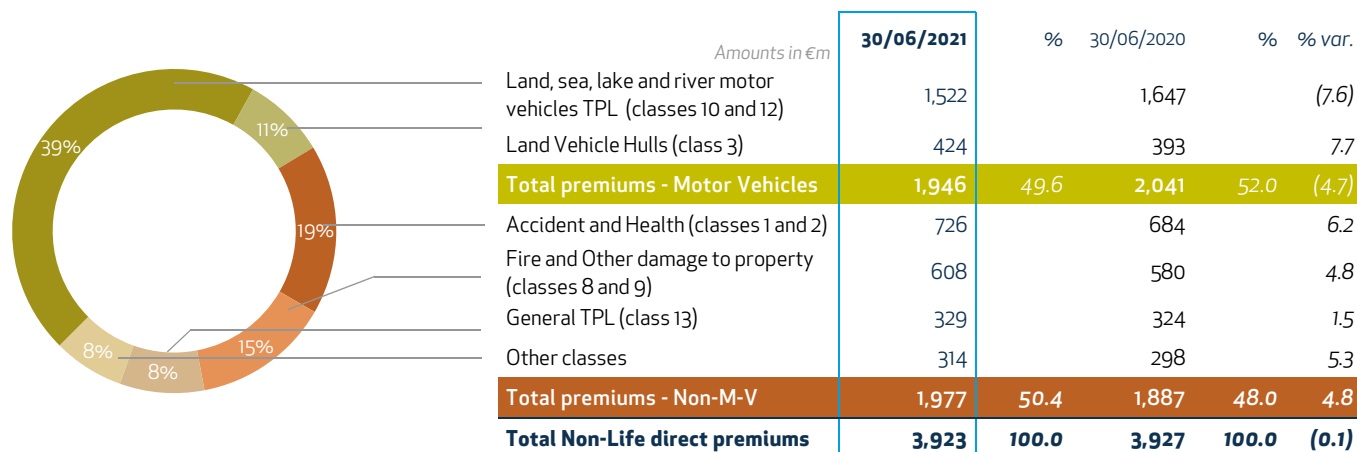
The retention ratio is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.

At 30 June 2021, the transfers to reinsurance from the Non-Life and Life businesses generated a profit for the reinsurers.

Non-Life business

Total Non-Life premiums (direct and indirect) at 30 June 2021 were €4,114m (€4,086m at 30/6/2020, +0.7%). **Direct business** premiums alone amounted to €3,923m (€3,927m at 30/6/2020, -0.1%).

Non-Life business direct premiums



In the **MV business**, MV TPL premiums reached €1,522m, down 7.6% compared to 30 June 2020. An increase of 7.7% was instead reported in the Land Vehicle Hulls class with premiums equal to €424m (€393m at 30/6/2020). The **Non-MV segment**, with premiums amounting to €1,977m, recorded 4.8% growth.

1 Management Report

Non-Life claims

As mentioned above, the decreased severity of the measures restricting movements imposed to combat the COVID-19 emergency in the first half of 2021 with respect to those adopted in the same period of the previous year resulted in a net increase in claims.

The **claim ratio** (loss ratio of the direct business for Non-Life segment), including the OTI ratio, stood at 63.2% (53.1% at 30/6/2020).

The number of claims reported, without considering the MV TPL class, increased by 33.6%.

Number of claims reported (excluding MV TPL)

	30/06/2021	30/06/2020	% var.
Land Vehicle Hulls (class 3)	144,333	125,256	15.2
Accident (class 1)	46,914	50,271	(6.7)
Health (class 2)	2,353,926	1,667,000	41.2
Fire and Other damage to property (classes 8 and 9)	139,130	134,170	3.7
General TPL (class 13)	44,905	39,199	14.6
Other classes	213,523	186,063	14.8
Total	2,942,731	2,201,959	33.6

As regards the MV TPL class, where the CARD agreement⁴ is applied, in the first six months of 2021, cases relating to “fault” claims (Non-Card, Debtor Card or Natural Card) totalled 237,758, up by 12.2% compared to 30 June 2020.

In June 2021, there was a recovery in claims compared to 2020, a year characterised by the decreased circulation of vehicles due to the governmental restrictions imposed to limit the spread of the Coronavirus. Claims reported that present at least a Debtor Card claim numbered 137,990, up 13.7% compared to 30 June 2020.

Handler Card claims totalled 173,429 (including 38,559 Natural Card claims, claims between policyholders at the same company), up by 11.2% compared to 30 June 2020. Settlement rate in the first six months of 2021 was 66.3% against 69.2% recorded in the same period of the previous year.

The weight of cases to which the Card agreement may be applied (both Handler Card and Debtor Card claims) out of the total cases (Non-Card + Handler Card + Debtor Card) at June 2021 was equal to 83.6% (83.4% at June 2020).

Expense ratio of the Non-Life direct business was 28.1% (27.4% at 30/6/2020).

The **combined ratio**, calculated on direct business, was equal to 91.4% at 30 June 2021 (80.5% at 30/6/2020).

⁴ Below is a brief description of the terms used:

- 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.

Non-Life premiums of the main Group insurance companies

The direct premiums of **UnipolSai**, the Group's main company, stood at €3,306m (-1.4%), of which €1,818m in the MV classes (-5.0%) and €1,489m in the Non-MV classes (+3.3%).

UnipolSai Assicurazioni Spa - Non-Life business direct premiums

<i>Amounts in €m</i>	30/06/2021	% comp.	30/06/2020	% comp.	% var.
Land, sea, lake and river motor vehicles TPL (classes 10 and 12)	1,417		1,539		(8.0)
Land Vehicle Hulls (class 3)	401		373		7.4
Total premiums - Motor Vehicles	1,818	55.0	1,913	57.0	(5.0)
Accident and Health (classes 1 and 2)	384		382		0.6
Fire and Other damage to property (classes 8 and 9)	568		543		4.6
General TPL (class 13)	317		314		1.0
Other classes	220		204		7.9
Total premiums - Non-M-V	1,489	45.0	1,442	43.0	3.3
Total Non-Life premiums	3,306	100.0	3,354	100.0	(1.4)

As regards MV premiums, €1,417m related to the MV TPL and Sea, Lake and River Vessels TPL classes (€1,539m at 30/6/2020, -8%).

In the **MV** business, the decline in premiums was driven by the MV TPL class (-8.0%) as a result of the decline in the average premium, on which the discount in favour of customers provided under the **#UnMesePerTe** campaign also had an impact, while sustained growth during the period was confirmed for the Land Vehicle Hulls component (+7.4%), higher than the most accredited market performance estimates, deriving from development in single as well as cumulative policies.

In the **Non-MV** sector, the premium growth was basically generalised across all classes, with the only exceptions being the Accidents and Pecuniary Losses classes. In particular, Accidents premiums were down slightly compared to the previous year, as a result of a first half of the year once again negatively influenced by the COVID emergency. On the other hand, in the Health class, incentives in favour of the agency network recorded an increase in premiums compared to the first half of 2020 (+4.5% direct business), which more than offset the lower premiums from policies linked to the temporary COVID products **#AndràTuttoBene** and **#AndràTuttoBene Premium**, which generated premiums in 2020 but not in the current year.

Arca Assicurazioni had direct premiums of around €85.1m (up by approximately 24.1% compared with the first half of 2020). Specifically, there was an increase in the MV segment (roughly +17.7%) as well as the Non-MV segment (around +26.2%). In terms of the result for the period, this company recorded a net profit of €13.5m, lower than the profit at end of the first half of 2020 (€17.8m). The analysis of premiums written by distribution channel shows that banks, with overall business of €84.1m, indeed represented 98.8%, with an increase of 0.5% over the first half of 2020 (98.3% at 30/6/2020). In the first half of 2021, the sale of the former Ubi Banca and former Intesa Sanpaolo branches to BPER Banca took place in two steps, which led not only to significant growth in the size of the Company's main distribution partner, but also an improvement in its market positioning.

Compagnia Assicuratrice Linear, specialised in the direct sale of insurance products through "electronic" channels, issued premiums totalling €94.1m in the first six months of 2021, a slight decrease compared with the same period of the previous year (-2.3% with €96.3m), mainly concentrated in the MV classes. Contracts in the portfolio were close to 658k units (+3.0% on June 2020), while the combined ratio was 94.6%, up 22.9 percentage points on the first half of 2020. At 30 June 2021, it recorded a profit of €6.7m (down compared to €20.4m at 30/6/2020).

DDOR Novi Sad recorded a total profit (Non-Life and Life segments) at 30 June 2021 of around €1.5m (€4.6m at 30/6/2020), even against an increase in premiums (Non-Life and Life segments) rising from €55.1m at 30 June 2020 (of which roughly €47.4m in the Non-Life segment) to €57.2m at 30 June 2021 (of which roughly €48.5m in the Non-Life segment).

1 Management Report

Incontra Assicurazioni recorded a €6.9m profit at 30 June 2021 (€8.4m at 30/6/2020), with a slight decrease in premiums compared to the previous year, i.e. from €51.1m at the end of the first half of 2020 to approximately €50m at 30 June 2021, mainly concentrated in the Health and Pecuniary Losses classes. At 30 June 2021, the volume of total investments reached roughly €262m (in line with 31/12/2020), while gross technical provisions reached €333m (€326m at 31/12/2020).

In the first half of 2021, **SIAT** recorded a profit of €2.9m (profit of €2.8m at 30/6/2020). Total gross premiums (direct and indirect) were down by 1.2% and amounted to €77.8m (€78.7m at 30/6/2020): the slight decline was primarily caused by the termination of a mandate with a foreign insurance intermediary, in addition to the contribution due to the continuation of a more selective underwriting policy adopted with respect to the Hulls and Sportscraft segments.

UniSalute, an insurance company specialising in the health segment, recorded premiums for around €287m at 30 June 2021, also including indirect business, marking an increase of 13.4% compared to 30 June 2020 (€253.0m). The first half of 2021 recorded a profit of €13.2m, compared to €44.3m at 30 June 2020. In the course of the first half of 2021, UniSalute, as part of its activities, continued to respond to the requirements emerging due to the health emergency, although within a context of a general relaxation of restrictions. The actions put into place confirmed the leading role that the Company plays within the welfare ecosystem, with a 360 degree health offering, also thanks to the subsidiary UniSalute Servizi.

New products

In the MV sector, during the period, the new product **“Contratto Base”** was released, created following the initiation on 3 May 2021 of a complex online comparison system between insurance companies operating in Italy in the MV TPL segment, which consists of the MV TPL Base Contract, an Electronic Form (common informational standard on which the Base Contract offer is based) and a new IVASS Quote Generator (‘‘PreventIvass’’). The Base Contract is the MV TPL contract relating to vehicles, motorcycles and mopeds for private use developed by the Ministry of Economic Development, which provides the minimum cover required by law for compulsory TPL insurance for the circulation of motor vehicles according to the ‘‘standard format’’ defined by regulations.

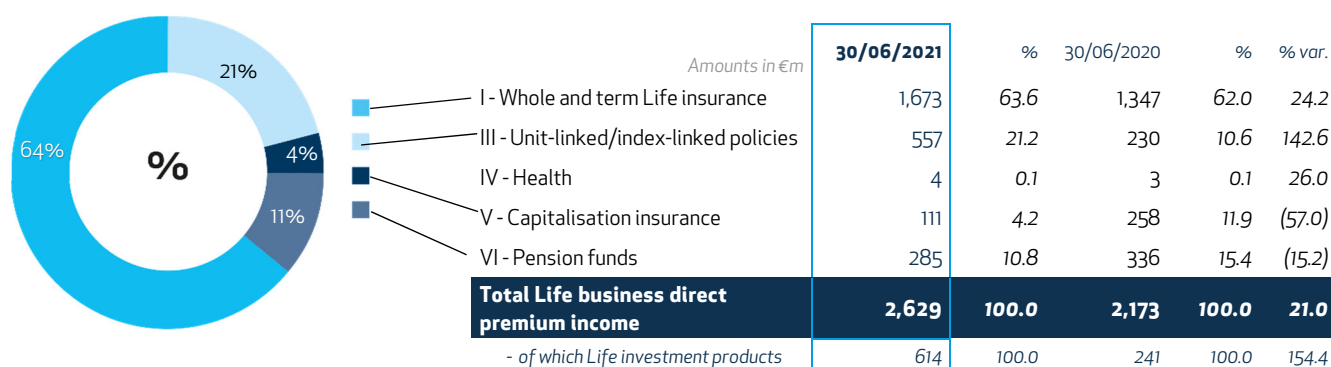
The new **“Unibox Safe”** electronic device should also be mentioned, which features a high service level designed to guarantee even greater safety to customers. Indeed, Unibox Safe is equipped with an Emergency Call system that provides speakerphone contact with the assistance centre that can be activated by the customer at any time as needed, as well as the automatic activation of roadside and healthcare assistance to guarantee timely support. Unibox Safe is recharged by solar energy, so it is also sustainable; furthermore, it continues to meet customer saving expectations, allowing for a reduction in the premium as the number of kilometres travelled decreases.

As concerns the Non-MV segment, in the first half of 2021 changes were made to the new product **“UnipolSai InViaggio”**, for trips taken for any reason and valid all over the world, which provides standard guarantees as well as the possibility for a reimbursement of travel expenses in the event of pandemics or epidemics and in the case of a medical or administrative block required due to quarantine or document irregularities. Furthermore, the new product **“UnipolSai Trasporto sicuro e semplice”** is dedicated to the world of Goods Transport by Road, which includes Road Carrier TPL cover (Carrier TPL) combined with cover relating to Damages to the Goods transported on behalf of the party entitled (DPC). This is an essentially new product as it includes within a single contract both the Carrier TPL and DPC cover (‘‘dual policy’’). The product is intended for small goods transport companies that operate as road carriers.

Life business

Life **direct premiums**, which represent almost the entirety of premiums, amounted to a total €2,629m (€2,173m at 30/6/2020) of which €614m in investment products concerning primarily class III (€241m at 30/6/2020), and were composed of the following:

Life business direct premiums



New business in terms of **APE**, net of non-controlling interests, amounted to €220m at 30 June 2021 (€184m at 30/6/2020, +19.7%), of which €65m contributed by bancassurance companies and €155m by traditional companies.

Expense ratio of Life direct business was 5.2% (4.6% at 30/6/2020).

Pension Funds

Even within the current difficult economic context, UnipolSai Assicurazioni has maintained its considerable position within the supplementary pension schemes market.

UnipolSai managed a total of 21 **Occupational Pension Fund** mandates at 30 June 2021 (17 of them for accounts "with guaranteed capital and/or minimum return"). At the same date, resources under management totalled €4,114m (€3,498m of which with guaranteed capital). At 31 December 2020, UnipolSai managed a total of 21 Occupational Pension Fund mandates (17 of which "with guaranteed capital and/or minimum return"); resources under management totalled €4,012m (of which €3,414m with guaranteed capital).

As regards **Open Pension Funds**, at 30 June 2021 the UnipolSai Group managed 2 open-ended pension funds (UnipolSai Previdenza FPA and Fondo Pensione Aperto BIM Vita) that at that date amounted to a total of 41,289 members for total assets of roughly €940m. At 31 December 2020, those Funds had total assets of €914m and a total of 41,427 members.

1 Management Report

Life premiums of the main Group insurance companies

Direct premiums for **UnipolSai** were equal to €1,410m (€1,507m at 30/6/2020, -6.4%).

UnipolSai Assicurazioni Spa - Life business direct premiums

	<i>Amounts in €m</i>					
	30/06/2021	% comp.	30/06/2020	% comp.	% var.	
I Whole and term life insurance	892	63.2	853	56.6	4.6	
III Unit-linked/index-linked policies	121	8.6	59	3.9	104.2	
- of which investment products	121	8.5	59	3.9	104.3	
IV Health	4	0.3	3	0.2	26.0	
V Capitalisation insurance	111	7.9	258	17.1	(57.0)	
VI Pension funds	283	20.1	334	22.2	(15.3)	
- of which investment products	72	5.1	14	1.0	n.s.	
Total Life business	1,410	100.0	1,507	100.0	(6.4)	
- of which investment products	193	13.7	73	4.9	162.9	

The **individual policies** segment showed a decline of 11.9%; the decrease compared to the previous year was due primarily to the subscription in 2020 of a capitalisation policy entered into with the Banco di Sardegna pension fund for a value of approximately €180m. Please also note that class I and V single premiums remained limited to customers reinvesting sums deriving from the benefits due from the Company on the basis of other insurance contracts. First year premiums grew (+43.9%), confirming a good performance of products with annual and recurring premiums. The increase in class IV premiums continued (+39.9%), showing greater interest in products covering the risk of non-self-sufficiency. Amongst the latter, the new product UnipolSai Autonomia Costante has also been marketed since February 2021, enhancing the offer in a sector deemed fundamental and destined to develop in the near future considering current demographic and social trends. In the first half of the year, there was also a considerable increase in class III premiums (+104.2%) thanks to the good performance of Unit-linked and Multisegment products.

As concerns **collective policies**, there was an increase in surrenders concentrated in class I policies and certain pension funds.

BIM Vita recorded a profit of €0.8m at 30 June 2021 (€0.7m at 30/6/2020). Its premiums amounted to €30.6m (roughly €21m at 30/6/2020, +47.3%), in addition to financial products for €14.5m (€6m at 30/6/2020). The volume of investments stood at €693.5m (€675.4m at 31/12/2020).

The **Arca Group's** bancassurance channel (Arca Vita and Arca Vita International) posted direct premiums (including investment products) of around €1,165m (roughly €632m at 30/6/2020, +84.5%), a significant growth compared to the first half of last year, primarily attributable to class I products. The increase was due to Arca Vita, as the Irish subsidiary Arca Vita International recorded a roughly 21% decrease in the same period (from around €15m to roughly €11m). The overall growth in premiums observed in the course of the first half of 2021 is basically due on one hand to the more limited impact on the placement of insurance products, compared to last year, of the health emergency linked to the COVID-19 pandemic, and on the other hand the increase in the number of BPER Banca SpA branches, as commented on above.

New products

In the first half of the year, with a view to continuing to optimise the allocation of new business, the Group updated the Segregated Funds of the class I single premium products. Specifically, in the first quarter the Segregated Fund was updated for “**Investimento Garantito Fidelity**” products, dedicated to policyholders that decide to reinvest the sums deriving from settlements of benefits from other insurance contracts. The new version of the product differs from the previous one only due to the reference Segregated Fund, while the other features of the product have remained the same.

Furthermore, starting from February 2021, the offer of Protection products was enhanced with a new individual product covering the risk of non-self-sufficiency, **UnipolSai Autonomia Costante**, which joins the previous one and requires a constant premium throughout the term of the contract. The main new features introduced regard the recognition of an increased initial annuity to handle initial unforeseen needs, the increase in the entry age and the possibility to obtain reduced benefits in the case of the suspension of premium payments starting from the eighth premium year. As a further distinctive element, the possibility is provided to those who subscribe the new LTC product to obtain free of charge the integrated offer of services and benefits provided by UniSalute.

Reinsurance

Unipol Group reinsurance policy

With regard to the risks underwritten in the Non-Life business, the Group reinsurance strategy proposed the same cover structures in place in 2020, maximising the effectiveness of the most operational of the main non-proportional treaties. Considering the Azzurro Re II CAT Bond issued in 2020, the renewal for the year 2021 took place in continuity with the expiring bond, including, in addition, the acquisition of “Bridge” cover to protect from Earthquake events with a view to risk mitigation.

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

- excess of loss treaties for the protection of MV TPL, General TPL, Fire (by risk and by event), Land Vehicle Hull Atmospheric Events, 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.

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. The risks of the Legal Expenses and part of Transport classes were instead ceded to specialised reinsurers and/or specialist Group companies.

As regards the Life business, the renewal of reinsurance covers relating to 2021 occurred fully in line with that expiring, therefore the risks underwritten 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.

1 Management Report

Real Estate Sector performance

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

Income Statement - Real Estate Sector

	<i>Amounts in €m</i>	30/06/2021	30/06/2020	% var.
Gains on other financial instruments and investment property		34	15	126.8
Other revenue		28	21	30.3
Total revenue and income		62	36	70.4
Losses on investments in subsidiaries, associates and interests in joint ventures			(10)	(100.0)
Losses on other financial instruments and investment property		(39)	(13)	193.4
Operating expenses		(17)	(11)	53.9
Other costs		(18)	(12)	47.9
Total costs and expenses		(73)	(46)	57.3
Pre-tax profit (loss) for the year		(11)	(10)	(9.3)

The **pre-tax result** at 30 June 2021, which includes income of €11m deriving from the settlement with former directors and statutory auditors, was negative for €11m (-€10m at 30/6/2020), after depreciation of real estate investments and tangible assets for €25m (€13m at 30/6/2020).

The increase in depreciation, as well as that in the other items of the sector income statement, can be attributed primarily to the effects of the expansion of the managed real estate portfolio in the first half of 2021 with respect to the corresponding period of the previous year, due to the real estate transfer transactions carried out by UnipolSai to the Tikal and Oikos funds and the acquisition of a package of real estate for commercial uses by Fondo Emporion finalised in the course of 2020.

Investments and cash and cash equivalents of the Real Estate sector (including properties for own use) totalled €2,354m at 30 June 2021 (€2,384m at 31/12/2020), consisting mainly of Investment property and Properties for own use amounting to €2,236m (€2,294m at 31/12/2020).

Financial liabilities, at 30 June 2021, were €205m (€207m at 31/12/2020).

Main property transactions

During the first half of the year, the Company continued to develop 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 developed during the half regard the properties located in the Milan area, including:

- continued construction of a new multi-storey headquarters building in Piazza Gae Aulenti (Porta Nuova Garibaldi area);
- the initiation of renovation works on the San Donato Milanese property, which is in part leased and in part used in the business.

Please also note the continuation of works for the creation of a logistics hub dedicated to wine production located in Montepulciano.

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

Lastly, please note that three properties owned by the Group located in Milan at Corso di Porta Romana 19, Via De Castillia 23 and via Fara 39 (Torre Galfa) obtained the BREEAM Certification with a level of Excellent in February 2021. The three buildings were recently renovated and upgraded with high quality standards, combining respect for sustainability and energy efficiency parameters to make it possible to obtain the BREEAM Certification, currently recognised as the top Sustainability Assessment Method for buildings, demonstrating - along with the recognition of the Leed Gold Certification for Torre di Via Larga in Bologna - the Group's continuous commitment to making real estate investments enhancing its assets in compliance with the highest sustainability standards.

Holding and Other Businesses Sector Performance

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

Income Statement - Holding and Other Businesses Sector

	Amounts in €m	30/06/2021	30/06/2020	% var.
Commission income		7	3	118.8
Gains (losses) on financial instruments at fair value through profit or loss		24	(9)	n.s.
Gains on investments in subsidiaries, associates and interests in joint ventures		73	13	n.s.
Gains on other financial instruments and investment property		36	37	(3.6)
Other revenue		67	59	13.3
Total revenue and income		207	103	100.6
Commission expense		(1)		59.3
Losses on other financial instruments and investment property		(66)	(62)	6.5
Operating expenses		(87)	(74)	16.9
Other costs		(28)	(27)	4.9
Total costs and expenses		(182)	(163)	11.1
Pre-tax profit (loss) for the year		25	(60)	n.s.

The **pre-tax result** at 30 June 2021 was a profit of €25m (-€60m at 30/6/2020). Please recall that the pre-tax profit for the period benefited for €70m from the pro-rata result of BPER influenced in turn by extraordinary accounting items ensuing from the acquisition during the half-year of the former UBI Banca and former Intesa Sanpaolo business units.

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

At 30 June 2021, **Investments and cash and cash equivalents** of the Holding and Other Businesses sector (including properties for own use of €147m) totalled €3,404m (€3,483m at 31/12/2020).

Financial liabilities amounted to €2,988m (€3,460m at 31/12/2020) and primarily consisted of €2,522m from the three senior bonds issued by Unipol with a total nominal value of €2,500m (€2,741m at 31/12/2020, €2,731m nominal value) and €444m from the outstanding loans payable taken out by Unipol and UnipolRec from the company UnipolSai (€700m at 31/12/2020).

As concerns the **hotel sector**, the revenue of the subsidiary Gruppo UNA declined compared to the first half of 2020 by 26.5%, from roughly €16.7m to around €12.3m, reflecting the effect of the pandemic throughout the half-year (the first 2 months of 2020 were not yet impacted by the effects of COVID-19). Only starting from June was it possible to reopen the seasonal hotels, with 19 hotels opened out of 28 at the end of the half-year period. Despite the 3.5% reduction in operating expenses, due to the high fixed costs component, the company closed the period with a loss of roughly €20m.

In the **health sector**, Casa di Cura Villa Donatello closed the first half of 2021 with revenue of €17.9m, up by around 29.1% compared to 30 June 2020 (€13.9m). Revenue performance confirms the positive trend in activities, regarding all specialties (hospitalisations, outpatient surgery, visits and diagnostics). The company posted a profit of €0.9m, up compared to 30 June 2020 (€0.1m).

As concerns **agricultural activities**, wine sales by the company Tenute del Cerro recorded an increase of 48.9% compared to 30 June 2020, from €2.6m to €3.8m, driven by large scale distribution and foreign demand, while total revenue marked an increase of 45%, from €3m to €4.3m. This trend, along with the limitation of operating costs, made it possible to close the half with a profit of €0.1m.

1 Management Report

Asset and financial performance

Investments and cash and cash equivalents

At 30 June 2021, Group **Investments and cash and cash equivalents** totalled €71,445m (€71,271m at 31/12/2020), after reclassifying €143m pursuant to IFRS 5 (€203m at 31/12/2020):

Investments and cash and cash equivalents - Breakdown by business segment

	Amounts in €m	30/06/2021	% comp.	31/12/2020	% comp.	% var.
Insurance sector		66,459	93.0	66,372	93.1	0.1
Holding and other businesses sector		3,408	4.8	3,483	4.9	(2.1)
Real Estate sector		2,354	3.3	2,384	3.3	(1.2)
Intersegment eliminations		(776)	(1.1)	(967)	(1.4)	(19.8)
Total Investments and cash and cash equivalents		71,445	100.0	71,271	100.0	0.2

The breakdown by investment category is as follows:

	Amounts in €m	30/06/2021	comp. %	31/12/2020	% comp.	% var.
Property (*)		3,684	5.2	3,709	5.2	(0.7)
Investments in subsidiaries, associates and interests in joint ventures		1,307	1.8	1,154	1.6	13.3
Held-to-maturity investments		416	0.6	421	0.6	(1.1)
Loans and receivables		4,915	6.9	4,519	6.3	8.7
<i>Debt securities</i>		3,833	5.4	3,936	5.5	(2.6)
<i>Deposits with ceding companies</i>		94	0.1	86	0.1	9.1
<i>Other loans and receivables</i>		784	1.1	497	0.7	57.8
<i>Other financial investments</i>		204	0.3			
Financial assets at at amortised cost		393	0.5	423	0.6	(7.1)
<i>Loans and receivables from bank customers</i>		393	0.5	423	0.6	(7.1)
Available-for-sale financial assets		49,785	69.7	50,899	71.4	(2.2)
Financial assets at fair value through OCI		389	0.5	1,601	2.2	(75.7)
Financial assets at fair value through profit or loss		8,341	11.7	7,450	10.5	12.0
<i>of which held for trading</i>		288	0.4	257	0.4	12.0
<i>of which at fair value through profit or loss</i>		7,868	11.0	7,178	10.1	9.6
<i>of which mandatorily at fair value</i>		185	0.3	15	0.0	n.s.
Cash and cash equivalents		2,216	3.1	1,095	1.5	102.4
Total investments and cash and cash equivalents		71,445	100.0	71,271	100.0	0.2

(*) Including properties for own use

Transactions carried out in the first half of the year

This section provides information on financial transactions referring to Group investments other than those for which the risk is borne by customers, the only exclusion being portfolios held by the foreign companies DDOR and DDORRe, the values of which in the Group's total portfolio are of little significance.

In the first six months of 2021, the investment policies adopted in the financial area continued to apply, in the medium/long-term, a general criteria of prudence and preservation of asset quality, in compliance with the Guidelines defined in the Group Investment Policy.

Specifically, financial operations were geared towards reaching profitability targets consistent with the asset return profile and with the trend in liabilities over the long-term, maintaining a high-quality portfolio through a process of selecting issuers on the basis of their diversification and strength, with a particular focus on the liquidity profile.

As regards the **bond segment**, a prudent approach was maintained, assuming a positioning consistent with a context of a moderate increase in interest rates and growing inflation.

The half was characterised by a restructuring of the exposure to government bonds and a reduction in exposure to Italian government bonds.

The non-governmental bond component reduced in the course of the half in both insurance segments, concerning primarily financial issuers in the category of subordinated securities in order to reduce the portfolio risk profile.

During the first half of 2021, exposure to level 2 and 3 structured securities remained basically unchanged.

Amounts in €m	30/06/2021			31/12/2020			variation	
	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	286	5	282	289	7		(2)
Structured securities - Level 3	2	1	(1)	2	1	(1)		
Total structured securities	324	328	4	323	330	6		(2)

Share exposure rose in the first half of 2021 by €477m; transactions concerned securities of issuers diversified in terms of both sector criteria and geographical factors, decreasing the exposure to ETFs (Exchange Traded Funds) and privileging single stock acquisitions. Almost all equity instruments belong to the main developed country share indexes.

Five-year options indexed to Eurostoxx50 performance were also subscribed for an equivalent value of €150m. This strategy makes it possible to benefit from any market increase over the next 5 years, limiting negative impacts to only the expense incurred for the acquisition of the premium.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €1,292m, an increase by approximately €130m compared to 31 December 2020.

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

The overall duration was 6.6 years for the Group, down on the 7.22 years recorded at the end of 2020. The Non-Life duration was 3.37 years (3.69 years at the end of 2020); the Life duration was 7.96 years (8.68 years at the end of 2020). The Holding portfolio duration was 0.69 years, down compared to the end of the previous year (0.94 years). The fixed rate and floating rate components of the bond portfolio amounted respectively to 88.4% and 11.6%. The government component accounted for approximately 64% of the bond portfolio whilst the corporate component accounted for the remaining 36%, split into 26% financial and 10% industrial credit.

88.9% of the bond portfolio was invested in securities with ratings above BBB-

1 Management Report

Net gains on investments and financial income

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

Net investment income

	Amounts in €				
	30/06/2021	% comp.	30/06/2020	% comp.	% var.
Gains/losses on investment property	61	5.9	15	2.0	n.s.
Gains/losses on investments in subsidiaries and associates and interests in joint ventures	141	13.8	19	2.5	n.s.
Net gains on held-to-maturity investments	9	0.9	9	1.2	(1.3)
Net gains on loans and receivables	63	6.1	50	6.7	24.9
Net gains on financial assets recognised at amortised cost	9	0.8	13	1.7	(31.9)
Net gains on available-for-sale financial assets	567	55.2	910	121.8	(37.7)
Net gains on financial assets at fair value through OCI	7	0.7	6	0.8	17.1
Net gains on financial assets at fair value through profit or loss (*)	170	16.6	(275)	(36.9)	161.7
Balance on cash and cash equivalents			1	0.1	(30.6)
Total net gains on financial assets, cash and cash equivalents	1,027	100.0	747	100.0	37.4
Net losses on other financial liabilities	(87)		(86)		0.8
Total net losses on financial liabilities	(87)		(87)		(0.4)
Total net gains (*)	940		660		42.3
Net gains on financial assets at fair value (**)	212		(119)		
Net losses on financial liabilities at fair value (**)	(168)		95		
Total net gains on financial instruments at fair value (**)	44		(24)		
Total net gains on investments and net financial income	984		636		54.6

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

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

Net income at 30 June 2021, equal to €940m, included the net income of €138m deriving from the pro-rata consolidation of BPER Banca's result affected in turn by extraordinary accounting items following the acquisition in the half-year of former UBI Banca and former Intesa Sanpaolo business units.

Impairment losses on financial instruments classified in the Available-for-sale asset category amounted to €4m (€3m at 30/6/2020). The item Gains/losses on investment property included €22m in depreciation (€17m at 30/6/2020).

Shareholders' equity

At 30 June 2021, Shareholders' equity amounted to €9,955m (€9,525m at 31/12/2020). **Shareholders' equity attributable to the owners of the Parent**, standing at €8,026m (€7,614m at 31/12/2020), was composed of:

	<i>Amounts in €m</i>	30/06/2021	31/12/2020	<i>variation in amount</i>
Share capital		3,365	3,365	
Capital reserves		1,639	1,639	
Income-related and other equity reserves		1,253	771	482
(Treasury shares)		(3)	(3)	
Reserve for foreign currency translation differences		3	3	
Gains/losses on available-for-sale financial assets		1,258	1,174	85
Gains/losses on financial assets at fair value through OCI		14	9	5
Other gains or losses recognised directly in equity		(42)	(53)	11
Profit (loss) for the year		537	707	(171)
Total shareholders' equity attributable to the owners of the Parent		8,026	7,614	412

The main changes over the year were as follows:

- decrease due to dividend distribution for €201m;
- an increase of €85m as a result of the change in the provision for Gains and losses on available-for-sale financial assets;
- an increase of €537m due to a Group positive economic result at 30 June 2021.

Shareholders' equity attributable to non-controlling interests was €1,929m (€1,912m at 31/12/2020).

Treasury shares

At 30 June 2021, the treasury shares held by Unipol and its subsidiaries totalled 705,534 (776,631 at 31/12/2020), of which 351,263 were held directly. The changes during the first half of the year concerned the following transactions being carried out in execution of Compensation Plans based on financial instruments of a performance share type, intended for the executives of Unipol and of its subsidiaries:

- purchase of 2,695,000 Unipol shares by Unipol and its subsidiaries;
- assignment in April of 2,766,097 Unipol shares in implementation of the 2016-2018 Long Term Incentive Compensation Plan based on financial instruments and the Short Term Incentive Compensation Plan for the year 2020.

1 Management Report

Technical provisions and financial liabilities

At 30 June 2021, Technical provisions amounted to €57,136m (€57,707m at 31/12/2020) and Financial liabilities amounted to €9,471m (€9,730m at 31/12/2020).

Technical provisions and financial liabilities

	Amounts in €m	30/06/2021	31/12/2020	% var.
Non-Life technical provisions		14,405	14,388	0.1
Life technical provisions		42,731	43,319	(1.4)
Total technical provisions		57,136	57,707	(1.0)
Financial liabilities at fair value		4,981	4,379	13.7
<i>Investment contracts - insurance companies</i>		4,656	4,055	14.8
<i>Other</i>		325	324	0.3
Financial liabilities at amortised cost		4,490	5,351	(16.1)
<i>Subordinated liabilities</i>		1,494	2,088	(28.4)
<i>Other</i>		2,995	3,263	(8.2)
Total financial liabilities		9,471	9,730	(2.7)
Total		66,607	67,437	(1.2)

Unipol Group Debt

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

Group debt structure

	Amounts in €m	30/06/2021	31/12/2020	variation in amount
Subordinated liabilities issued by UnipolSai		1,494	2,088	(594)
Debt securities issued by Unipol		2,522	2,741	(220)
Other loans		360	386	(27)
Total debt		4,376	5,216	(841)

In the first half of 2021, UnipolSai Assicurazioni SpA, after obtaining the authorisation of the Supervisory Authority on 22 January 2021, exercised its right to call up the two subordinated bonds issued in 2001 and 2003, both with a twenty-year maturity, early, for a total residual nominal value outstanding of €561.7m.

The Debt securities issued by Unipol, listed on the Luxembourg Stock Exchange, amounted to €2,522m and related to two senior unsecured bond loans with a total nominal value of €1,500m and a senior green bond loan with a nominal value of €1,000m. The change from the figure at 31 December 2020 is due to the repayment of the senior bond with a nominal value of €231m on 5 March 2021.

The issues described above were implemented as part of the Euro Medium Term Notes (EMTN Programme), with a maximum total nominal amount of €3,000m, established in December 2009 for €2,000m with the latest renewal and increase to €3,000m in September 2020.

With respect to Other loans amounting to €360m (€386m at 31/12/2020), they 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 €154m and loans taken out by UnipolRental from banks and others for a total of €113m. 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 €79m.

Transactions with related parties

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

This being said, in the course of the first half of 2021, Unipol did not approve or carry out, directly or through subsidiaries, any related-party transactions qualified as of "Major Significance" and/or "Minor Significance". The information required by IAS 24 and Consob Communication DEM/6064293/2006 is provided in paragraph 4.5 of the Notes to the financial statements - Transactions with related parties.

1 Management Report

Other information

Leithà: a new tool for the assessment of climate risks

On 21 January 2021, the European Extreme Events Climate Index (E3CI) was presented, a brand-new instrument that will support Companies in the objective assessment of the dangers linked to environmental imbalances. 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.

UNICA – Unipol Corporate Academy

Due to the continuation of the health emergency, the start of the year saw the resumption or launch of remote training initiatives, with alternative tools and solutions to the physical classroom explored particularly in 2020. It is also necessary to note the activities for the maintenance of the ISO 9001:2015 certification of the Unica Quality Management System, reconfirmed in June by the certifying body.

The Unica training activities during the first six months of 2021 focused on implementing courses, through the Unica Faculties, with mandatory and regulatory, technical, commercial, managerial and behavioural content and currently include roughly 409 online initiatives, aside from classroom training (which is currently virtual).

Recognitions

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.

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.

Milano Marketing Festival Rewards dedicated to excellency

During the awards ceremony dedicated to those who have stood out due to their strategy and creativity in innovative marketing and communications, on 18 March 2021 the **Dyadea** network of medical centres was recognised for its innovation, with a particular focus on the digital and design, as a result of the high quality of its services dedicated to medicine and therapeutic treatment. Dyadea was confirmed as the point of reference for the entire community, where medical excellence is a valuable cure always at the service of every citizen.

Gruppo UNA hotels and resorts recognised with Travellers' Choice 2021

In June 2021, excellent reviews by TripAdvisor users resulted in the prestigious recognition for 20 **Gruppo UNA** hotels and resorts, demonstrating the constant efforts made to guarantee comfort, attention to detail and safety to guests, which have always been the points of pride in its offering. This dedication was appreciated and recognised by travellers, who acknowledged the quality of the services offered by Gruppo UNA, bearing witness to their satisfaction with positive reviews on the well-known portal, which therefore dedicated its Travellers' Choice 2021 award to the hotels belonging to three Gruppo UNA brands: UNA Esperienze, upper-upscale segment, UNAHOTELS and UNAWAY.

Significant events after the reporting period and business outlook

Significant events after the reporting period

Rebranding in the Mobility ecosystem

In line with the Beyond Insurance strategic guideline of our Business Plan, four Group Companies changed their name as of 1 July 2021.

The rebranded Group Companies had different names and brands until the end of the first half of 2021. With a view to synergy and leveraging the distinctive assets of the Mobility ecosystem, in order to strengthen the concept of Group membership, the corporate names of Alfaevolution Technology SpA, APB Car Service Srl, AutoPresto&Bene SpA and Pronto Assistenza Servizi Scrl were changed, respectively, to: UnipolTech SpA, UnipolGlass Srl, UnipolService SpA and UnipolAssistance Scrl.

Business outlook

The Italian economy is experiencing significant rates of growth which could be strengthened by the use of the Next Generation EU funds, which represent an unmissable opportunity for our economy. However, the spread of COVID-19 variants is still threatening growth outlooks and the full reopening of businesses, which is why our government is committed to accelerating participation in the vaccination plan.

All of this has repercussions on the financial markets, particularly on the equity markets, which in July demonstrated a certain degree of tension, while the ECB, at its meeting on 22 July, confirmed that it will continue to support the economic recovery and that the reference interest rates will remain low until inflation has stably reached 2%.

In this framework, the financial operations of the Group continue to aim for consistency between assets and liabilities and the maintenance of a high standard of portfolio quality through issuer diversification criteria, maintaining a particular focus on their strength and liquidity as well as safeguarding the Group's solvency position.

As concerns insurance business trends, premiums remain sustained in the Life business, while there has been an increase in claims in the Non-Life business due to atmospheric events linked to hail, which impacted several provinces of Northern Italy in July.

The performance recorded in the first half of the year and the information currently available enable the Group to confirm, in the absence of currently unforeseeable events, also linked to an aggravation of the reference context, that its income trends for the year under way are in line with the objectives laid out in the 2019-2021 Business Plan.

Bologna, 5 August 2021

The Board of Directors

2. Condensed Consolidated Half-Yearly Financial Statements at 30 June 2021

Tables of Consolidated Financial Statements

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

2 Consolidated Financial Statements

Statement of financial position

Assets

		<i>Amounts in €m</i>	30/06/2021	31/12/2020
1	INTANGIBLE ASSETS		2,031.3	2,038.9
1.1	Goodwill		1,630.8	1,630.8
1.2	Other intangible assets		400.5	408.1
2	PROPERTY, PLANT AND EQUIPMENT		2,454.2	2,365.7
2.1	Property		1,581.9	1,532.9
2.2	Other tangible assets		872.3	832.9
3	TECHNICAL PROVISIONS - REINSURERS' SHARE		869.5	835.3
4	INVESTMENTS		67,646.8	68,643.6
4.1	Investment property		2,102.0	2,176.0
4.2	Investments in subsidiaries, associates and interests in joint ventures		1,306.8	1,153.7
4.3	Held-to-maturity investments		416.2	420.8
4.4	Loans and receivables		4,914.6	4,519.3
4.4bis	Financial assets at amortised cost		392.5	422.7
4.5	Available-for-sale financial assets		49,784.6	50,899.5
4.5bis	Financial assets at fair value through OCI		389.1	1,601.4
4.6	Financial assets at fair value through profit or loss		8,340.9	7,450.2
4.6.1	<i>Held-for-trading financial assets</i>		288.1	257.2
4.6.2	<i>Financial assets at fair value</i>		7,867.7	7,177.8
4.6.3	<i>Other financial assets mandatorily at fair value</i>		185.1	15.2
5	SUNDRY RECEIVABLES		2,645.4	3,241.0
5.1	Receivables relating to direct insurance business		1,095.8	1,482.4
5.2	Receivables relating to reinsurance business		208.8	166.9
5.3	Other receivables		1,340.8	1,591.6
6	OTHER ASSETS		1,248.1	1,187.2
6.1	Non-current assets or assets of a disposal group held for sale		143.0	203.3
6.2	Deferred acquisition costs		107.9	99.2
6.3	Deferred tax assets		371.3	330.9
6.4	Current tax assets		5.1	9.0
6.5	Other assets		620.8	544.7
7	CASH AND CASH EQUIVALENTS		2,216.2	1,094.8
	TOTAL ASSETS		79,111.6	79,406.5

Statement of financial position

Shareholders' equity and liabilities

		<i>Amounts in €m</i>	30/06/2021	31/12/2020
1	SHAREHOLDERS' EQUITY		9,954.9	9,525.3
1.1	attributable to the owners of the Parent		8,026.0	7,613.6
1.1.1	Share capital		3,365.3	3,365.3
1.1.2	Other equity instruments			
1.1.3	Capital reserves		1,639.4	1,639.4
1.1.4	Income-related and other equity reserves		1,253.2	771.0
1.1.5	(Treasury shares)		(2.9)	(2.7)
1.1.6	Reserve for foreign currency translation differences		3.4	3.4
1.1.7	Gains or losses on available-for-sale financial assets		1,258.4	1,173.9
1.1.7bis	Gains or losses on financial assets at fair value through OCI		14.3	8.8
1.1.8	Other gains or losses recognised directly in equity		(41.7)	(53.0)
1.1.9	Profit (loss) for the year attributable to the owners of the Parent		536.7	707.4
1.2	attributable to non-controlling interests		1,928.9	1,911.7
1.2.1	Share capital and reserves attributable to non-controlling interests		1,568.8	1,525.8
1.2.2	Gains or losses recognised directly in equity		244.8	229.2
1.2.3	Profit (loss) for the year attributable to non-controlling interests		115.4	156.7
2	PROVISIONS		454.1	479.6
3	TECHNICAL PROVISIONS		57,136.5	57,707.0
4	FINANCIAL LIABILITIES		9,470.8	9,730.2
4.1	Financial liabilities at fair value through profit or loss		4,981.2	4,379.3
4.1.1	<i>Financial liabilities held-for trading</i>		325.2	324.3
4.1.2	<i>Financial liabilities at fair value</i>		4,656.0	4,055.1
4.2	Other financial liabilities		4,489.6	5,350.8
5	PAYABLES		988.4	918.1
5.1	Payables arising from direct insurance business		132.4	162.8
5.2	Payables arising from reinsurance business		122.0	77.0
5.3	Other payables		734.0	678.3
6	OTHER LIABILITIES		1,106.8	1,046.3
6.1	Liabilities associated with disposal groups held for sale		3.5	3.2
6.2	Deferred tax liabilities		130.3	118.0
6.3	Current tax liabilities		40.5	41.1
6.4	Other liabilities		932.6	884.1
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			79,111.6	79,406.5

2 Consolidated Financial Statements

Income statement

		<i>Amounts in €m</i>	30/06/2021	30/06/2020
1.1	Net premiums		5,850.8	5,675.7
1.1.1	<i>Gross premiums earned</i>		6,077.6	5,906.0
1.1.2	<i>Earned premiums ceded to reinsurers</i>		(226.8)	(230.3)
1.2	Commission income		22.3	16.7
1.3	Gains and losses on financial instruments at fair value through profit or loss		213.9	(299.9)
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures		141.7	29.5
1.5	Gains on other financial instruments and investment property		1,021.7	1,311.2
1.5.1	<i>Interest income</i>		692.2	693.9
1.5.2	<i>Other income</i>		101.1	87.9
1.5.3	<i>Realised gains</i>		207.4	289.9
1.5.4	<i>Unrealised gains</i>		21.0	239.5
1.6	Other revenue		459.7	412.0
1	TOTAL REVENUE AND INCOME		7,710.1	7,145.2
2.1	Net charges relating to claims		(4,724.6)	(4,215.7)
2.1.1	<i>Amounts paid and changes in technical provisions</i>		(4,806.5)	(4,305.5)
2.1.2	<i>Reinsurers' share</i>		82.0	89.8
2.2	Commission expense		(13.7)	(9.9)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures		(0.4)	(10.7)
2.4	Losses on other financial instruments and investment property		(393.2)	(393.7)
2.4.1	<i>Interest expense</i>		(82.7)	(78.7)
2.4.2	<i>Other charges</i>		(18.3)	(19.5)
2.4.3	<i>Realised losses</i>		(70.9)	(255.3)
2.4.4	<i>Unrealised losses</i>		(221.2)	(40.1)
2.5	Operating expenses		(1,304.4)	(1,245.2)
2.5.1	<i>Commissions and other acquisition costs</i>		(907.9)	(882.8)
2.5.2	<i>Investment management expenses</i>		(59.3)	(59.8)
2.5.3	<i>Other administrative expenses</i>		(337.1)	(302.6)
2.6	Other costs		(530.9)	(516.7)
2	TOTAL COSTS AND EXPENSES		(6,967.1)	(6,391.9)
	PRE-TAX PROFIT (LOSS) FOR THE YEAR		743.0	753.3
3	Income taxes		(91.0)	(136.7)
	PROFIT (LOSS) FOR THE YEAR AFTER TAXES		652.1	616.6
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS			
	CONSOLIDATED PROFIT (LOSS)		652.1	616.6
	<i>of which attributable to the owners of the Parent</i>		536.7	514.2
	<i>of which attributable to non-controlling interests</i>		115.4	102.4

Comprehensive income statement

	<i>Amounts in €m</i>	30/06/2021	30/06/2020
CONSOLIDATED PROFIT (LOSS)		652.1	616.6
Other income items net of taxes not reclassified to profit or loss		23.9	(51.1)
Change in the shareholders' equity of the investees		24.4	(14.0)
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		(2.3)	(2.2)
Gains or losses on equity instruments at fair value through OCI		3.0	(35.0)
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss			
Other items		(1.2)	
Other income items net of taxes reclassified to profit or loss		92.9	(630.1)
Change in the reserve for foreign currency translation differences		(0.0)	0.3
Gains or losses on available-for-sale financial assets		100.0	(646.1)
Gains or losses on financial assets (other than equity instruments) at fair value through OCI		1.7	3.9
Gains or losses on cash flow hedges		(15.5)	19.6
Gains or losses on hedges of a net investment in foreign operations			
Change in the shareholders' equity of the investees		6.8	(7.8)
Gains and losses on non-current assets or disposal groups held for sale			
Other items			
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)		116.8	(681.2)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)		768.9	(64.6)
<i>of which attributable to the owners of the Parent</i>		637.9	(23.3)
<i>of which attributable to non-controlling interests</i>		131.0	(41.3)

2 Consolidated Financial Statements

Statement of changes in shareholders' equity

		Balance at 31/12/2019	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	Balance at 30/06/2020
		<i>Amounts in €m</i>						
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,639.4						1,639.4
	Income-related and other equity reserves (Treasury shares)	(127.2) (3.4)		928.1 (0.4)			(15.8)	785.0 (3.8)
	Profit (loss) for the year	902.5		(388.3)				514.2
	Other comprehensive income (expense)	910.9		(318.4)	(214.8)		(4.3)	373.4
	Total attributable to the owners of the Parent	6,687.5		221.0	(214.8)		(20.1)	6,673.5
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	1,196.4		57.9			(189.5)	1,064.8
	Profit (loss) for the year	184.1		14.4		(96.1)		102.4
	Other comprehensive income (expense)	236.6		(106.2)	(41.9)		4.3	92.8
	Total attributable to non- controlling interests	1,617.1		(33.9)	(41.9)	(96.1)	(185.2)	1,260.1
Total	8,304.6		187.1	(256.7)	(96.1)	(205.3)	7,933.7	

		Balance at 31/12/2020	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	Balance at 30/06/2021
		<i>Valori in milioni di euro</i>						
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,639.4						1,639.4
	Income-related and other equity reserves (Treasury shares)	771.0 (2.7)		482.6 (0.2)			(0.4)	1,253.2 (2.9)
	Profit (loss) for the year	707.4		30.0		(200.7)		536.7
	Other comprehensive income (expense)	1,133.2		(230.8)	332.5		(0.5)	1,234.4
	Total attributable to the owners of the Parent	7,613.6		281.5	332.5	(200.7)	(0.9)	8,026.0
Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	1,525.8		40.7			2.2	1,568.8
	Profit (loss) for the year	156.7		81.3		(122.7)		115.4
	Other comprehensive income (expense)	229.2		(48.9)	64.1		0.5	244.8
	Total attributable to non- controlling interests	1,911.7		73.1	64.1	(122.7)	2.7	1,928.9
Total	9,525.3		354.6	396.6	(323.4)	1.9	9,954.9	

Statement of cash flows (indirect method)

	Amounts in €m	30/06/2021	30/06/2020
Pre-tax profit (loss) for the year		743.0	753.3
Change in non-monetary items		(678.4)	(499.6)
Change in Non-Life premium provision		3.5	55.7
Change in claims provision and other Non-Life technical provisions		(16.6)	(359.5)
Change in mathematical provisions and other Life technical provisions		(591.6)	(356.5)
Change in deferred acquisition costs		(8.7)	(4.6)
Change in provisions		(25.4)	(45.3)
Non-monetary gains and losses on financial instruments, investment property and investments		(185.3)	179.5
Other changes		145.7	31.0
Change in receivables and payables generated by operating activities		507.2	(159.3)
Change in receivables and payables relating to direct insurance and reinsurance		289.1	146.8
Change in other receivables and payables		218.1	(306.1)
Paid taxes		(54.1)	(46.7)
Net cash flows generated by/used for monetary items from investing and financing activities		16.9	604.6
Liabilities from financial contracts issued by insurance companies		522.8	85.5
Payables to bank and interbank customers			
Loans and receivables from banks and interbank customers			41.1
Other financial instruments at fair value through profit or loss		(505.8)	478.1
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES		534.6	652.3
Net cash flow generated by/used for investment property		56.7	(136.3)
Net cash flow generated by/used for investments in subsidiaries, associates and interests in joint ventures		0.1	2.0
Net cash flow generated by/used for loans and receivables		91.8	(533.5)
Net cash flow generated by/used for financial assets at amortised cost		(125.4)	59.3
Net cash flow generated by/used for held-to-maturity investments		6.3	40.3
Net cash flow generated by/used for available-for-sale financial assets		449.7	163.4
Net cash flow generated by/used for financial assets at fair value through OCI		1,216.7	(194.9)
Net cash flow generated by/used for property, plant and equipment and intangible assets		(92.2)	(136.8)
Other net cash flows generated by/used for investing activities		88.8	7.0
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES		1,692.5	(729.5)
Net cash flow generated by/used for equity instruments attributable to the owners of the Parent			
Net cash flow generated by/used for treasury shares		0.2	(1.1)
Dividends distributed attributable to the owners of the Parent		(200.7)	
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests		(106.7)	(96.1)
Net cash flow generated by/used for subordinated liabilities and equity instruments		(561.7)	
Net cash flow generated by/used for financial liabilities at amortised cost		(236.4)	72.3
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES		(1,105.4)	(24.9)
Effect of exchange rate gains/losses on cash and cash equivalents			
CASH AND CASH EQUIVALENTS AT 1 JANUARY (*)		1,094.9	1,007.2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,121.7	(102.1)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (**)		2,216.6	905.1

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

(**) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (30/6/2021 €0.4m, 30/6/2020 €0.2m).

3. Notes to the Financial Statements

3 Notes to the Financial Statements

1. Basis of presentation

The Condensed Consolidated Half-Yearly Financial Statements of the Unipol Group at 30 June 2021 are drawn up in application of IAS 34 and in compliance with the provisions of Art.154-ter of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and with ISVAP Regulation no. 7 of 13 July 2007. They do not comprise all the information required for the annual financial statements and must be read together with the supplemented financial statements at 31 December 2020.

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

It is noted that the Unipol Group availed itself of the faculty envisaged by Art. 4, paragraph 2-*quater* of the Regulation⁵ and therefore supplemented the consolidated financial statements with the special items envisaged for the reporting of financial instruments measured in compliance with IFRS 9, as set out by the Regulation in relation to the insurance companies that opted for a deferral in the application of IFRS 9.

The condensed, consolidated half-yearly financial statements of the Unipol Group at 30 June 2021 consist of:

- Statement of Financial Position;
- Income Statement and Comprehensive Income Statement;
- Statement of Changes in Shareholders' Equity;
- Statement of Cash Flows;
- Notes to the Financial Statements;
- Tables appended to the notes to the financial statements.

The information requested by Consob Communication no. DEM/6064293, 28 July 2006.

The accounting standards used, to which special reference is made and that are an integral part hereof, the recognition and measurement criteria, as well as the consolidation principles applied in drawing up the Condensed Consolidated Half-Yearly Financial Statements at 30 June 2021, conform to those adopted in preparing the Consolidated Financial Statements at 31 December 2020, except for expressly specified in the following section "New accounting standards".

While drawing up the Condensed Consolidated Half-Yearly Financial Statements at 30 June 2021, by reason of the fact that it is an interim report, the Management had to make a greater use of evaluations, estimates and assumptions that affect the application of the accounting standards and the amounts related to assets and liabilities, as well as costs and revenue recognised in the accounts. However, it should be noted that, as these are estimates, not necessarily the final results will be the same as amounts disclosed herein. These estimates and assumptions are reviewed on a regular basis. Any changes resulting from the review of the accounting estimates are recognised in the period in which such review is performed and in the related future periods.

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

The Condensed Consolidated Half-Yearly Financial Statements at 30 June 2021 are subject to a limited audit by the audit firm EY SpA, charged to audit the accounts for the years 2021 to 2029.

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

Consolidation scope

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

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

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

On 26 April 2021, the liquidation of UnipolSai Servizi Consortili Scrl was entered into the Register of Companies and its name was changed to UnipolSai Servizi Consortili Scrl in liquidazione.

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

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

Effects of the definitive accounting of the acquisition of Cambiomarcia

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

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

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

3 Notes to the Financial Statements

modifying the comparative figures for the previous year reported in these condensed consolidated half-yearly financial statements compared to the figures originally recognised.

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;
- Holding and Other Businesses.

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

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

New accounting standards

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

IBOR interest rate reform

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

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

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

Deferment of IFRS 9 - Amendment to IFRS 4

On 25 June 2020, the IASB Board issued the document "*Extension of the Temporary Exemption from Applying IFRS 9*" which postpones the expiry of the temporary exemption from application of IFRS 9, established for the insurance sector, to 1 January 2023, in order to align the date of entry into force of the standard with the new IFRS 17 "Insurance Contracts". On 16 December 2020, EU Regulation 2020/2097 was published in the Official Journal, modifying IFRS 4 and confirming the temporal extension of the exemption previously limited to 31 December 2020.

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 16 – Leases "Effects of COVID-19"

On 31 March 2021, the IASB issued the official document, albeit not yet endorsed by the EU, extending, from 1 April 2021 until 30 June 2022, the period of application of the practical expedient introduced by EU Regulation 2020/1434 on "COVID-19-

Related Rent Concessions (Amendment to IFRS 16 - Leases)" which provides for an optional and temporary support to entities in view of the negative effects of the pandemic situation. Specifically, by virtue of a specific agreement between the parties, the lessee has the right not to evaluate the rent concession as a substantial change in the lease, and 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.

3 Notes to the Financial Statements

2. Notes to the Statement of Financial Position

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

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 paragraph 4.4, for more information on their composition and measurement criteria.

ASSETS

1 Intangible assets

	Amounts in €m	30/06/2021	31/12/2020	variation in amount
Goodwill		1,630.8	1,630.8	
resulting from business combinations		1,630.7	1,630.7	
other		0.2	0.2	
Other intangible assets		400.5	408.1	(7.6)
portfolios acquired under business combinations		49.9	61.3	(11.5)
software and user licences		331.6	326.3	5.3
other intangible assets		19.0	20.4	(1.4)
Total intangible assets		2,031.3	2,038.9	(7.6)

The item **Portfolios acquired under business combinations**, equal to €49.9m (€61.3m in 2020), decreased by €11.5m due to amortisation for the year on the values related to the acquired Non-Life (€6.8m) and Life portfolios (€4.8m).

2. Property, plant and equipment

At 30 June 2021, Property, plant and equipment, net of accumulated depreciation, amounted to €2,454.2m (€2,365.7m in 2020), of which €1,581.9m in Properties for own use (€1,532.9m in 2020) and €872.3m in Other tangible assets (€832.9m in 2020).

3. Technical provisions - Reinsurers' share

The reinsurers' share of technical provisions, at 30 June 2021, amounted to €869.5m (€835.3m in 2020), and it is broken down as follows:

- Non-Life provisions, in the amount of €838.7m (€808.3m at 31/12/2020), of which €269.6m related to premium provisions (€217.5m at 31/12/2020), and €569.1m related to claims provisions (€590.8m at 31/12/2020);
- Life provisions, in the amount of €30.8m (€27.1m at 31/12/2020), of which €23.5m related to mathematical provisions (€18.7m at 31/12/2020), and €7.3m related to provisions for amounts payable (€8.3m at 31/12/2020).

4. Investments

At 30 June 2021, total investments (Investment property, Equity investments and Financial assets) amounted to €67,646.8m (€68,643.6m in 2020), broken down as follows:

	Amounts in €m				
	30/06/2021	% comp.	31/12/2020	% comp.	% var.
Investment property	2,102.0	3.1	2,176.0	3.2	(3.4)
Investments in subsidiaries, associates and interests in joint ventures	1,306.8	1.9	1,153.7	1.7	13.3
Financial assets (excl. those at fair value through profit or loss)	56,370.3	83.3	58,136.1	84.7	(3.0)
<i>Held-to-maturity investments</i>	<i>416.2</i>	0.6	<i>420.8</i>	0.6	(1.1)
<i>Loans and receivables</i>	<i>4,914.6</i>	7.3	<i>4,519.3</i>	6.6	8.7
<i>Financial assets at amortised cost</i>	<i>392.5</i>	0.6	<i>422.7</i>	0.6	(7.1)
<i>Available-for-sale financial assets</i>	<i>49,784.6</i>	73.6	<i>50,899.5</i>	74.2	(2.2)
<i>Financial assets at fair value through OCI</i>	<i>389.1</i>	0.6	<i>1,601.4</i>	2.3	(75.7)
<i>Held-for-trading financial assets</i>	<i>288.1</i>	0.4	<i>257.2</i>	0.4	12.0
<i>Financial assets mandatorily at fair value</i>	<i>185.1</i>	0.3	<i>15.2</i>	0.0	n.s.
Financial assets at fair value through profit or loss	7,867.7	11.6	7,177.8	10.5	9.6
Total Investments	67,646.8	100.0	68,643.6	100.0	(1.5)

The item Investments in subsidiaries, associates and interests in joint ventures includes the interests with significant influence in BPER Banca (€1,212.4m).

3 Notes to the Financial Statements

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

	Amounts in €m					
	30/06/2021	<i>% comp</i>	31/12/2020	<i>% comp</i>	<i>% var</i>	
Held-to-maturity investments	416.2	0.7	420.8	0.7	(1.1)	
Listed debt securities	416.2		420.8		(1.1)	
Loans and receivables	4,914.6	8.7	4,519.3	7.8	8.7	
Unlisted debt securities	3,832.7		3,936.4		(2.6)	
Deposits with ceding companies	94.1		86.3		9.1	
Other loans and receivables	783.9		496.6		57.8	
Other financial investments	203.8					
Financial assets at amortised cost	392.5	0.7	422.7	0.7	(7.1)	
Loans and receivables from bank customers	392.5		422.7		(7.1)	
Available-for-sale financial assets	49,784.6	88.3	50,899.5	87.6	(2.2)	
Equity instruments at cost	4.8		4.8			
Listed equity instruments at fair value	849.1		449.7		88.8	
Unlisted equity instruments at fair value	199.6		195.0		2.4	
Listed debt securities	44,588.0		46,389.2		(3.9)	
Unlisted debt securities	462.8		647.2		(28.5)	
UCITS units	3,680.3		3,213.4		14.5	
Financial assets at fair value through OCI	389.1	0.7	1,601.4	2.8	(75.7)	
Listed equity instruments at fair value	100.9		55.3		82.3	
Listed debt securities	288.2		1,546.1		(81.4)	
Held-for-trading financial assets	288.1	0.5	257.2	0.4	12.0	
Listed debt securities	118.1		141.1		(16.3)	
Unlisted debt securities	0.3		1.3		(78.2)	
UCITS units	1.8		1.8		(0.9)	
Derivatives	167.9		113.1		48.5	
Financial assets at fair value through profit or loss	185.1	0.3	15.2	0.0	n.s.	
Listed debt securities	18.2		15.0		21.6	
UCITS units	166.8		0.2		n.s.	
Total financial assets	56,370.3	100.0	58,136.1	100.0	(3.0)	

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

	Amounts in €m	30/06/2021	<i>comp.%</i>	31/12/2020	<i>comp.%</i>	<i>var.%</i>
Financial assets at fair value through profit or loss		7,867.7	100.0	7,177.8	100.0	9.6
Listed equity instruments at fair value		148.3	1.9	138.8	1.9	6.9
Listed debt securities		3,058.5	38.9	2,986.7	41.6	2.4
Unlisted debt securities		0.4	0.0	0.4	0.0	(3.0)
UCITS units		3,645.2	46.3	3,015.2	42.0	20.9
Other financial assets		1,015.3	12.9	1,036.6	14.4	(2.1)

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

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

5. Sundry receivables

	Amounts in €m	30/06/2021	31/12/2020	<i>% var.</i>
Receivables relating to direct insurance business		1,095.8	1,482.4	(26.1)
Receivables relating to reinsurance business		208.8	166.9	25.1
Other receivables		1,340.8	1,591.6	(15.8)
Total sundry receivables		2,645.4	3,241.0	(18.4)

The item Other receivables included:

- tax receivables amounting to €438m (€732.4m at 31/12/2020);
- substitute tax receivables on the mathematical provisions totalling €372.4m (€346.9m at 31/12/2020);
- payments made as cash collateral to guarantee the exposure to derivatives totalling €230.5m (€257.5m at 31/12/2020);
- trade receivables amounting to €176.8m (€185.8m at 31/12/2020).

3 Notes to the Financial Statements

6. Other assets

	<i>Amounts in €m</i>	30/06/2021	31/12/2020	<i>% var.</i>
Non-current assets or assets of a disposal group held for sale		143.0	203.3	(29.7)
Deferred acquisition costs		107.9	99.2	8.8
Deferred tax assets		371.3	330.9	12.2
Current tax assets		5.1	9.0	(43.6)
Other assets		620.8	544.7	14.0
Total other assets		1,248.1	1,187.2	5.1

Non-current assets or assets of a disposal group held for sale include the assets primarily represented by investment properties. For more information reference is made to paragraph 4.4 of these Notes to the financial statements.

The item Deferred tax assets is shown net of the offsetting carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in Deferred tax liabilities, as described in chapter 2 "Main accounting standards" in the Consolidated Financial Statements at 31 December 2020.

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

7. Cash and cash equivalents

At 30 June 2021, Cash and cash equivalents amounted to €2,216.2m (€1,094.8m at 31/12/2020).

LIABILITIES

1. Shareholders' equity

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

	<i>Amounts in €m</i>	30/06/2021	31/12/2020	<i>variation in amount</i>
Share capital		3,365.3	3,365.3	
Capital reserves		1,639.4	1,639.4	
Income-related and other equity reserves		1,253.2	771.0	482.2
(Treasury shares)		(2.9)	(2.7)	(0.2)
Reserve for foreign currency translation differences		3.4	3.4	(0.0)
Gains/losses on available-for-sale financial assets		1,258.4	1,173.9	84.5
Gains/losses on financial assets at fair value through OCI		14.3	8.8	5.4
Other gains or losses recognised directly in equity		(41.7)	(53.0)	11.3
Profit (loss) for the year		536.7	707.4	(170.7)
Total shareholders' equity attributable to the owners of the Parent		8,026.0	7,613.6	412.4

At 30 June 2021, the Parent Unipol's share capital amounted to €3,365.3m, fully paid-up, and was made up of 717,473,508 ordinary shares (unchanged compared with 31/12/2020).

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

- decrease due to dividend distribution for €200.7m;
- an increase of €84.5m as a result of the increase in the provision for Gains and losses on available-for-sale financial assets;
- an increase of €536.7m due to a Group positive economic result at 30 June 2021.

Shareholders' equity attributable to non-controlling interests was €1,928.9m (€1,911.7m at 31/12/2020).

The main changes in the period were as follows:

- decrease due to dividend distribution for €106.7m;
- increase of €15.2m due to the positive change in the non-controlling interest share of reserves directly attributable to shareholders' equity;
- decrease, amounting to €12.3m net of related tax effects, due to the payment of the coupon to the holders of the restricted tier 1 capital instrument issued by UnipolSai;
- an increase of €115.4m due to profit attributable to non-controlling interests.

Treasury shares or quotas

At 30 June 2021, the treasury shares held directly or indirectly by Unipol totalled 705,534 (776,631 at 31/12/2020), of which 351,263 shares were held directly and 354,271 shares held by the following subsidiaries:

- UnipolSai Assicurazioni held 210,138;
- SIAT held 33,535;
- Unipol*Rental* held 31,966;
- UniSalute held 26,751;
- UnipolSai Servizi Consortili held 16,668;
- Linear Assicurazioni held 14,743;
- Leithà held 10,728;
- Arca Vita held 5,703;
- UnipolAssistance held 4,039.

3 Notes to the Financial Statements

2. Provisions

The item "Provisions" totalled €454.1m at 30 June 2021 (€479.6m at 31/12/2020) and mainly consisted of provisions for litigation, various disputes, charges relating to the sales network, provisions for salary policies and employee leaving incentives.

Ongoing disputes and contingent liabilities

This section reports updated information on proceedings, whose developments in the first six months of 2021 are worth reporting herein. For exhaustive information on the ongoing causes and contingent liabilities, reference is made to information given in the 2020 Integrated Consolidated Financial Statements.

Relations with the Tax Authorities

UnipolSai/UniSalute/Siat

With regard to the litigation of the Companies in question arising from the application of VAT on delegation fees for co-insurance transactions with other companies in the insurance sector, during the first half of 2021, UnipolSai and UniSalute settled the issues related to 2016 and 2017 financial years, paying only the tax and interest due. It was determined that the amount set aside at 31 December 2020 for this case was adequate.

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

In regard to the corporate liability action against some former directors and statutory auditors, resolved on by the Shareholders' Meetings of Fondiaria-SAI and Milano Assicurazioni and other Group companies, it should be noted that UnipolSai and the other plaintiff companies of the Unipol Group have signed a settlement agreement with all the defendants, which was approved by the 2021 Shareholders' Meeting of the plaintiff companies of the Unipol Group and has been fully performed at the date of this report in respect of both its economic and procedural aspects. The terms and conditions of the above-mentioned agreement are summarised 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 available on the UnipolSai institutional website.

3. Technical provisions

	<i>Amounts in €m</i>	30/06/2021	31/12/2020	% var.
Non-Life premium provisions		3,444.7	3,389.0	
Non-Life claims provisions		10,934.9	10,966.3	
Other Non-Life technical provisions		25.6	32.5	
Total Non-life provisions		14,405.1	14,387.8	0.1
Life mathematical provisions		34,771.4	34,078.5	
Provisions for amounts payable (Life business)		347.5	573.5	
Technical provisions where the investment risk is borne by policyholders and arising from pension fund management		3,224.8	3,144.1	
Other Life technical provisions		4,387.6	5,523.2	
Total life provisions		42,731.4	43,319.2	(1.4)
Total technical provisions		57,136.5	57,707.0	(1.0)

4. Financial liabilities

Financial liabilities, at 30 June 2021, were €9,470.8m (€9,730.2m at 31/12/2020).

4.1 Financial liabilities at fair value through profit or loss

This item, which amounted to €4,981.2m (€4,379.3m at 31/12/2020), is broken down as follows:

- Held-for-trading financial liabilities totalled €325.2m (€324.3 at 31/12/2020);
- Financial liabilities designated at fair value totalled €4,656m (€4,055.1m at 31/12/2020). This category included investment contracts issued by insurance companies where the investment risk was borne by the policyholders, which do not contain a significant insurance risk borne by the Group (some types of class III, class V and class VI contracts).

4.2 Financial liabilities at amortised cost

	Amounts in €m	30/06/2021	31/12/2020	% var.
Subordinated liabilities		1,494.3	2,088.3	(28.4)
Deposits received from reinsurers		123.9	134.7	(8.0)
Debt securities issued		2,521.7	2,741.5	(8.0)
Other loans obtained		349.2	385.9	(9.5)
Sundry financial liabilities		0.5	0.5	
Total financial liabilities at amortised cost		4,489.6	5,350.8	(16.1)

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

Issuer	Nominal amount outstanding	Subord. level	Year of maturity	call	Rate	L/NL
UnipolSai	€240.0m ^(***)	tier I	2023	every 6 months	6M Euribor + 180 b.p. ^(**)	NQ
UnipolSai	€750.0m	tier I	in perpetuity	every 3 months from 18/06/2024	fixed rate 5.75% ^(*)	Q
UnipolSai	€500.0m	tier II	2028		fixed rate 3.875%	Q

^(*) 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 2021 the third tranche of 80.0 million euro was repaid as indicated in the planned amortisation plan contractually

Subordinated liabilities of the UnipolSai Group, at 30 June 2021, were €1,494.3m (€2,088.3m at 31/12/2020). The change is attributable to the option exercised by UnipolSai Assicurazioni, following authorisation obtained from the Supervisory Authority on 22 January 2021, to call in advance two subordinated loans with an outstanding nominal value of €561.7m.

3 Notes to the Financial Statements

Debt securities issued - Other loans obtained - Sundry financial liabilities

At 30 June 2021, **Debt securities issued by Unipol**, net of intragroup subscriptions, totalling €2,522m (€2,741m at 31/12/2020) were related to three senior unsecured bonds listed on the Luxembourg Stock Exchange, with a total nominal value of €2,500m (€2,731m at 31/12/2020):

- €1,000m of nominal value, 3% fixed rate, 10 year duration, maturity in 2025;
- €500m of nominal value, 3.5% fixed rate, 10 year duration, maturity in 2027;
- €1,000m of nominal value, 3.25% fixed rate, 10 year duration, maturity in 2030.

The change from the figure at 31 December 2020 is due to the repayment of the senior bond with a nominal value of €231m on 5 March 2021.

Other loans obtained totalled €349.2m (€385.9m at 31/12/2020). The sub-item includes €79.1m in financial liabilities for leases accounted for using the financial method based on IFRS 16.

5. Payables

	<i>Amounts in €m</i>	30/06/2021	31/12/2020	% var.
Payables arising from direct insurance business		132.4	162.8	(18.6)
Payables arising from reinsurance business		122.0	77.0	58.5
Other payables		734.0	678.3	8.2
Policyholders' tax due		120.7	158.8	(24.0)
Sundry tax payables		101.8	40.8	149.4
Trade payables		284.9	252.0	13.1
Post-employment benefits		54.6	58.5	(6.7)
Social security charges payable		35.6	38.2	(6.9)
Sundry payables		136.5	130.0	5.0
Total payables		988.4	918.1	7.7

6. Other liabilities

	<i>Amounts in €m</i>	30/06/2021	31/12/2020	% var.
Current tax liabilities		40.5	41.1	(1.4)
Deferred tax liabilities		130.3	118.0	10.4
Liabilities associated with disposal groups held for sale		3.5	3.2	7.5
Commissions on premiums under collection		77.9	109.3	(28.7)
Deferred commission income		7.9	5.9	33.3
Accrued expense and deferred income		60.6	59.0	2.6
Other liabilities		786.2	709.8	10.8
Total other liabilities		1,106.8	1,046.3	5.8

The item Deferred tax liabilities is shown net of the compensation carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in deferred tax assets.

3. Notes to the 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	30/06/2021	30/06/2020	% var.
Non-life earned premiums		4,062.1	3,974.4	2.2
Non-Life written premiums		4,114.1	4,085.7	0.7
Changes in Non-Life premium provision		(52.0)	(111.3)	(53.2)
Life written premiums		2,015.5	1,931.6	4.3
Non-life and life gross earned premiums		6,077.6	5,906.0	2.9
Non-life earned premiums ceded to reinsurers		(213.2)	(218.5)	(2.4)
Non-Life premiums ceded to reinsurers		(267.0)	(272.2)	(1.9)
Changes in Non-Life premium provision - reinsurers' share		53.8	53.7	0.1
Life premiums ceded to reinsurers		(13.6)	(11.8)	15.2
Non-life and life earned premiums ceded to reinsurers		(226.8)	(230.3)	(1.5)
Total net premiums		5,850.8	5,675.7	3.1

1.2 Commission income

	Amounts in €m	30/06/2021	30/06/2020	var.%
Commission income from investment contracts		15.0	14.9	0.9
Other commission income		7.3	1.8	n.s.
Total commission income		22.3	16.7	33.7

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

	Amounts in €m	30/06/2021	30/06/2020	% var.
Net gains/losses:				
on held-for trading financial assets		146.3	(266.2)	n.s.
on held-for trading financial liabilities			(0.4)	100.0
on other financial assets mandatorily at fair value		23.7	(9.3)	n.s.
on financial assets/liabilities at fair value through profit or loss		43.9	(24.0)	n.s.
Total net gains/losses		213.9	(299.9)	n.s.

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

At 30 June 2021, these amounted to €141.7m (€29.5m at 30/6/2020), of which €138.4m deriving from the pro-rata consolidation of BPER Banca's result affected by extraordinary accounting items following the acquisition in the half-year of former UBI Banca and Intesa Sanpaolo business units.

3 Notes to the Financial Statements

1.5 Gains on other financial instruments and investment property

	<i>Amounts in €m</i>	30/6/2021	30/6/2020	% var.
Interests		692.2	693.9	(0.2)
on held-to-maturity investments		9.1	9.2	(1.2)
on loans and receivables		62.7	45.7	37.4
on financial assets at amortised cost		9.4	11.1	(15.1)
on available-for-sale financial assets		606.0	625.2	(3.1)
on financial assets at fair value through OCI		3.4	1.1	n.s.
on sundry receivables		1.1	1.0	12.8
on cash and cash equivalents		0.4	0.6	(30.5)
Other income		101.1	87.9	14.9
from investment property		34.3	30.1	14.1
from available-for-sale financial assets		63.7	54.0	18.0
from financial assets at fair value through OCI		3.0	3.8	(21.0)
Realised gains		207.4	289.9	(28.4)
on investment property		72.0	0.8	n.s.
on loans and receivables		0.0	4.4	(99.7)
on financial assets at amortised cost		14.8	16.5	(10.4)
on available-for-sale financial assets		120.1	265.9	(54.8)
on financial assets at fair value through OCI		0.6	2.3	(75.3)
Unrealised gains and reversals of impairment losses		21.0	239.5	(91.2)
on investment property			13.9	(100.0)
on available-for-sale financial assets		19.3	224.4	(91.4)
on financial assets at fair value through OCI		0.5	0.0	n.s.
on other financial liabilities		1.2	1.1	8.7
Total item 1.5		1,021.7	1,311.2	(22.1)

1.6 Other revenue

	<i>Amounts in €m</i>	30/6/2021	30/6/2020	% var.
Sundry technical income		38.7	33.1	16.7
Exchange rate differences		14.3	16.9	(14.9)
Extraordinary gains		17.5	4.4	301.1
Other income		389.2	357.6	8.8
Total other revenue		459.7	412.0	11.6

Other income includes €42.2m resulting from the settlement agreement signed in the first half of 2021 which settled in full the liability actions brought against some former directors and statutory auditors by Fondiaria-SAI, Milano Assicurazioni and other companies of the Group.

COSTS

2.1 Net charges relating to claims

	<i>Amounts in €m</i>	30/6/2021	30/6/2020	% var.
Net charges relating to claims - direct and indirect business		4,806.5	4,305.5	11.6
Non-life business		2,481.6	2,040.0	21.6
Non-Life amounts paid		2,597.3	2,575.0	
changes in Non-Life claims provision		(45.1)	(476.4)	
changes in Non-Life recoveries		(71.6)	(59.6)	
changes in other Non-Life technical provisions		1.0	0.9	
life business		2,324.9	2,265.4	2.6
Life amounts paid		1,728.6	2,458.4	
changes in Life amounts payable		(233.9)	(25.3)	
changes in mathematical provisions		715.0	719.6	
changes in other Life technical provisions		(9.1)	26.3	
changes in provisions where the investment risk is borne by policyholders and arising from pension fund management		124.4	(913.6)	
Charges relating to claims - reinsurers' share		(82.0)	(89.8)	(8.7)
Non-life business		(71.1)	(79.6)	(10.6)
Non-Life amounts paid		(98.2)	(198.6)	
changes in Non-Life claims provision		22.3	115.7	
changes in Non-Life recoveries		4.7	3.3	
life business		(10.8)	(10.2)	6.1
Life amounts paid		(7.1)	(7.2)	
changes in Life amounts payable		1.0	(0.3)	
changes in mathematical provisions		(4.3)	(2.3)	
changes in other Life technical provisions		(0.5)	(0.4)	
Total net charges relating to claims		4,724.6	4,215.7	12.1

2.2 Commission expense

	<i>Amounts in €m</i>	30/6/2021	30/6/2020	% var.
Commission expense from investment contracts		9.2	6.8	34.1
Other commission expense		4.6	3.1	47.6
Total commission expense		13.7	9.9	38.3

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

At 30 June 2021, these totalled €0.4m (€10.7m at 30/6/2020).

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2.4 Losses on other financial instruments and investment property

	<i>Amounts in €m</i>	30/6/2021	30/6/2020	% var.
Interests:		82.7	78.7	5.2
on other financial liabilities		81.8	78.0	4.8
on payables		0.9	0.6	39.6
Other charges:		18.3	19.5	(6.2)
from investment property		12.7	13.2	(3.6)
from available-for-sale financial assets		1.4	1.3	2.7
from financial assets at fair value through OCI		0.1		
from other financial liabilities		4.1	5.0	(18.4)
from sundry payables		0.1	0.0	97.3
Realised losses:		70.9	255.3	(72.2)
on investment property		0.1	0.0	n.s.
on loans and receivables		0.0	0.0	(40.7)
on financial assets at amortised cost		3.9	5.0	(21.3)
on available-for-sale financial assets		66.4	250.2	(73.5)
on financial assets at fair value through OCI		0.5	0.1	n.s.
on other financial liabilities				
Unrealised losses and impairment losses:		221.2	40.1	n.s.
on investment property		32.5	16.7	95.3
on financial assets at amortised cost		11.7	10.0	17.1
on available-for-sale financial assets		174.6	7.7	n.s.
on financial assets at fair value through OCI		0.0	1.3	(97.4)
on other financial liabilities		2.4	4.5	(46.5)
Total item 2.4		393.2	393.7	(0.1)

The Unrealised losses and impairment losses on investment property related entirely to depreciation (at 30/6/2020 they related entirely to depreciation).

2.5 Operating expenses

	Amounts in €m	30/6/2021	% comp.	30/6/2020	% comp.	% var.
Insurance sector		1,211.8	92.9	1,171.5	94.1	3.4
Holding and Other Businesses Sector		86.8	6.7	74.2	6.0	16.9
Real Estate Sector		16.5	1.3	10.7	0.9	53.9
Intersegment eliminations		(10.7)	(0.8)	(11.3)	(0.9)	(4.9)
Total operating expenses		1,304.4	100.0	1,245.2	100.0	4.8

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

Amounts in €m	Non- Life			Life			Total		
	Jun-2021	Jun-2020	% var.	Jun-2021	Jun-2020	% var.	Jun-2021	Jun-2020	% var.
Acquisition commissions	666.3	652.2	2.2	38.2	27.3	39.8	704.5	679.5	3.7
Other acquisition costs	174.8	178.7	(2.2)	21.0	17.8	17.5	195.8	196.6	(0.4)
Changes in deferred acquisition costs	(2.0)	(1.3)	47.4	(1.6)	0.0	n.s.	(3.6)	(1.3)	174.4
Collection commissions	76.5	76.4	0.1	3.0	3.0	(1.1)	79.5	79.4	0.1
Profit sharing and other commissions from reinsurers	(67.6)	(68.7)	(1.7)	(0.7)	(1.0)	(31.9)	(68.2)	(69.7)	(2.1)
Investment management expenses	24.0	30.2	(20.6)	23.9	23.5	1.9	47.9	53.6	(10.8)
Other administrative expenses	211.3	192.9	9.5	44.7	40.4	10.6	256.0	233.4	9.7
Total operating expenses	1,083.3	1,060.4	2.2	128.5	111.1	15.6	1,211.8	1,171.5	3.4

2.6 Other costs

	Amounts in €m	30/6/2021	30/6/2020	% var.
Other technical charges		166.9	166.0	0.5
Impairment losses on receivables		8.6	10.9	(20.6)
Other charges		355.3	339.9	4.6
Total other costs		530.9	516.7	2.7

3. Income tax

Against a pre-tax profit of €743m, taxes pertaining to the period of €91m were recorded, corresponding to a tax rate of 12.2% (18.1% at 30/6/2020).

It should be noted that the net income tax expense includes the economic benefit of €84.7m arising from UnipolSai's decision to use the realignment option provided for in Decree Law 104/2020, between the tax values and carrying amounts of goodwill and property.

3 Notes to the Financial Statements

4. Other Information

4.1 Hedge Accounting

Fair value hedges

During the first half of 2021, no new transactions were carried out concerning fair value hedging.

Existing positions at 30 June 2021 are related to IRS contracts, for a nominal value of €1,150m to hedge fixed rate bond assets recorded in Available-for-sale assets, with a hedged synthetic notional value equal to €970.6m. At 30 June 2021, the fair value change related to the hedged risk of bonds came to a negative €170.2m, while the fair value change of IRS amounted to a positive €175.9m, with a positive net economic effect of €5.7m, including the tax effect of €1.8m.

With regard to hedging transactions finalised during the period, it should be noted that, in the first quarter of 2021, contracts for the purchase of put options and the sale of call options with the same strike in place at 31 December 2020 for a nominal value of €13.9m were executed to hedge 13,855,000 Mediobanca shares, classified as Available-for-sale financial assets.

The fair value change between 31 December 2020 and the closing date of the hedging instruments, was a negative €19.6m, offset by a positive change of €19.3m, booked through profit and loss based on the fair value change of the Mediobanca shares hedged during the same period.

Cash flow hedges

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

The positions outstanding at 30 June 2021 relate to hedges on bond securities recorded in the Available-for-sale asset portfolio through the sale of IRSs for a notional value of €1,113.5m (unchanged compared to 31/12/2020).

The cumulative positive effect on Shareholders' equity in the Hedging reserve for gains or losses on cash flow hedges was €0.7m (positive effect for €21.9m at 31/12/2020): net of tax, the positive impact was €0.5m (positive effect for €15.1m at 31/12/2020).

4.2 Earnings/Loss per share

<i>Amounts in €m</i>	30/6/2021	30/6/2020
Profit/loss allocated to ordinary shares (€m)	536.7	514.2
Weighted average of shares outstanding during the year (no./m)	716.0	715.9
Basic and diluted earnings (loss) per share (€ per share)	0.75	0.72

4.3 Dividends

In view of the profit for the year made by the Parent Unipol at 31 December 2020 of €316.3m (as shown in the financial statements drawn up in accordance with Italian GAAP), the Shareholders' Meeting of Unipol held on 29 April 2021 resolved on the distribution of dividends totalling around €201m (of which €0.1m paid to Group companies), corresponding to €0.28 per share, taking account of treasury shares.

The Shareholders' Meeting also set the dividend payment date for 26 May 2021 (ex-dividend date 24/05/2021 and record date 25/05/2021).

The board of directors also decided to call an ordinary shareholders meeting of Unipol on 1 October 2021 to submit the proposal to distribute a portion of the extraordinary profit reserve recorded on the balance sheet of the Company, in an amount corresponding to the dividend for the year 2019 (the "2019 Dividend") which had not been distributed the previous year in accordance with the provisions ordered by the supervisory authorities at the time in relation to the situation caused by the Covid-19 pandemic.

A proposal will be made to the Shareholders' Meeting to distribute a dividend of €0.28 for each ordinary share in issue, which will be paid starting from 20 October 2021 (ex-dividend date 18 October 2021 and record date 19 October 2021) subject to ensuring, at the time, that there are no orders or recommendations that would preclude that by the applicable supervisory authorities.

Overall, the amount allocated to the 2019 Dividend, taking into account treasury shares held, amounts to approximately € 201 million (of which € 0.1 million paid to Group companies).

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

At 30 June 2021, the reclassifications carried out in application of IFRS 5 to item 6.1 of assets amounted to €143m (€203.3m at 31/12/2020), of which €142.6m relating to property held for sale; the liabilities reclassified to item 6.1 Liabilities associated with disposal groups, amounted to €3.5m (€3.2m at 31/12/2020).

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4.5 Transactions with related parties

The Group companies that provide various services to other companies of the Group are: UnipolSai, UniSalute, Siat, UnipolService (former Auto Presto & Bene), UnipolGlass (former APB Car Service), UnipolSai Servizi Previdenziali, UnipolAssistance (former Pronto Assistance Servizi), Unipol*Rental*, UnipolRe, UnipolSai Investimenti Sgr, UnipolReC, UnipolTech (former Alfaevolution Technology), Leithà, UnipolSai Servizi Consortili, Arca Vita, Arca Inlinea, Arca Sistemi and Arca Direct Assicurazioni.

For a detailed description of the services provided, please make reference to the 2020 Integrated Consolidated Financial Statements.

Furthermore, note that the group companies, also including companies not mentioned above, enter into ordinary relations with one another regarding:

- Insurance and reinsurance;
- leasing of property;
- long-term vehicle rental;
- 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 for operating services provided to Unisalute Servizi for which the costs are split), UnipolService, UnipolSai Investimenti SGR and UnipolRe involve fixed prices.

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

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.

The following table shows transactions with related parties (associates and other companies) carried out during the first half of 2021, as laid down in IAS 24 and in Consob Communication DEM/6064293/2006. It should be noted that the application scope of the Procedure to perform transactions with related parties, adopted pursuant to Consob Regulation no. 17221 of 12 March 2010, as amended, also includes some counterparties that are included, on a voluntary basis, pursuant to Art. 4 thereof, including the company Coop Alleanza 3.0 Società Cooperativa (shown, together with other items, in the following table under item "Others").

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	Associates	Others	Total	% inc. (1)	% inc. (2)
Loans and receivables	370.1		370.1	0.5	14.4
Sundry receivables	61.4	0.9	64.1	0.1	2.5
Other assets	7.9	0.3	8.7	0.0	0.3
Cash and cash equivalents	2,061.8		2,061.8	2.6	80.0
Total assets	2,501.2	1.2	2,504.8	3.2	97.1
Other financial liabilities	10.7		10.7	0.0	0.4
Sundry payables	18.1	0.0	18.1	0.0	0.7
Other liabilities	16.0		16.0	0.0	0.6
Total liabilities	44.9	44.9	44.9	0.1	1.7
Commission income	3.3		3.3	0.0	0.1
Gains on other financial instruments and investment property	7.2		7.2	0.0	0.3
Other revenue	2.1		2.1	0.0	0.1
Total revenue and income	12.7		12.7	1.9	0.5
Net charges relating to claims	0.7		0.7	0.1	0.0
Commission expense	7.3		7.3	1.1	0.3
Losses on other financial instruments and investment property	0.1		0.1	0.0	0.0
Operating expenses	138.0	0.3	138.9	21.3	5.4
Other costs	19.1		19.1	2.9	0.7
Total costs and expenses	165.3	0.3	166.1	25.5	6.4

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

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

Loans and receivables with associates included €350m of time deposits above 15 days held by the companies of the Group with BPER Banca, €9.9m relating to receivables from insurance brokerage agencies for agents' reimbursements and €6m of interest-free loans disbursed by UnipolSai to the associate Borsetto.

The item Sundry receivables from associates and others included €37.5m in receivables from Finitalia for premiums it had advanced for the service concerning the split payment of policies and €16.8m relating to receivables from insurance brokers for commissions.

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 Financial liabilities at amortised cost related to overdrafts on current accounts held by Group companies at BPER Banca or mortgages disbursed by the latter to Group companies.

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Sundry payables included payables for commissions to be paid to BPER Banca for the placement of insurance products plus 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 relate to interest income on the bank deposits held by Group companies at BPER Banca.

Other revenue included relations of 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 (€61.1m), costs to Finitalia for instalments of policies issued by the Group companies (€29.2m), commissions recognised to BPER Banca for the placement of insurance policies issued by Group companies (€23.6m) and bank account management costs (€18.8m).

The item Other costs primarily relates to staff secondment.

4.6 Fair value measurements - IFRS 13

For the disclosure of fair value measurement criteria and criteria to determine the fair value adopted by the Unipol Group, reference is made to Chapter 2, Main accounting standards, in the 2020 Integrated Consolidated Financial Statements.

Fair value measurement on a recurring basis

The table below shows a comparison between the assets and liabilities measured at fair value at 30 June 2021 and 31 December 2020, broken down by fair value hierarchy level.

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

	Level 1		Level 2		Level 3		Total	
	Jun-21	Dec-20	Jun-21	Dec-20	Jun-21	Dec-20	Jun-21	Dec-20
<i>Amounts in €m</i>								
Assets and liabilities at fair value on a recurring basis								
Available-for-sale financial assets	47,141.5	48,434.2	432.3	463.4	2,210.8	2,001.9	49,784.6	50,899.5
Financial assets at fair value through OCI	389.1	1,601.4					389.1	1,601.4
Financial assets at fair value through profit or loss:								
- held for trading	128.7	160.0	156.6	69.5	2.9	27.7	288.1	257.2
- at fair value through profit or loss	7,841.8	7,171.3			25.8	6.5	7,867.7	7,177.8
- mandatorily at fair value	185.0	15.0			0.1	0.2	185.1	15.2
Total assets at fair value on a recurring basis	55,686.1	57,381.9	588.9	532.8	2,239.6	2,036.3	58,514.6	59,951.1
Financial liabilities at fair value through profit or loss:								
- held for trading	38.6	25.6	265.7	292.4	20.9	6.3	325.2	324.3
- at fair value through profit or loss					4,656.0	4,055.1	4,656.0	4,055.1
Total liabilities at fair value on a recurring basis	38.6	25.6	265.7	292.4	4,676.9	4,061.4	4,981.2	4,379.3

The amount of financial instruments classified as Level 3 at 30 June 2021 was €2,239.6m. Changes to Level 3 financial assets and liabilities over the same period are detailed below.

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

	Available -for-sale financial assets	Financial assets at fair value through OCI	Financial assets at fair value through profit or loss			Investment property	Property, plant and equipment	Intangible assets	Financial liabilities at fair value through profit or loss	
			held for trading	at fair value through profit or loss	mandatoril y at fair value				held for trading	at fair value through profit or loss
<i>Amounts in €m</i>										
Opening balance	2,001.9		27.7	6.5	0.2				6.3	4,055.1
Acquisitions/Issues	266.0			19.1						
Sales/Repurchases	(35.6)									
Repayments	(21.7)									
Gains or losses recognised through profit or loss - of which unrealised gains/losses			(0.2)	0.2	(0.2)				1.3	
Gains or losses recognised in the statement of other	20.8		(0.2)	0.2	(0.2)				1.3	
Transfers to level 3										
Transfers to other levels	(20.3)									
Other changes	(0.4)		(24.7)	0.0					13.3	600.9
Closing balance	2,210.8		2.9	25.8	0.1				20.9	4,656.0

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

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

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

With reference to "assets 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 €20.9m at 30 June 2021.

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

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The following table shows the results of the shocks:

Fair Value	Amounts in €m		Curve Spread		
	Shock	+10 bps	-10 bps	+50 bps	-50 bps
Fair Value delta		(0.14)	0.14	(0.67)	0.69
<i>Fair Value delta %</i>		<i>(0.67)</i>	<i>0.68</i>	<i>(3.22)</i>	<i>3.29</i>

Fair value measurement on a non-recurring basis

IFRS 13 governs the fair value measurement and the associated disclosure also for assets and liabilities not measured at fair value on a recurring basis.

For these assets and liabilities, fair value is calculated only for the 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

Amounts in €m	Fair value									
	Carrying amount		Level 1		Level 2		Level 3		Total	
	Jun-21	Dec-20	Jun-21	Dec-20	Jun-21	Dec-20	Jun-21	Dec-20	Jun-21	Dec-20
Assets										
Held-to-maturity investments	416.2	420.8	393.0	584.1	23.3	6.9		2.2	416.2	593.2
Loans and receivables	4,914.6	4,519.3			3,141.3	3,659.6	1,773.3	1,344.5	4,914.6	5,004.1
Financial assets at amortised cost	392.5	422.7					392.5	422.7	392.5	422.7
Investments in subsidiaries, associates and interests in joint ventures	1,306.8	1,153.7	754.2	660.6			94.4	64.6	848.6	725.2
Investment property	2,102.0	2,176.0					2,281.9	2,349.6	2,281.9	2,349.6
Property, plant and equipment	2,454.2	2,365.7					2,604.6	2,508.6	2,604.6	2,508.6
Total assets	11,578.9	11,058.3	1,147.2	1,244.7	3,164.6	3,666.5	7,146.8	6,692.2	11,458.5	11,603.4
Liabilities										
Other financial liabilities	4,499.9	5,350.8	4,786.0	4,904.2			231.0	757.9	5,017.0	5,662.1

4.7 Information on personnel

	30/06/2021	31/12/2020	variation
Total number of Unipol Group employees	11,993	11,836	157
<i>of which on a fixed-term contract</i>	<i>686</i>	<i>423</i>	<i>263</i>
Full Time Equivalent - FTE	11,422	11,265	157

The foreign company employees (1,405) include 540 insurance agents.

The increase of 157 units in the number of personnel at 30 June 2021 compared to 31 December 2020 is due, net of changes to fixed-term contracts or for seasonal work started and completed in the quarter, to 586 additions (including new hires, reinstatements, incoming intragroup mobility) and 429 exits (for retirements, resignations and other causes of termination).

In terms of policies and projects, the first half of 2021 was in continuity with what was outlined in the 2020 Sustainability Report. The most significant news for companies in the insurance segment was the renewal of the Group's Supplemental Corporate Agreement ("CIA"), with improved provisions on supplementary pensions, health care, remuneration for the contact centre staff and other institutions.

Share-based compensation plans

The Unipol Group pays additional benefits (short- and long-term incentives) to the Chief Executive Officer and Key Managers and other senior executives under closed three-year, share-based compensation plans by which Unipol and UnipolSai shares (performance shares) are granted if specific targets of gross profit and solvency capital requirements, as well as other 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 2,227,601 Unipol shares, was paid to entitled parties on 25 April 2019; the second tranche, for 1,938,683 UnipolSai shares and 2,092,674 Unipol shares, was paid to entitled parties on 27 April 2020; the third tranche, for 3,862,151 UnipolSai shares and 2,089,550 Unipol shares, was paid to the entitled parties on 28 April 2021.

In addition, on 28 April 2021, 1,323,265 UnipolSai shares and 672,166 Unipol shares were delivered to eligible executives as short-term incentives for the 2020 financial year.

4.8 Non-recurring significant transactions and events

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

4.9 Atypical and/or unusual positions or transactions

In the first half of 2021, there were no atypical and/or unusual transactions that, because of their significance, importance, nature of the counterparties involved in the transaction, transfer pricing procedures, or occurrence close to the end of the year, could give rise to doubts relating to: the accuracy and completeness of the information in these condensed

3 Notes to the Financial Statements

consolidated half-yearly financial statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders.

4.10 Additional information on the temporary exemption from IFRS 9

As indicated in the paragraph Notes to the consolidated financial statements at 31 December 2020, in these condensed consolidated half-yearly financial statements, the IAS 39 standard was applied with reference to financial instruments held by UnipolSai and its subsidiaries. Below are tables containing the information necessary for comparison with the entities that do apply IFRS 9.

Fair value at 30 June 2021, changes in fair value of financial investments recognised according to IAS 39 which passed the SPPI Test and other financial investments

<i>Amounts in €m</i>	Consolidated carrying amount at 30/06/2021	Fair value at 30/06/2021	Change in Fair value for the period
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (a)	45,659.2	46,224.2	(1,323.6)
Other financial investments (b)	18,004.6	17,997.1	501.1
Total (a) + (b)	63,663.8	64,221.3	(822.5)

Significant credit risk concentration

Main exposures by counterpart of investments passing the SPPI test

<i>Counterpart</i>	<i>Amounts in €m</i>
	Consolidated carrying amount at 30/06/2021
Italian Treasury	24,755.2
Spanish Treasury	3,780.5
French Treasury	1,330.7
Germanian Treasury	1,159.6
Intesa SanPaolo SpA	740.3
Portuguese Treasury	521.2
Deutsche Bank AG	442.5
Irish Treasury	363.5
Commerzbank AG	324.4
Belgium Treasury	304.3
Other Counterparts	11,937.1
Total Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss	45,659.2

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

Amounts in €m

Rating class	Consolidated carrying amount at 30/06/2021	IAS 39 carrying amount at 30/06/2021 before any adjustment for impairment	Fair value at 30/06/2021
AAA	583.3	603.4	583.3
AA	2,605.0	2,596.4	2,589.2
A	7,325.5	6,706.7	7,400.4
BBB	32,162.7	27,238.5	32,616.6
Total low credit risk financial investments (1)	42,676.5	37,145.0	43,189.5
BB	2,450.0	2,336.8	2,494.8
B	178.1	174.2	178.1
Lower rating	120.8	123.5	120.8
With no rating	233.8	231.0	241.1
Total financial investments other than low credit risk investments (2)	2,982.7	2,865.5	3,034.7
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (1) + (2)	45,659.2	40,010.5	46,224.2

3 Notes to the Financial Statements

4.11 Analysis of recoverability of goodwill with indefinite useful life (impairment test)

Taking account of the evolution of the economic and financial context in the first half of 2021 deriving from the Covid-19 pandemic, some sensitivity analyses were carried out relating to the results of the impairment testing performed at 31 December 2020, with reference to the recoverable amount of goodwill allocated to the Non-Life and Life CGUs.

To this end, in applying the same methodological approach adopted at the time of the impairment test as at 31 December 2020, the sensitivity analyses developed took into consideration the following determining factors:

Non-life CGU: (i) update as at 30 June 2021 of Own Funds and of the Solvency Capital Requirement ("SCR"); (ii) update of the discount rate at 30 June 2021 (in the risk-free rate, risk premium, Beta components) of the prospective cash flows theoretically available and of the terminal value, to take account of the developments in the first half of 2021;

Life CGU: update as at 30 June 2021 of the assumptions relating to the structure of the interest rates and the estimate of the actuarial balances used to determine the Recoverable Value of the Life CGU.

These simulations show the staying power of the book value of the aforementioned goodwill, booked to the consolidated financial statements of Unipol Gruppo at 31/12/2020 and at 30/6/2021, also upon a change in the parameters subject to analysis.

The development in the discount rate (cost of capital) is reported below, taking into account the changes in the first half year:

	31/12/2020	30/6/2021
Risk free rate (a)	1.14%	0.79%
Risk Premium (b)	5.13%	4.84%
Beta average adj (c)	1.01	1.00
Cost of capital	6.33%	5.62%

(a): Average 1Y yield on 10-year BTP

(b): Exponentially weighted moving average (exponential smoothing) of the last three values, recorded on the half-yearly basis, of the "current risk premium for a mature equity market" estimated by Mr. Damodaran in the twelve months prior to the measurement date

(c) Adjusted 2-year beta relating to a sample of European listed companies considered comparable

The comparison between the results at 31/12/2020 and those deriving from the sensitivity analysis at 30 June 2021 are reported below:

<i>Amounts in €m</i> <i>31/12/2020</i>	Recoverable amount (a)	Allocation of goodwill	Goodwill included in equity per recoverable amount (b)	Goodwill to be tested	Excess
Non-Life CGU	4,230	1,309	(309)	1,000	3,230
Life CGU	963	322	(204)	117	846
Total	5,193	1,631	(514)	1,117	4,076

(a): Recoverable amount obtained as the difference between the pro-rata value of the CGU and the pro-rata Adjusted Shareholders' equity

(b): Goodwill already included in Adjusted Shareholders' equity, considered in the recoverable amount estimation

<i>Amounts in €m</i> <i>Sensitivity 30/6/2021</i>	Recoverable amount (a)	Allocation of goodwill	Goodwill included in equity per recoverable amount (b)	Goodwill to be tested	Excess
Non-Life CGU	4,798	1,309	(309)	1,000	3,798
Life CGU	986	322	(204)	117	869
Total	5,784	1,631	(513)	1,117	4,667

(a): Recoverable amount obtained as the difference between the pro-rata value of the CGU and the pro-rata Adjusted Shareholders' equity.

(b): Goodwill already included in Adjusted Shareholders' equity, considered in the recoverable amount estimation

(c): The excess indicated provides for a g rate of 1.2%; with a g rate equal to 0% this excess would equal to €3,148m; it should also be noted that the discount rate that would eliminate the excess indicated is equal respectively to 12.71% (with a g rate of 1.2%) and 12.73% (with a g rate of 0%)

3 Notes to the Financial Statements

4.12 Risk Report

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

It is worth noting that, in April 2021, IVASS, following the application for authorisation submitted by Unipol Gruppo SpA, UnipolSai Assicurazioni SpA and Arca Vita SpA, authorised these companies to make modifications relating to the partial internal model for the calculation of Group and individual solvency capital requirements of UnipolSai Assicurazioni SpA and Arca Vita SpA. These changes have been applied to the Group's partial internal model starting with the reports for 30 June 2021.

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

As regards the Internal control and risk management system adopted by the Company, reference is expressly made to paragraph 5.16 of the Notes to the 2020 Integrated Consolidated Financial Statements.

As regards the financial risks at 30 June 2021, the level of sensitivity of the Unipol Group's portfolios of financial assets to the main market risk factors is shown below. Sensitivity is calculated as a variation in the market value of the assets further to the shocks resulting from a:

- parallel change in the interest rate curve of +10 bps;
- 20% change in the share prices;
- +10 bps change in the credit spread.

Insurance Business		
<i>Amounts in €m</i>	Impact on Income Statement	Impact on Statement of financial position
Unipol Group		
Interest rate sensitivity (+10 bps)	27.17	(371.58)
Credit spread sensitivity (+10 bps)	(1.32)	(391.62)
Equity sensitivity (-20%)	(5.16)	(953.42)

Holding and other business		
<i>Amounts in €m</i>	Impact on Income Statement	Impact on Statement of financial position
Unipol Group		
Interest rate sensitivity (+10 bps)	(0.06)	(1.14)
Credit spread sensitivity (+10 bps)	(0.06)	(1.54)
Equity sensitivity (-20%)	(33.37)	(25.95)

The values include the hedging derivatives, including tax effects.

Information relating to exposure to sovereign debt securities

The following table shows details of Sovereign exposures (i.e. bonds issued by central and local governments and by government organisations and loans granted to them) held by the Unipol Group at 30 June 2021.

	Balance at 30 June 2021		
<i>Amounts in €m</i>	Nominal value	Carrying amount	Market value
Italy	22,262.2	24,773.4	25,159.3
Available-for-sale financial assets	20,959.3	23,504.7	23,504.7
Financial assets at fair value through OCI	187.7	200.9	200.9
Financial assets at fair value through profit or loss	2.0	2.1	2.1
Held-to-maturity investments	362.7	351.3	497.0
Loans and receivables	750.5	714.5	954.7
Spain	3,365.5	3,807.1	3,847.3
Available-for-sale financial assets	3,061.0	3,489.8	3,489.8
Financial assets at fair value through profit or loss	20.0	26.6	26.6
Loans and receivables	284.5	290.7	330.9
France	1,327.0	1,330.7	1,330.7
Available-for-sale financial assets	1,327.0	1,330.7	1,330.7
Germany	1,117.8	1,088.5	1,072.1
Available-for-sale financial assets	1,017.8	988.4	988.4
Loans and receivables	100.0	100.1	83.7
Portugal	418.8	521.2	522.1
Available-for-sale financial assets	401.4	508.9	508.9
Loans and receivables	17.4	12.2	13.1
Ireland	304.4	363.5	363.5
Available-for-sale financial assets	304.4	363.5	363.5
Belgium	301.8	304.3	297.7
Available-for-sale financial assets	251.8	250.5	250.5
Loans and receivables	50.0	53.8	47.2
Slovenia	209.1	246.1	246.1
Available-for-sale financial assets	209.1	246.1	246.1
Great Britain	112.1	111.8	111.8
Available-for-sale financial assets	112.1	111.8	111.8
Slovakia	98.1	120.4	120.4
Available-for-sale financial assets	98.1	120.4	120.4
Serbia	93.7	99.9	105.1
Available-for-sale financial assets	31.6	34.9	34.9
Held-to-maturity investments	62.1	64.9	70.1
Israel	83.3	91.0	91.0
Available-for-sale financial assets	83.3	91.0	91.0

3 Notes to the Financial Statements

cont. from previous page

	Balance at 30 June 2021		
<i>Amounts in €m</i>	Nominal value	Carrying amount	Market value
Cyprus	74.5	80.9	80.9
Available-for-sale financial assets	74.5	80.9	80.9
Latvia	48.5	58.7	58.7
Available-for-sale financial assets	48.5	58.7	58.7
Turkey	41.6	37.5	37.5
Available-for-sale financial assets	41.6	37.5	37.5
Mexico	38.5	36.3	36.3
Available-for-sale financial assets	38.5	36.3	36.3
Romania	29.3	30.9	30.9
Available-for-sale financial assets	29.3	30.9	30.9
Chile	21.0	21.3	21.3
Available-for-sale financial assets	21.0	21.3	21.3
Austria	18.0	18.0	18.0
Available-for-sale financial assets	18.0	18.0	18.0
Netherlands	17.3	18.1	18.1
Available-for-sale financial assets	17.3	18.1	18.1
Lithuania	10.0	10.8	10.8
Available-for-sale financial assets	10.0	10.8	10.8
Canada	10.3	10.4	10.4
Available-for-sale financial assets	10.3	10.4	10.4
USA	8.2	8.6	8.6
Available-for-sale financial assets	8.2	8.6	8.6
Poland	8.1	8.8	8.8
Available-for-sale financial assets	8.1	8.8	8.8
Croatia	5.0	5.2	5.2
Available-for-sale financial assets	5.0	5.2	5.2
Finland	5.0	5.1	5.1
Available-for-sale financial assets	5.0	5.1	5.1
Iceland	3.5	3.5	3.5
Available-for-sale financial assets	3.5	3.5	3.5
Swiss	0.5	0.5	0.5
Available-for-sale financial assets	0.5	0.5	0.5
TOTAL	30,033.0	33,212.4	33,621.6

The carrying amount of the sovereign exposures represented by debt securities at 30 June 2021 totalled €33,212.4m, 75% of which is concentrated on securities issued by the Italian State (73% at 31/12/2020). Moreover, the bonds issued by the Italian State account for 40% of total investments of the Unipol Group, down 1% compared to 31 December 2020.

Bologna, 5 August 2021

The Board of Director

4. Tables appended to the Notes to the Financial Statements

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
				100.00%
100.00%		100.00%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	98.99% UnipolSai Assicurazioni SpA	84.10%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UniSalute SpA	84.10%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
61.05%		84.95%		100.00%
	9.90% Unipol Finance Srl			
	0.00% UniSalute SpA			
	4.13% Unipol Investment SpA			
	0.00% Arca Vita SpA			
	0.00% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni			
	0.00% UnipolSai Servizi Consortili Societa' Consortile a Responsabilità Limitata in Liquidazione			
	0.00% UnipolAssistance Scrl			
	0.00% Leithà Srl			
	0.00% UnipolRental SpA			
	9.90% UnipolPart I SpA			
100.00%		100.00%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	63.39% UnipolSai Assicurazioni SpA	53.85%		100.00%
	98.12% Arca Vita SpA	52.84%		100.00%
	100.00% Arca Vita SpA	53.85%		100.00%
	100.00% Arca Vita SpA	53.85%		100.00%
	60.22% Arca Vita SpA	53.45%		100.00%
	39.78% Arca Assicurazioni SpA			
	77.03% Arca Vita SpA	53.68%		100.00%
	16.97% Arca Assicurazioni SpA			
	5.00% Arca Vita International Dac			
	1.00% Arca Inlinea Scarl			
	50.00% UnipolSai Assicurazioni SpA	42.48%		100.00%
	51.00% UnipolSai Assicurazioni SpA	43.33%		100.00%
	94.69% UnipolSai Assicurazioni SpA	80.44%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	0.00% Ddor Novi Sad	84.95%		100.00%
	100.00% UnipolRe Dac			
	100.00% UnipolSai Nederland Bv	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	36.15% UnipolSai Finance SpA	84.95%		100.00%
	63.85% UnipolSai Assicurazioni SpA			
51.00%		92.63%		100.00%
	49.00% UnipolSai Assicurazioni SpA			
	70.00% UnipolService SpA	59.47%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% Casa di Cura Villa Donatello - SpA	84.95%		100.00%
0.02%		84.87%		100.00%
	0.20% UniSalute SpA			
	0.20% Compagnia Assicuratrice Linear SpA			
	99.17% UnipolSai Assicurazioni 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			
	0.02% UnipolService SpA			
	0.02% UnipolAssistance Scarl			
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	0.25% UniSalute SpA	84.86%		100.00%
	3.00% Compagnia Assicuratrice Linear SpA			
	95.65% UnipolSai Assicurazioni SpA			
	0.10% Arca Assicurazioni SpA			
	0.15% Incontra Assicurazioni SpA			
	UnipolSai Servizi Consortili Societa' Consortile a Responsabilita Limitata in Liquidazione			
	0.10%			
	0.25% UnipolTech SpA			
	0.50% UnipolRental SpA			
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	99.57% Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	84.59%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	89.59% UnipolSai Assicurazioni SpA	76.11%		100.00%

4 Tables appended to the Notes to the Financial Statements

Consolidation scope

Name	Country of registered office	Registered office	Country of operations (5)	Method (1)	Business activity (2)
UnipolTech SpA	086 Italy	Bologna		G	11
Leithà Srl	086 Italy	Bologna		G	11
UniAssiTeam Srl	086 Italy	Bologna		G	11
Unipol Reoco SpA	086 Italy	Bologna		G	11
Fondo Emporion	086 Italy			G	10
UnipolReC SpA	086 Italy	Bologna		G	11
Fondo Landev	086 Italy			G	10
UnipolRental SpA	086 Italy	Reggio Emilia		G	11
Immobiliare C.S. Srl	086 Italy	Reggio Emilia		G	10
UnipolPart I SpA	086 Italy	Bologna		G	9
Unica Lab Srl	086 Italy	Bologna		G	11
Fondo Oikos	086 Italy			G	10
Cambiomarcia Srl	086 Italy	Bologna		G	11
MNNTN SpA	086 Italy	Bologna		G	11

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

(2) 1=Italian insurers; 2=EU insurers; 3=non-EU insurers; 4=insurance holdings; 4.1=mixed financial holding companies; 5=EU reinsurers; 6=non-EU reinsurers; 7=banks; 8=asset management companies; 9=other holdings; 10=real estate companies; 11=other.

(3) The product of investment relations concerning all companies which, positioned in an investment chain, may be between the company responsible for the consolidated financial statements and the company in question. If the latter is a direct investee of multiple subsidiaries, add together the individual products first.

(4) Total % availability of votes at ordinary general meetings if different from the direct or indirect investment.

(5) This disclosure is required only if the country of operations is different from the country of the registered office.

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	65.00% UnipolSai Finance SpA	55.22%		100.00%
	100.00% UnipolReC SpA	97.78%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
85.24%		97.78%		100.00%
	14.76% UnipolSai Assicurazioni SpA			
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolRental SpA	84.95%		100.00%
100.00%		100.00%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%
	100.00% UnipolSai Assicurazioni SpA	84.95%		100.00%

4 Tables appended to the Notes to the Financial Statements

Consolidation scope: interests in entities with material non-controlling interests

Amounts in €m

Name	% non-controlling interests	% Votes available at Ordinary General Meetings to non-controlling interests	Consolidated profit (loss) attributable to non-controlling interests	Shareholders' Equity attributable to non-controlling interests
UnipolSai Assicurazioni SpA	15.05%		77.3	1,267.5

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 Azioninova SpA	086 Italy	Bologna		11
Garibaldi Sca	092 Luxembourg	Luxembourg		11
Isola Sca	092 Luxembourg	Luxembourg		11
Fin.Priv. Srl	086 Italy	Milan		11
Ddor Auto - Limited Liability Company	289 Serbia	Novi Sad (Serbia)		3
Funivie del Piccolo San Bernardo SpA	086 Italy	La Thuile (AO)		11
Ddor Garant	289 Serbia	Belgrad (Serbia)		11
Borsetto Srl	086 Italy	Turin		10
Golf Club Poggio dei Medici SpA Societa' Dilettantistica Sportiva	086 Italy	San Piero (FI)		11
BPER Banca SpA	086 Italy	Modena		7
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=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.

(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
59,974.3	53,003.1	43,636.9	4,357.3	8,427.0	1,936.6	80.9	4,669.9

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	39.73%		2.3
b		45.00% UnipolSai Finance SpA	38.23%		5.6
a		100.00% UnipolSai Assicurazioni SpA	84.95%		0.3
b		0.0002% Compagnia Assicuratrice Linear SpA	32.40%		0.2
		38.05% UnipolSai Assicurazioni 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	36.41%		2.8
b		32.00% UnipolSai Assicurazioni SpA	27.18%		3.0
b		29.56% UnipolSai Assicurazioni SpA	25.11%		
b		28.57% UnipolSai Assicurazioni SpA	24.27%		40.4
a		100.00% Ddor Novi Sad	84.95%		0.0
b		23.55% UnipolSai Assicurazioni SpA	20.01%		2.5
b		32.46% Ddor Novi Sad	33.98%		0.6
		7.54% Ddor Re			
b		44.93% UnipolSai Assicurazioni SpA	38.17%		0.5
b		40.32% Athens R.E. Fund	30.70%		0.9
b	9.56%		18.90%		1,212.4
		9.34% UnipolSai Assicurazioni SpA			
b		49.19% UnipolSai Finance SpA	41.79%		9.2
b		49.00% UnipolSai Assicurazioni SpA	41.63%		
b		43.75% UnipolSai Finance SpA	37.17%		7.8
b		50.00% UnipolSai Finance SpA	42.48%		7.0
b		50.00% UnipolSai Finance SpA	42.48%		6.2
b		49.92% UnipolSai Finance SpA	42.41%		5.0

4 Tables appended to the Notes to the Financial Statements

Statement of financial position by business segment

	Non-Life business		Life business	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
	<i>Amounts in €m</i>			
1 INTANGIBLE ASSETS	1,635.2	1,634.7	382.4	388.8
2 PROPERTY, PLANT AND EQUIPMENT	1,572.7	1,527.7	73.9	73.3
3 TECHNICAL PROVISIONS - REINSURERS' SHARE	838.7	808.3	30.8	27.1
4 INVESTMENTS	15,707.2	15,680.8	48,849.3	49,265.7
4.1 Investment property	434.3	437.3	4.2	4.3
4.2 Investments in subsidiaries, associates and interests in joint ventures	643.8	563.5	3.0	3.1
4.3 Held-to-maturity investments	46.8	50.8	369.4	370.0
4.4 Loans and receivables	2,520.4	2,703.4	2,672.5	2,536.0
4.4bis Financial assets at amortised cost				
4.5 Available-for-sale financial assets	11,871.1	11,767.1	37,835.1	39,075.9
4.5bis Available-for-sale financial assets				
4.6 Financial assets at fair value through OCI	190.7	158.6	7,965.1	7,276.4
5 SUNDRY RECEIVABLES	1,918.5	2,506.2	694.9	674.8
6 OTHER ASSETS	784.2	743.6	79.4	88.9
6.1 Deferred acquisition costs	46.0	38.8	61.9	60.3
6.2 Other assets	738.2	704.8	17.5	28.6
7 CASH AND CASH EQUIVALENTS	432.5	334.5	633.0	267.8
TOTAL ASSETS	22,888.9	23,235.8	50,743.7	50,786.3
1 SHAREHOLDERS' EQUITY				
2 PROVISIONS	378.7	403.2	13.0	14.6
3 TECHNICAL PROVISIONS	14,405.1	14,387.8	42,731.4	43,319.2
4 FINANCIAL LIABILITIES	1,481.9	1,946.9	5,572.3	5,082.4
4.1 Financial liabilities at fair value through profit or loss	88.1	129.1	4,892.9	4,250.2
4.2 Financial liabilities at amortised cost	1,393.7	1,817.8	679.4	832.2
5 PAYABLES	952.9	874.4	88.5	117.4
6 OTHER LIABILITIES	703.0	771.3	520.5	415.8
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020	30/06/2021	31/12/2020
13.8	15.4	0.0	0.0			2,031.3	2,038.9
202.7	164.9	604.9	599.8			2,454.2	2,365.7
						869.5	835.3
2,129.6	2,899.5	1,736.9	1,765.0	(776.2)	(967.3)	67,646.8	68,643.6
25.2	32.8	1,638.3	1,701.6			2,102.0	2,176.0
659.1	586.2	0.9	0.9			1,306.8	1,153.7
						416.2	420.8
449.3	211.7	48.6	28.7	(776.2)	(960.5)	4,914.6	4,519.3
392.5	422.7					392.5	422.7
29.3	29.4	49.1	33.9		(6.8)	49,784.6	50,899.5
389.1	1,601.4					389.1	1,601.4
185.1	15.2					8,340.9	7,450.2
251.8	237.3	36.8	20.6	(256.7)	(198.0)	2,645.4	3,241.0
373.8	400.7	180.1	138.6	(169.4)	(184.6)	1,248.1	1,187.2
						107.9	99.2
373.8	400.7	180.1	138.6	(169.4)	(184.6)	1,140.2	1,088.0
1,131.6	466.1	19.2	26.3			2,216.2	1,094.8
4,103.3	4,183.9	2,577.9	2,550.3	(1,202.3)	(1,349.9)	79,111.6	79,406.5
						9,954.9	9,525.3
57.5	56.9	4.9	4.8			454.1	479.6
						57,136.5	57,707.0
2,988.2	3,460.3	204.7	207.4	(776.2)	(966.9)	9,470.8	9,730.2
0.2						4,981.2	4,379.3
2,988.0	3,460.3	204.7	207.4	(776.2)	(966.9)	4,489.6	5,350.8
155.1	79.8	48.4	41.5	(256.6)	(195.1)	988.4	918.1
37.9	32.9	14.8	14.3	(169.5)	(187.9)	1,106.8	1,046.3
						79,111.6	79,406.5

4 Tables appended to the Notes to the Financial Statements

Income statement by business segment

	Non-Life business		Life business	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	<i>Amounts in €m</i>			
1.1 Net premiums	3,848.9	3,755.8	2,001.9	1,919.8
1.1.1 Gross premiums earned	4,062.1	3,974.4	2,015.5	1,931.6
1.1.2 Earned premiums ceded to reinsurers	(213.2)	(218.5)	(13.6)	(11.8)
1.2 Commission income	3.3	1.5	19.0	15.3
1.3 Gains and losses on financial instruments at fair value through profit or loss	179.7	(242.4)	10.5	(48.2)
1.4 Gains on investments in subsidiaries, associates and interests in joint ventures	68.4	10.9		5.5
1.5 Gains on other financial instruments and investment property	362.2	528.4	604.4	743.7
1.6 Other revenue	372.1	343.9	32.2	22.9
TOTAL REVENUE AND INCOME	4,834.7	4,398.1	2,668.0	2,658.9
2.1 Net charges relating to claims	(2,410.5)	(1,960.5)	(2,314.1)	(2,255.2)
2.1.1 Amounts paid and changes in technical provisions	(2,481.6)	(2,040.0)	(2,324.9)	(2,265.4)
2.1.2 Reinsurers' share	71.1	79.6	10.8	10.2
2.2 Commission expenses	(3.8)	(2.6)	(9.4)	(7.0)
2.3 Losses on investments in subsidiaries, associates and interests in joint ventures	(0.1)	(0.1)	(0.2)	(0.2)
2.4 Losses on other financial instruments and investment property	(258.3)	(125.5)	(36.8)	(199.1)
2.5 Operating expenses	(1,083.3)	(1,060.4)	(128.5)	(111.1)
2.6 Other costs	(461.1)	(439.4)	(67.6)	(72.3)
2 TOTAL COSTS AND EXPENSES	(4,217.1)	(3,588.4)	(2,556.5)	(2,644.9)
PRE-TAX PROFIT (LOSS) FOR THE YEAR	617.6	809.7	111.5	14.1

Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
30/06/2021	30/06/2020	30/06/2021	30/06/2020	30/06/2021	30/06/2020	30/06/2021	30/06/2020
						5,850.8	5,675.7
						6,077.6	5,906.0
						(226.8)	(230.3)
7.3	3.4			(7.4)	(3.4)	22.3	16.7
23.7	(9.2)				0.0	213.9	(299.9)
73.3	13.1					141.7	29.5
35.5	36.8	34.4	15.2	(14.8)	(12.9)	1,021.7	1,311.2
66.8	58.9	27.7	21.3	(39.1)	(35.0)	459.7	412.0
206.6	103.0	62.1	36.4	(61.2)	(51.3)	7,710.1	7,145.2
						(4,724.6)	(4,215.7)
						(4,806.5)	(4,305.5)
						82.0	89.8
(0.5)	(0.3)	(0.0)	(0.0)			(13.7)	(9.9)
(0.1)	(0.0)		(10.4)			(0.4)	(10.7)
(66.2)	(62.2)	(38.6)	(13.1)	6.7	6.2	(393.2)	(393.7)
(86.8)	(74.2)	(16.5)	(10.7)	10.7	11.3	(1,304.4)	(1,245.2)
(28.1)	(26.8)	(17.9)	(12.1)	43.8	33.8	(530.9)	(516.7)
(181.7)	(163.5)	(73.0)	(46.4)	61.2	51.3	(6,967.1)	(6,391.9)
24.9	(60.5)	(10.9)	(10.0)		(0.0)	743.0	753.3

4 Tables appended to the Notes to the Financial Statements

Details of technical insurance items

	30/06/2021	30/06/2020
<i>Amounts in €m</i>	Net amount	Net amount
Non-Life business		
NET PREMIUMS	3,848.9	3,755.8
a Written premiums	3,847.1	3,813.4
b Change in premium provision	1.7	(57.6)
NET CHARGES RELATING TO CLAIMS	(2,410.5)	(1,960.5)
a Amounts paid	(2,499.2)	(2,376.4)
b Change in claims provision	22.8	360.6
c Change in recoveries	66.9	56.3
d Change in other technical provisions	(1.0)	(0.9)
Life business		
NET PREMIUMS	2,001.9	1,919.8
NET CHARGES RELATING TO CLAIMS	(2,314.1)	(2,255.2)
a Amounts paid	(1,721.4)	(2,451.2)
b Change in provision for amounts payable	232.9	25.6
c Change in mathematical provisions	(710.8)	(717.3)
d Change in technical provisions where the investment risk is borne by policyholders and arising from pension fund management	(124.4)	913.6
e Change in other technical provisions	9.6	(25.9)

Investment income and charges

	Interests	Other income	Other charges	Realised gains	Realised losses
<i>Amounts in €m</i>					
Balance on investments	714.9	290.4	(103.1)	248.8	(131.0)
a Arising from investment property		34.3	(12.7)	72.0	(0.1)
b Arising from investments in subsidiaries, associates and interests in joint ventures		141.7	(0.3)		(0.1)
c Arising from held-to-maturity investments	9.1		(0.0)		
d Arising from loans and receivables	62.7		(0.0)	0.0	(0.0)
e Arising from financial assets at amortised cost	9.4			14.8	(3.9)
f Arising from available-for-sale financial assets	606.0	63.7	(1.4)	120.1	(66.4)
g Arising from financial assets at fair value through OCI	3.4	3.0	(0.1)	0.6	(0.5)
h Arising from held-for-trading financial assets	1.8	35.3	(49.8)	0.4	(41.5)
i Arising from financial assets at fair value through profit or loss	22.0	12.1	(38.7)	24.7	(17.2)
l Arising from financial assets mandatorily at fair value	0.4	0.3	(0.0)	16.2	(1.4)
Balance on sundry receivables	1.1				
Balance on cash and cash equivalents	0.4		(0.0)		
Balance on financial liabilities	(81.8)	0.0	(94.0)		
a Arising from held-for-trading financial liabilities					
b Arising from financial liabilities at fair value		0.0	(90.0)		
c Arising from financial liabilities at amortised cost	(81.8)		(4.1)		
Balance on payables	(0.9)		(0.1)		
Total	633.8	290.4	(197.2)	248.8	(131.0)

Total realised gains and losses	Unrealised gains		Unrealised losses		Total unrealised gains and losses	Total gains and losses 30/06/2021	Total gains and losses 30/06/2020
	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment			
1,020.0	496.5	0.0	(251.0)	(27.1)	218.3	1,238.4	627.6
93.5			(21.5)	(11.0)	(32.5)	60.9	14.9
141.3						141.3	18.8
9.1						9.1	9.2
62.7		0.0			0.0	62.7	50.0
20.3				(11.7)	(11.7)	8.6	12.6
722.1	19.3		(170.2)	(4.4)	(155.2)	566.9	910.3
6.4	0.5			(0.0)	0.4	6.9	5.9
(53.8)	204.6		(4.5)		200.1	146.3	(266.2)
3.0	263.7		(54.7)		209.0	212.0	(118.7)
15.5	8.4		(0.2)		8.2	23.7	(9.3)
1.1						1.1	1.0
0.4						0.4	0.6
(175.8)	1.2		(80.6)		(79.4)	(255.2)	7.9
							(0.4)
(89.9)			(78.2)		(78.2)	(168.1)	94.7
(85.9)	1.2		(2.4)		(1.2)	(87.1)	(86.4)
(1.0)						(1.0)	(0.7)
844.8	497.6	0.0	(331.6)	(27.1)	138.9	983.8	636.5

4 Tables appended to the Notes to the Financial Statements

Details of insurance business expenses

	Non-Life business		Life business	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
<i>Amounts in €m</i>				
Gross commissions and other acquisition costs	(848.1)	(837.2)	(59.9)	(47.2)
Investment management expenses	(24.0)	(30.2)	(23.9)	(23.5)
Other administrative expenses	(211.3)	(192.9)	(44.7)	(40.4)
Total	(1,083.3)	(1,060.4)	(128.5)	(111.1)

Details of other consolidated comprehensive income statement

	Amounts allocated		Adjustments from reclassification to profit or loss	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
<i>Amounts in €m</i>				
Other income items not reclassified to profit or loss	23.9	(51.1)		
Reserve deriving from changes in the shareholders' equity of the investees	24.4	(14.0)		
Revaluation reserve for intangible assets				
Revaluation reserve for property, plant and equipment				
Gains and losses on non-current assets or assets of a disposal group held for sale				
Actuarial gains and losses and adjustments relating to defined benefit plans	(2.3)	(2.2)		
Gains or losses on equity instruments at fair value through OCI	3.0	(35.0)		
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss				
Other items	(1.2)			
Other income items reclassified to profit or loss	(303.6)	(373.4)	396.6	(256.7)
Reserve for foreign currency translation differences	(0.0)	0.3		
Gains or losses on available-for-sale financial assets	(296.9)	(389.4)	396.9	(256.7)
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	2.0	3.9	(0.3)	0.0
Gains or losses on cash flow hedges	(15.5)	19.6		
Gains or losses on hedges of a net investment in foreign operations				
Reserve deriving from changes in the shareholders' equity of the investees	6.8	(7.8)		
Gains and losses on non-current assets or of a disposal group held for sale				
Other items				
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)	(279.7)	(424.6)	396.6	(256.7)

Other changes		Total changes		Income taxes		Balance	
30/06/2021	30/06/2020	30/06/2021	30/06/2020	30/06/2021	30/06/2020	30/06/2021	31/12/2020
		23.9	(51.1)	(0.2)	5.1	(64.6)	(88.5)
		24.4	(14.0)	(0.0)	0.0	28.1	3.7
		(2.3)	(2.2)	0.8	0.8	(38.0)	(35.7)
		3.0	(35.0)	(1.0)	4.2	(54.8)	(57.8)
		(1.2)				0.1	1.3
		92.9	(630.1)	(41.2)	277.9	1,543.8	1,450.9
		(0.0)	0.3			4.0	4.0
		100.0	(646.1)	(47.6)	287.9	1,502.3	1,402.3
		1.7	3.9	(0.5)	(1.2)	12.5	10.8
		(15.5)	19.6	6.9	(8.7)	0.5	16.0
		6.8	(7.8)			24.5	17.7
		116.8	(681.2)	(41.4)	283.0	1,479.2	1,362.4

4 Tables appended to the Notes to the Financial Statements

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

Categories of financial assets subject to reclassification		Type of asset	Date of reclassification (*)	Amount of assets reclassified during the year at the reclassification date	Carrying amount at 30/06/2021 of reclassified assets		Fair value at 30/06/2021 of reclassified assets	
from	to	Assets reclassified during the year			Assets reclassified up to 30/06/2021	Assets reclassified during the year	Assets reclassified up to 30/06/2021	
At FV through profit or loss	Loans and receivables	debt securities			75.6		76.4	
At FV through profit or loss	Loans and receivables	other fin. instr.						
Available-for-sale	Loans and receivables	debt securities			41.2		46.7	
Available-for-sale	Loans and receivables	other fin. instr.						
At FV through profit or loss	Available-for-sale	equity instruments						
At FV through profit or loss	Available-for-sale	debt securities						
At FV through profit or loss	Available-for-sale	other fin. instr.						
At FV through profit or loss	Held-to-maturity investments	debt securities						
At FV through profit or loss	Held-to-maturity investments	other fin. instr.						
Available-for-sale	Held-to-maturity investments	debt securities						
Available-for-sale	Held-to-maturity investments	other fin. instr.						
Total					116.9		123.1	

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

Assets reclassified during the year		Assets reclassified up to 30/06/2021		Assets reclassified during the year		Assets reclassified up to 30/06/2021	
Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in the statement of other comprehensive income if there had been no reclassification	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in the statement of other comprehensive income if there had been no reclassification
						(0.1)	
							0.1
						(0.1)	0.1

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

Statement on the Consolidated Financial Statements



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

1. The undersigned, Carlo Cimbri, as Chief Executive Officer, and Maurizio Castellina, as Manager in charge of financial reporting of Unipol Gruppo S.p.A., hereby certify, also taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
 - 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 condensed consolidated half-yearly financial statements for the first half of 2021.
2. The assessment of the adequacy of the administrative and accounting procedures for preparing the condensed consolidated half-yearly financial statements at 30 June 2021 is based on a process defined by Unipol Gruppo S.p.A., inspired by the COSO Framework (Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organisations of the Treadway Commission), internationally recognised as the reference standards for the implementation and evaluation of internal control systems.
3. It is also certified that:
 - 3.1. the condensed consolidated half-yearly financial statements at 30 June 2021:
 - were drafted in compliance with the IAS/IFRS International Accounting Standards adopted by the European Union in accordance with EC Regulation no. 1606/2002, and Italian Legislative Decree no. 38/2005, Italian Legislative Decree no. 209/2005 and the applicable IVASS provisions, regulations and circulars;
 - correspond to the book results and accounting records;
 - are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer and of the consolidated companies;
 - 3.2. the interim Management Report includes a reliable analysis of the references to the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim Management Report also includes a reliable analysis of the information on relevant transactions with related parties.

Bologna, 5 August 2021

The Manager in charge
of financial reporting
Maurizio Castellina

(signed on the original)

The Chief Executive Officer and Group CEO
Carlo Cimbri

Unipol Gruppo S.p.A.

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Capogruppo del Gruppo Assicurativo Unipol iscritto all'Albo delle società capogruppo al n. 046
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6. Independent Auditors' Report

6 Independent Auditors' Report



Building a better
working world

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Review report on the condensed consolidated half-yearly financial statements

(Translation from the original Italian text)

To the Shareholders of
Unipol Gruppo S.p.A.

Introduction

We have reviewed the condensed consolidated half-yearly financial statements, comprising the statement of financial position, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes of Unipol Gruppo S.p.A. and its subsidiaries (the Unipol Group) as of June 30, 2021. The Directors of Unipol Gruppo S.p.A. are responsible for the preparation of the condensed consolidated half-yearly financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated half-yearly financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of condensed consolidated half-yearly financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated half-yearly financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half-yearly financial statements of Unipol Group as of June 30, 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, August 10, 2021

EY S.p.A.
Signed by: Paolo Ancona, Auditor

This report has been translated into the English language solely for the convenience of international readers

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A member firm of Ernst & Young Global Limited

Unipol Gruppo S.p.A.

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

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

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