

**Consolidated interim financial report
at 30 june 2019**





UnipolSai Assicurazioni

**Consolidated Interim
Financial Report
at 30 June 2019**

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

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Company bodies

BOARD OF DIRECTORS	CHAIRMAN	Carlo Cimbri
	VICE CHAIMEN	Fabio Cerchiai Pierluigi Stefanini
	DIRECTORS	Francesco Berardini Fabrizio Chiodini Lorenzo Cottignoli Ernesto Dalle Rive Cristina De Benetti Massimo Masotti Maria Rosaria Maugeri Maria Lillà Montagnani
	SECRETARY OF THE BOARD OF DIRECTORS	Alessandro Nerdì
GENERAL MANAGER		Matteo Laterza
BOARD OF STATUTORY AUDITORS	CHAIRMAN	Paolo Fumagalli
	STATUTORY AUDITORS	Giuseppe Angiolini Silvia Bocci
	ALTERNATE AUDITORS	Domenico Livio Trombone Luciana Ravicini Sara Fornasiero
MANAGER IN CHARGE OF FINANCIAL REPORTING		Maurizio Castellina
INDEPENDENT AUDITORS		PricewaterhouseCoopers SpA

Board of Directors and Board of Statutory Auditors appointed by the Shareholders' Meeting on 17 April 2019

Introduction

Macroeconomic background and market performance

Macroeconomic background

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

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

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

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

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

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

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

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

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

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

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

Financial markets

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

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

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

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

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

Insurance sector

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

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

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

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

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

Banking sector

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

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

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

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

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

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

Real Estate market

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

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

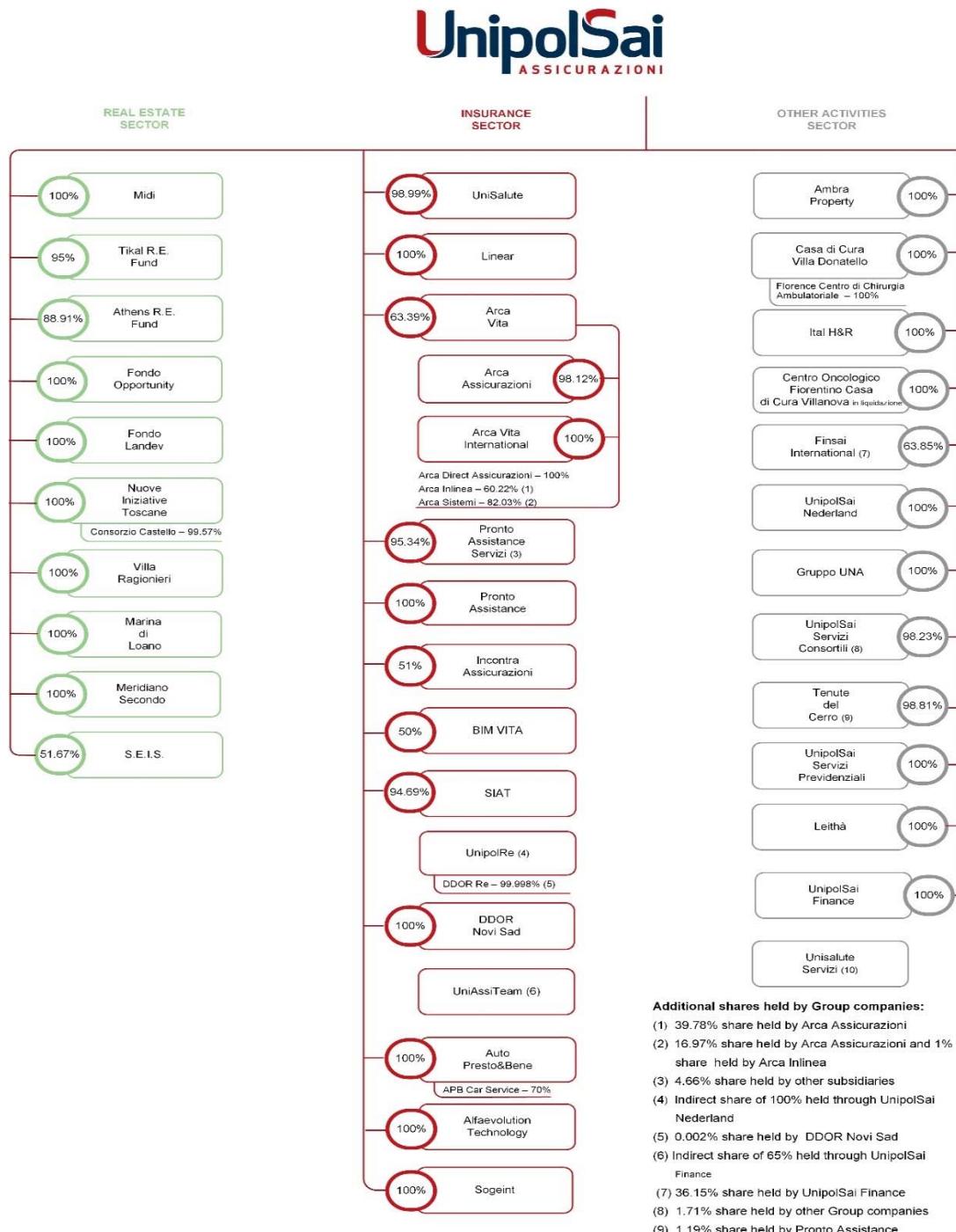
The index of home prices in the 13 largest cities provided by Nomisma shows that the price cycle continues the 22 consecutive half-year negative growth rate, with a cumulative 12.5% write-down. In the second six months of 2018, the prices were down by 1%. In the first six months of 2019, a reversal of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

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

Consolidation Scope at 30 June 2019

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

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



1. Management Report

Group highlights

	Amounts in €m	30/6/2019	30/6/2018	31/12/2018
Non-Life direct insurance premiums	4,109	3,946	7,892	
% variation	4.1	7.4	7.3	
% variation on a like-for-like basis	26			
Life direct insurance premiums	3,185	1,681	3,826	
% variation	89.5	(12.9)	3.1	
% variation on a like-for-like basis	48.4			
of which Life investment products	162	137	358	
% variation	18.2	17.9	37.3	
% variation on a like-for-like basis	(43.4)			
Direct insurance premiums	7,294	5,627	11,718	
% variation	29.6	0.4	5.9	
% variation on a like-for-like basis	18.5			
Net gains on financial instruments (*)	811	1,122	1,924	
% variation	(27.8)	37.0	22.7	
% variation on a like-for-like basis (normalised figures)	(7.9)			
Consolidated profit (loss)	377	647	948	
% variation	(41.7)	129.3	76.5	
% variation on a like-for-like basis (normalised figures)	7.4			
Balance on the statement of comprehensive income	1,014	72	90	
% variation	n.s.	(74.0)	(87.2)	
Investments and cash and cash equivalents	64,232	51,551	59,718	
% variation	76	(0.8)	14.9	
Technical provisions	55,902	45,074	53,223	
% variation	5.0	(1.5)	16.3	
Financial liabilities	5,567	4,027	5,253	
% variation	6.0	9.9	43.4	
Non-current assets or assets of a disposal group held for sale	139	138	537	
Liabilities associated with disposal groups held for sale	3		3	
Shareholders' Equity attributable to the owners of the Parent	6,039	5,539	5,448	
% variation	10.9	(5.6)	(7.2)	
UnipolSai Assicurazioni SpA Solvency II ratio - Partial Internal Model	264%	252%	253%	
No. Staff	12,391	11,960	11,935	

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

To facilitate the comparative analysis with the same period of the previous year, like-for-like figures are also provided, which are restated based on the consolidation scope at 30 June 2019. Therefore, compared to the final data for the first half of 2018, the amounts contributed by Popolare Vita and The Lawrence Life were excluded, the result from the measurement of Unipol Banca at equity was excluded and the data referring to the Arca Group, acquired by UnipolSai in the third quarter of 2018, were included. In addition, when deemed necessary for a better representation of current operating performance, comparisons were made by normalising the profit (loss) for the first half of 2018 with the exclusion of the effects of the capital gain from the sale of Popolare Vita.

Alternative performance indicators¹

	classes	30/6/2019	30/6/2018	30/6/2018 on a like-for-like basis	31/12/2018
Loss ratio - direct business (including OTI ratio)	Non-Life	65.8%	66.7%	66.2%	67.4%
Expense ratio (calculated on written premiums) - direct business	Non-Life	27.4%	26.7%	26.8%	27.2%
Combined ratio - direct business (including OTI ratio)	Non-Life	93.2%	93.3%	93.0%	94.6%
Loss ratio - net of reinsurance	Non-Life	66.7%	68.2%	67.8%	67.0%
Expense ratio (calculated on earned premiums) - net of reinsurance	Non-Life	27.9%	27.2%	27.3%	27.3%
Combined ratio - net of reinsurance (*)	Non-Life	94.6%	95.4%	95.1%	94.3%
Premium retention ratio	Non-Life	94.0%	94.4%		95.1%
Premium retention ratio	Life	99.6%	99.8%		99.8%
Premium retention ratio	Total	96.3%	95.8%		96.5%
Group pro-rata APE (amounts in €m) (**)	Life	322	199	236	491
Expense ratio - direct business	Life	3.4%	5.6%		5.3%

(*) with expense ratio calculated on earned premiums

(**) the figure at 30/6/2018 was calculated excluding the values contributed by Popolare Vita and The Lawrence Life

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

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

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

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

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

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

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

1 Management Report

Management Report

Information on significant events during the first six months

Exercise of the put option on Unipol Banca and UnipolReC

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

On 14 February 2019, UnipolSai notified Unipol of its exercise of the option right; the transfer of the shares was completed on 1 March 2019 against payment by Unipol of a total consideration of €579.1m, calculated on the basis of the option contract. Following the exercise of the put option the direct investment held by Unipol in Unipol Banca and in UnipolReC reached 85.24% of the respective share capital. The remaining shares of these companies were retained by UnipolSai (14.76% of the respective share capital).

UnipolSai also granted to Unipol, within the scope of the afore-mentioned put option, a 5-year loan of €300m, also repayable early, at an interest rate of the 3-month Euribor plus a spread of 260 basis points. For UnipolSai, the granting of the afore-mentioned loan represents a form of investment of liquid assets that meets the investment principles compliant with the adopted policy for medium-long term investments as well as the risk profile. The loan was disbursed on 1 March 2019.

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

The Board of Directors of UnipolSai, at the meeting of 7 February 2019, has approved the sale to BPER Banca of the entire equity investment held by the same in Unipol Banca, corresponding – in consideration of the exercise of the put option – to 14.76% of the share capital. The sale to BPER Banca of the remaining shares of the capital of Unipol Banca, held by Unipol, was approved, on the same date, by the Board of Directors of the latter. The total consideration for the sale to BPER Banca of the entire share capital of Unipol Banca, to be paid in cash, amounted to €220m; therefore, the portion pertaining to UnipolSai amounted to about €32.5m.

Jointly with the afore-described sale, the Boards of Directors of UnipolSai and Unipol have approved, within the area of their respective competence, also the purchase from the BPER Group, by UnipolReC – a subsidiary of Unipol, of which UnipolSai holds, in consideration of the exercise of the afore-mentioned put option, 14.76% of the share capital – of two separate portfolios composed of bad and doubtful loans, one belonging to BPER Banca and one to Banco di Sardegna, for a gross book value of €1.3bn, against a cash payment of €130m, equal to 10% of the gross value of the Portfolio (the "Purchase of the Portfolio" and jointly with the Unipol Banca Disposal, the "Transaction").

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

Following the above-mentioned Board Meetings, the parties signed the agreements that regulate the Transaction, which were finalised effective on 31 July 2019, following the fulfilment of all conditions precedent, first and foremost regulatory in nature as well as relating to obtaining authorisations, as set forth in the contract.

MISSION EVOLVE - *Always one step ahead*: the new 2019-2021 Strategic Plan

On 9 May, the Board of Directors of UnipolSai SpA approved the 2019-2021 Strategic Plan "MISSION EVOLVE - *Always one step ahead*". The Strategic Plan aims to reinforce the leadership of UnipolSai over the next three years, laying the foundations to confirm its primacy even beyond the horizon of the Plan.

The new Plan responds to a scenario of profound change in the insurance market as concerns customer expectations, the technological and digital evolution, new competitors and regulatory developments.

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

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

By leveraging its distinctive assets, the "MISSION EVOLVE - *Always one step ahead*" Plan rests on six strategic pillars:

- evolution of technical excellence, setting the objective of achieving a Non-Life combined ratio of 93%. In the Life segment, the goal is to overcome the traditional product-based approach by evolving the offer towards an integrated life and welfare vision;
- evolution of distribution excellence, with the aim of reaching premiums at consolidated level of €8.7bn in Non-Life and €5.0bn in Life by 2021, confirming the centrality of the top agency network in Italy and positioning itself distinctively within the path of development of bancassurance and partnerships;
- beyond insurance, characterised as a point of reference for customer needs in the ecosystems of Mobility (with the launch of new solutions such as long-term rentals and the online used vehicle platform), Welfare (with telemedicine) and Property (by calling for an evolution in the integration between insurance, home automation and assistance), offering integrated solutions;
- people and technology, accelerating the path of evolution by development process by complementing the staff professionalism with new digital skills and the use of technology and automation to simplify the operating model;
- shared value and sustainable development, contributing to reaching the sustainable development goals of the UN Agenda 2030.

Fitch raised UnipolSai's rating to "BBB+"

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

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

Mergers and spin-offs within the Group

In June 2019 the Boards of Directors of UnipolSai and the subsidiaries concerned, insofar as they were respectively responsible, approved the following mergers and spin-offs (the "Transactions") involving UnipolSai and its wholly-owned subsidiaries:

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

The Transactions are expected to be completed by the end of this year, subject to obtaining the necessary authorisations from IVASS and the resulting resolutions of the competent corporate bodies.

The Transactions are part of a project for streamlining and simplifying the structure of the Unipol Group which aims to:

- simplify and further boost the efficiency of the industrial management and administrative, capital and financial organisation of the companies within the Group, eliminating duplications of structures and skills, today placed in companies or company complexes for which the prerequisites for autonomous management and/or income generating capacity have progressively stopped being met;
- concentrate within UnipolSai, or under its direct control, corporate assets or structures functional to pursuing the strategic objectives set forth in the 2019-2021 Business Plan.

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

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

1 Management Report

Operating performance

UnipolSai closed the first half of 2019 with a normalised **consolidated net profit** of €377m, up significantly compared to the normalised result on a like-for-like basis of the same period of the previous year, amounting to €351m. This last value was determined by clearing the result from the first half of 2018, of €647m, of the capital gain (€309m) generated by the sale of the equity investment in Popolare Vita SpA and the contribution of Unipol Banca (€2m) which, classified as assets held for sale at 31 December 2018 and valued at realisable values in relation to the disposal agreement with the BPER Group, no longer contributes any result to the 2019 consolidated income statement. In addition, in order to make the comparison uniform on the basis of the current scope, the result of the first half of 2018 was redetermined by excluding the results contributed by Popolare Vita and by its subsidiary Lawrence Life prior to the disposal and including the profits of the companies of the Arca Group acquired in the course of the second half of 2018.

In the first half of 2019, **direct insurance premiums**, gross of reinsurance, totalled €7,294m, up +18.5% compared to 30 June 2018 on a like-for-like basis (€6,153m; the value of premiums written at 30/06/2018 was €5,627m) linked in particular to the result achieved in the Life business (+48.4%).

Direct **Non-Life** premiums at 30 June 2019 amounted to €4,109m, +2.6% on a like-for-like basis compared to €4,007m at 30 June 2018 (premiums written of €3,946m at 30/06/2018). The MV segment came to €2,151m (-0.3% on a like-for-like basis), while in the Non-MV segment, premiums reached €1,958m, up 5.8% on a like-for-like basis thanks especially to the significant development in the Health class (+18% on a like-for-like basis).

The increase in Non-Life turnover concerned both UnipolSai SpA, which marked 0.5% growth, as well as, more notably, the Group's other major companies. UniSalute's premiums amounted to €238m, up 5.4%, while Linear, the other main company of the Group, operating in the MV segment, totalled €96m in premiums, with 3.7% growth. SIAT, which specialises in the Sea Vehicles segment, recorded €77m in premiums, up 12.8%. The Non-Life bancassurance segment had very good performance, with Arca Assicurazioni achieving premiums of €69m, up 13.6%, and Incontra Assicurazioni doubling premiums (to €102m) thanks especially to the placement of new Health products by the Unicredit network.

In terms of the Non-Life loss ratio trend, in the MV segment the technical performance of UnipolSai continues to be characterised by compression in the average MV TPL premium due to market competition, but this class is seeing positive performance as concerns the frequency as well as the average cost of claims. The deterioration in Land Vehicle Hulls was due to significant hailstorms in late June in several cities, particularly in Emilia, while the Non-MV segment improved as a result of various actions to boost segment profitability carried out in recent years and outlined in the new Business Plan. The **combined ratio** net of reinsurance for the Group stood at 94.6% (the direct business combined ratio was 93.2%), recording a significant improvement on the 95.1% achieved at 30 June 2018 on a like-for-like basis (the direct business combined ratio was 93.0% on a like-for-like basis), with a loss ratio, inclusive of the balance of other technical items, of 66.7%, compared to 67.8% in the first half of 2018 on a like-for-like basis and an expense ratio of 27.9% of premiums earned, compared to 27.3% at 30 June 2018 on a like-for-like basis (the expense ratio of direct business on premiums written was 27.4% and 26.8%, respectively).

The **pre-tax profit** of the Non-Life business recorded was €387m, up compared to the normalised figure of €328m on a like-for-like basis in the first six months of 2018, thanks to technical improvement and higher income from investments.

In the **Life segment**, on a like-for-like basis, in the first months of the current year the UnipolSai Group recorded significant turnover growth thanks to the appeal of the returns offered by our segregated funds and payments of more than €600m linked to two new closed pension funds. Direct premiums amounted to €3,185m at 30 June 2019 (+48.4% compared to 30/06/2018 on a like-for-like basis).

UnipolSai S.p.A. achieved direct premiums of €2,327m (+51.8%), whilst the bancassurance channel in particular confirmed the strong growth of Arca Vita which, with its subsidiary Arca Vita International, achieved direct premiums of €811m, up 42.2% on the first half of 2018.

New business in terms of APE, net of non-controlling interests, amounted to €322m, up +36.3% compared to €236m at 30 June 2018 on a like-for-like basis, of which €267m contributed by traditional companies and €55m by bancassurance companies.

The **pre-tax profit** for the Life segment was €140m, lower than the normalised result on a like-for-like basis in the first six months of 2018 (€201m) due to the decreased contribution of financial income.

As regards the **management of financial investments**, the first half of 2019 was still marked by geopolitical tensions and, in Italy, instability and doubts surrounding the strength of the government's accounts. Nonetheless, an

accommodative policy by the main central banks created the conditions for lively growth in the main financial and stock markets and a decline in interest rates. In this context, the gross profitability of the Group's insurance financial investments portfolio continued to reach significant levels, standing at 3.5% of the invested assets (4.3% in the first half of 2018) of which 3.4% relating to the coupon and dividend component in line with the first half of the previous year.

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

The **pre-tax result** of the Real Estate and Other Business sectors amounted to -€25m loss (-€50m at 30/06/2018), thanks to the improvement in the results of the Group's diversified and real estate companies. In reference to the hotel sector, to be noted are the results obtained by Gruppo UNA which closed with a positive result for €1m, a trend reversal compared with the loss recorded in the first six months of 2018.

At 30 June 2019, **consolidated shareholders' equity** amounted to €6,294m (€5,697m at 31/12/2018). The main factors increasing shareholders' equity were linked to the profit for the period and the considerable growth in the valuation reserve on AFS securities, due in particular to the decrease in interest rates. Shareholders' equity attributable to the owners of the Parent amounted to €6,039m (€5,448m at 31/12/2018).

As regards the **individual solvency ratio of UnipolSai** at 30 June 2019, the ratio between own funds and the capital requirement was 264%², compared to 253% at 31 December 2018. The consolidated solvency ratio based on economic capital was 228%³ (202% at 31/12/2018).

² Value calculated on the basis of the information unavailable as of today, considered preliminary as the final figure will be disclosed to the Supervisory Authority in accordance with timing imposed under current regulations.

³ Note that, despite being an insurance company with control over other insurers and reinsurers, UnipolSai is not required to calculate Group solvency pursuant to IVASS Regulation no. 22 of 1 June 2016. UnipolSai is in turn controlled by Unipol which, for the purpose of the transitional rules envisaged in IVASS Regulation no. 22, qualifies as the "ultimate Italian parent" to which the regulations concerning Group supervision apply in accordance with Art. 210 et seq. of the Private Insurance Code.

Salient aspects of business operations

The UnipolSai Group closed the first half of 2019 with a **net profit of €377m** (€647m at 30/06/2018), net of taxation for the period of €124m. On a like-for-like basis and net of non-recurring transactions carried out in comparative period, the profit at 30 June 2018 would have been €351m.

The **Insurance sector** contributed €404m to consolidated net profit (€686m at 30/06/2018; €391m normalised on a like-for-like basis), of which €303m related to Non-Life business (€237m at 30/06/2018; €246m normalised on a like-for-like basis), and €101m related to Life business (€450m at 30/06/2018; €144m normalised on a like-for-like basis).

The results of the other sectors in which the Group carries out business are as follows:

- the **Other Businesses sector** recorded -€1m (-€2m at 30/06/2018);
- the **Real Estate sector** recorded a -€26m loss (-€38m at 30/06/2018).

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

- **direct insurance premiums**, gross of reinsurance, totalled €7,294m (€5,627m at 30/06/2018, +29.6%; +18.5% on a like-for-like basis). Non-Life direct premiums amounted to €4,109m (€3,946m at 30/06/2018, +4.1%; +2.6% on a like-for-like basis) and Life direct premiums amounted to €3,185m (€1,681m at 30/06/2018, +89.5%; +48.4% on a like-for-like basis), of which €162m related to investment products in the Life business (€137m at 30/06/2018);
- **premiums earned**, net of reinsurance, amounted to €6,897m (€5,242m at 30/06/2018, +31.6%; +23.1% on a like-for-like basis), of which €3,885m in the Non-Life business (€3,701m at 30/06/2018, +5.0%; +3.6% on a like-for-like basis) and €3,012m in the Life business (€1,541m at 30/06/2018, +95.5%; +62.8% on a like-for-like basis);
- **net charges relating to claims**, net of reinsurance, were €5,836m (€4,302m at 30/06/2018, +35.7%; +25.2% on a like-for-like basis), of which €2,502m in the Non-Life business (€2,433m at 30/06/2018, +2.8%; +2.1% on a like-for-like basis) and €3,334m in the Life business (€1,870m at 30/06/2018, +78.3%; +50.9% on a like-for-like basis), including €122m of net income on financial assets and liabilities at fair value (net charges of €62m at 30/06/2018);
- the **loss ratio** of direct Non-Life business was 65.8% (66.7% at 30/06/2018; 66.2% on a like-for-like basis);
- **operating expenses** amounted to €1,303m (€1,183m at 30/06/2018). In the Non-Life business, operating expenses amounted to €1,115m (€1,041m at 30/06/2018), €122m in the Life business (€107m at 30/06/2018), €59m in the Other Business sector (€30m at 30/06/2018) and €10m in the Real Estate sector (€11m at 30/06/2018);
- the **combined ratio** of direct Non-Life business was 93.2%, (93.3% at 30/06/2018; 93.0% on a like-for-like basis);
- **net gains on investments and financial income** from financial assets and liabilities (excluding net gains on financial assets and liabilities at fair value relating to Life business) amounted to €811m (€1,122m at 30/06/2018);
- **taxes** for the period represented a net expense of €124m (net expense of €119m at 30/06/2018). The tax rate for the period was 24.8% (15.5% at 30/06/2018, positively affected by the untaxable capital gain realised from the sale of Popolare Vita);
- net of the €13m profit attributable to non-controlling interests, the **profit attributable to the owners of the Parent** at 30 June 2019 was **€364m** (a profit of €618m at 30/06/2018);

- in just the second quarter of 2019, the **gross profit** was €248m (a profit of €222m in the second quarter of 2018);
- the **Comprehensive Income Statement** result was €1,014m (€72m at 30/06/2018), influenced by the positive change in the reserve for gains or losses on available-for-sale financial assets of €612m (negative variation of €566m at 30/06/2018);
- **investments and cash and cash equivalents** amounted to €64,232m (€59,718 million at 31/12/2018) after reclassifying, pursuant to IFRS 5, under assets held for sale €106m related to properties for which the owner Companies started disposal activities or for which the related preliminary sales contracts have already been signed (€133m in property disposals at 31/12/2018) and €33m relating to the equity investment in Unipol Banca;
- **technical provisions** and **financial liabilities** amounted to €61,469m (€58,476m in 2018).

A summary of the Consolidated Operating Income Statement at 30 June 2019 is illustrated below, broken down by business segment: Insurance (Non-Life and Life), Other Businesses and Real Estate, compared with the figures at 30 June 2018.

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Condensed Consolidated Operating Income Statement broken down by business segment

	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE SECTOR		
	Amounts in €m	30/6/19	30/6/18	% var.	30/6/19	30/6/18	% var.	30/6/19	30/6/18
Net premiums	3,885	3,701	50	3,012	1,541	95.5	6,897	5,242	31.6
Net commission income	(1)	(1)	(30.5)	7	7	3.6	6	6	11.5
Financial income/expenses (**)	220	213	3.0	615	952	(35.4)	835	1,165	(28.3)
<i>Net interest income</i>	162	169		534	467		696	637	
<i>Other income and charges</i>	41	26		46	32		87	58	
<i>Realised gains and losses</i>	140	52		74	456		214	508	
<i>Unrealised gains and losses</i>	(123)	(34)		(39)	(3)		(162)	(38)	
Net charges relating to claims	(2,502)	(2,433)	2.8	(3,334)	(1,870)	78.3	(5,836)	(4,302)	35.7
Operating expenses	(1,115)	(1,041)	7.1	(122)	(107)	14.6	(1,238)	(1,148)	7.8
<i>Commissions and other acquisition expenses</i>	(872)	(818)	6.7	(57)	(48)	20.3	(929)	(865)	7.4
<i>Other expenses</i>	(243)	(223)	8.8	(65)	(59)	10.0	(308)	(283)	9.0
Other income/charges	(100)	(126)	20.9	(38)	(21)	(84.1)	(138)	(147)	6.1
Pre-tax profit (loss)	387	312	23.8	140	503	(72.2)	527	815	(35.4)
Income taxes	(84)	(76)	11.3	(39)	(53)	(27.3)	(123)	(129)	(4.7)
Profit (loss) from discontinued operations									
Consolidated profit (loss)	303	237	27.8	101	450	(77.5)	404	686	(41.2)
Profit (loss) attributable to the Group									
Profit (loss) attributable to non-controlling interests									

(*) The Real Estate sector only includes real estate companies controlled by UnipolSai.

(**) Excluding assets and liabilities at fair value relating to insurance contracts issued by insurance companies where the investment risk is borne by policyholders and arising from pension fund management

OTHER BUSINESSES SECTOR			REAL ESTATE SECTOR (*)			INTER-SEGMENT ELIMINATIONS		TOTAL CONSOLIDATED		
30/6/19	30/6/18	% var.	30/6/19	30/6/18	% var.	30/6/19	30/6/18	30/6/19	30/6/18	% var.
								6,897	5,242	31.6
								6	6	10.2
1	(1)	n.s.	(19)	(38)	49.9	(6)	(4)	811	1,122	(27.8)
	(1)		(3)	(3)				693	633	
3			7	7		(6)	(4)	90	61	
				1				214	509	
(2)			(23)	(43)				(186)	(80)	
								(5,836)	(4,302)	35.7
(59)	(30)	96.6	(10)	(11)	(4.4)	5	6	(1,303)	(1,183)	10.1
								(929)	(865)	7.4
(59)	(30)	96.7	(10)	(11)	(4.4)	4	6	(373)	(318)	17.4
60	28	109.5	3	1	n.s.	2	(1)	(74)	(119)	37.6
1	(2)	n.s.	(26)	(48)	44.3			501	765	(34.5)
(2)	1	n.s.	1	10	(92.5)			(124)	(119)	4.9
(1)	(2)	39.7	(26)	(38)	32.0			377	647	(41.7)
								364	618	
								13	29	

Insurance Sector

The Group's insurance business closed the period with a **profit of €404m** (€686m at 30/06/2018), of which €303m relating to the Non-Life sector (€237m at 30/06/2018) and €101m relating to the Life sector (€450m at 30/06/2018). It should be remembered that the first half of 2018 had benefited from the capital gain on disposal of Popolare Vita which had a total impact of €309m (€306m in the Life segment and €3m in the Non-Life segment). On a like-for-like basis and net of non-recurring transactions, the results at 30 June 2018 would be as follows:

- Insurance sector: €391m;
- Non-Life business: €246m;
- Life business: €144m.

Investments and cash and cash equivalents of the Insurance sector, including properties for own use, at 30 June 2019 totalled €62,338m (€58,236m at 31/12/2018), of which €16,583m in the Non-Life business (€15,784m at 31/12/2018) and €45,755m in the Life business (€42,452m at 31/12/2018).

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

Total premiums (direct and indirect premiums and investment products) at 30 June 2019 amounted to €7,473m (€5,763m at 30/06/2018, +29.7%; +18.8% on a like-for-like basis).

Life premiums amounted to €3,185m (€1,681m at 30/06/2018, +89.4%; +48.3% on a like-for-like basis) and Non-Life premiums totalled €4,288m (€4,082m at 30/06/2018, +5.0%; +3.5% on a like-for-like basis).

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

As regards Life premiums, investment products at 30 June 2019, for €162m, related to Class III (Unit- and Index-Linked policies) and Class VI (pension funds).

Total premiums

<i>Amounts in €m</i>	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Non-Life direct premiums	4,109		3,946		4.1
Non-Life indirect premiums	179		136		31.1
Total Non-Life premiums	4,288	57.4	4,082	70.8	5.0
Life direct premiums	3,023		1,544		95.8
Life indirect premiums					(20.6)
Total Life premiums	3,024	40.5	1,545	26.8	95.7
Total Life investment products	162	2.2	137	2.4	18.2
Total Life business	3,185	42.6	1,681	29.2	89.4
Overall total	7,473	100.0	5,763	100.0	29.7

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

Direct premiums amounted to €7,294m (€5,627m at 30/06/2018, +29.6%; +18.5% on a like-for-like basis), of which Non-Life premiums totalled €4,109m and Life premiums €3,185m.

<i>Amounts in €m</i>	30/6/2019	<i>% comp.</i>	30/6/2018	<i>% comp.</i>	<i>% var.</i>
Non-Life direct premiums	4,109	56.3	3,946	70.1	4.1
Life direct premiums	3,185	43.7	1,681	29.9	89.5
Total direct premiums	7,294	100.0	5,627	100.0	29.6

Indirect Non-Life and Life premiums totalled €179m at 30 June 2019 (€137m at 30/06/2018, +30.9%; +32.8% on a like-for-like basis), €179m of which referred to premiums from Non-Life business (€136m at 30/06/2018, +31.1%; +32.9% on a like-for-like basis) and €0.2m to Life business premiums (€0.3m at 30/06/2018, -20.6%; -31.4% on a like-for-like basis).

<i>Amounts in €m</i>	30/6/2019	<i>% comp.</i>	30/6/2018	<i>% comp.</i>	<i>% var.</i>
Non-Life premiums	179	99.9	136	99.8	31.1
Life premiums		0.1		0.2	(20.6)
Total indirect premiums	179	100.0	137	100.0	30.9

Group premiums ceded totalled €270m (€234m at 30/06/2018, +15.2%; +7.1% on a like-for-like basis), €258m of which from Non-Life premiums ceded (€231m at 30/06/2018, +12.1%; +7.2% on a like-for-like basis) and €11m from Life premiums ceded (€4m at 30/06/2018; +4.7% on a like-for-like basis).

<i>Amounts in €m</i>	30/6/2019	<i>% comp.</i>	30/6/2018	<i>% comp.</i>	<i>% var.</i>
Non-Life premiums	258	95.8	231	98.5	12.1
<i>Retention ratio - Non-Life business (%)</i>	<i>94.0%</i>		<i>94.4%</i>		
Life premiums	11	4.2	4	1.5	n.s.
<i>Retention ratio - Life business (%)</i>	<i>99.6%</i>		<i>99.8%</i>		
Total premiums ceded	270	100.0	234	100.0	15.2
<i>Overall retention ratio (%)</i>	<i>96.3%</i>		<i>95.8%</i>		

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

At 30 June 2019, the technical result of Non-Life and Life premiums ceded was positive for reinsurers.

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Non-Life business

Total Non-Life premiums (direct and indirect) at 30 June 2019 amounted to €4,288m (€4,082m at 30/06/2018, +5.0%; +3.5% on a like-for-like basis).

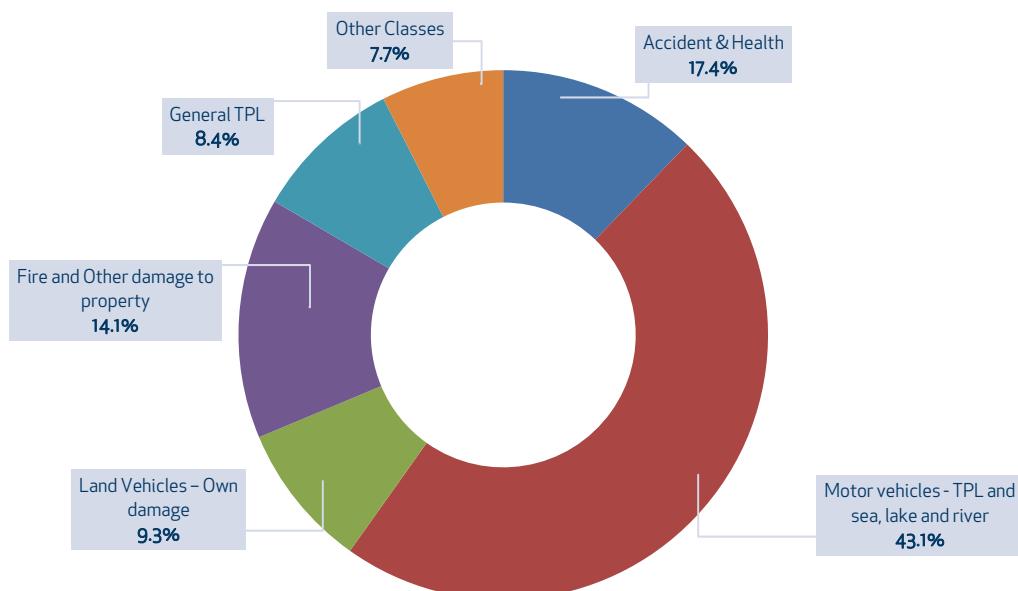
Direct business premiums alone amounted to €4,109m (€3,946m at 30/06/2018, +4.1%; +2.6% on a like-for-like basis). **Indirect business** premiums were €179m (€136m at 30/06/2018, +31.1%; +32.9% on a like-for-like basis).

The breakdown of direct business for the main classes and the changes with respect to 30 June 2018 are shown in the following table:

Non-Life business direct premiums

Amounts in €m	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Motor vehicles - TPL and sea, lake and river (classes 10 and 12)	1,770		1,783		(0.8)
Land Vehicle Hulls (Class 3)	382		356		7.2
Total premiums - Motor vehicles	2,151	52.4	2,139	54.2	0.6
Accident & Health (Classes 1 and 2)	715		628		13.9
Fire and Other damage to property (Classes 8 and 9)	578		568		1.6
General TPL (Class 13)	347		333		4.2
Other classes	318		277		14.8
Total premiums - Non-Motor vehicles	1,958	47.6	1,806	45.8	8.4
Total Non-Life direct premiums	4,109	100.0	3,946	100.0	4.1

% breakdown of Non-Life direct business premiums



In the first half of 2019, the direct premiums of the UnipolSai Group amounted to €4,109m (+4.1%, +2.6% on a like-for-like basis). Premiums in the MV TPL business were €1,770m, down 0.8% compared to the first half of 2018 (-1.6% on a

like-for-like basis). An increase was reported in the Land Vehicle Hulls business with premiums equal to €382m, +7.2% (+6.5% on a like-for-like basis); premiums in the Non-MV segment were up to €1,958m, +8.4% (+5.8% on a like-for-like basis).

Non-Life claims

The MV TPL business continues to record positive trends in terms of the frequency and average cost of claims, making it possible to offset continuous competitive pressure, while the Land Vehicle Hulls class declined as a result of anomalous hailstorms in late June. The Non-MV segment improved, benefitting from profitability recovery actions implemented in the recent past and also laid out in the new Business Plan.

The **loss ratio** (for Non-Life direct business alone), including the OTI ratio, stood at 65.8% (66.7% at 30/06/2018; 66.2% on a like-for-like basis).

The number of claims reported, without considering the MV TPL class, was up (+12.5%) on a like-for-like basis. The table with the changes by class is provided below.

Number of claims reported (excluding MV TPL)

	30/6/2019	30/6/2018 on a like-for-like basis	30/6/2018	% var.	% var. on a like-for-like basis
Land Vehicle Hulls (Class 3)	176,845	166,443	165,375	6.9	6.2
Accident (Class 1)	73,344	69,929	68,840	6.5	4.9
Health (Class 2)	2,164,427	1,861,725	1,856,492	16.6	16.3
Fire and Other damage to Property (Classes 8 and 9)	147,012	152,616	150,757	(25)	(3.7)
General TPL (Class 13)	47,244	48,217	47,672	(0.9)	(2.0)
Other classes	255,016	247,826	246,427	3.5	2.9
Total	2,863,888	2,546,756	2,535,563	12.9	12.5

As regards the MV TPL class, where the Card agreement⁴ is applied, in the first six months of 2019, cases relating to "fault" claims (Non-Card, Debtor Card or Natural Card) reported totalled 330,291, up 0.7% compared to 30 June 2018 (down 0.1% on a like-for-like basis).

Claims reported that present at least a Debtor Card claims handling numbered 193,136, up 1.1% compared to 30 June 2018 (down 0.04% on a like-for-like basis).

Handler Card claims totalled 251,475 (including 56,973 Natural Card claims, claims between policyholders at the same company), down 0.6% compared to 30 June 2018 (down 1.4% on a like-for-like basis). The settlement rate for the first half of 2019 was 68.7% as compared to 68.1% recorded in the same period of the previous year (68.2% on a like-for-like basis).

The weight of cases to which the Card agreement may be applied (both Handler Card and Debtor Card claims) out of total cases (Non-Card + Handler Card + Debtor Card) at June 2019 came to 84.7% (84.6% at June 2018, actual and on a like-for-like basis).

The **expense ratio** for Non-Life direct business was 27.4% (26.7% at 30/06/2018; 26.8% on a like-for-like basis).

⁴ -- 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.

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The **combined ratio**, based on direct business, was 93.2% at 30 June 2019 (93.3% at 30/06/2018; 93.0% on a like-for-like basis).

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

The performance of the main Group companies in the first half of 2019 is summarised in the following table:

<i>Amounts in €m</i>	Premiums written	% Var.	Investments	Gross Technical Provisions
NON-LIFE INSURANCE SECTOR				
UNIPOLSAI ASSICURAZIONI SpA	3,486	0.5	16,133	13,310
GRUPPO ARCA	69	13.6	339	240
DDOR NOVI SAD ADO	45	4.4	87	88
INCONTRA ASSICURAZIONI SpA	102	101.1	228	297
COMPAGNIA ASSICURATRICE LINEAR SpA	96	3.7	396	284
UNISALUTE SpA	261	0.2	443	387
PRONTO ASSISTANCE SpA	84	18.3	42	1
SIAT SpA	87	11.3	115	302

The direct premiums of only **UnipolSai**, the Group's main company, stood at €3,480m (€3,464m at 30/06/2018, +0.5%), of which €2,022m in the MV classes (€2,033m at 30/06/2018, -0.5%) and €1,458m in the Non-MV classes (€1,431m at 30/06/2018, +1.9%).

Also considering indirect business, premiums acquired at 30 June 2019 amounted to €3,486m (+0.5%).

In the **MV** classes, €1,660m related to premiums in the MV TPL class and Sea, Lake and River Vessels TPL class (€1,692m at 30/06/2018, -1.9%).

In the **MV** segment, the reduction in premiums was caused by MV TPL, due to a slight reduction in the number of insured vehicles as well as a drop in the average premium which has not yet completely stabilised, while sustained growth was confirmed for the Land Vehicle Hulls component. With reference to the latter in particular, premiums recorded a positive trend in line with the good market results. The satisfactory development can be attributed to single as well as cumulative policies.

In the **Non-MV** classes, premiums were on the rise across the various Business and Individual macro-segments. In particular, premiums rose in the Accident class: in the retail segment, this result was positively impacted by the numerous commercial initiatives and targeted sales campaigns incentivising the development and improving the retention of customers in the portfolio, in fact stabilising the number of existing contracts. There was also an increase in premiums relating to the Pecuniary losses class, as regards accessory guarantees included in the MV product range, of which the class is mostly made up, as well as company and tourism risks. The Legal expenses and Assistance classes maintained a good increase in premium volumes thanks to upselling and upgrade campaigns on MV products, accompanied by a simultaneous revision and personalisation of tariffs.

Arca Assicurazioni recorded direct premiums of €69m (+13.6%), with an increase in the Non-MV classes (+17.8%) and in the MV segment (+3.4%). In terms of the result for the period, this company recorded a net profit of €12.7m, lower than the end of the first half of 2018 (€13.6m), due to a reduction in the technical result which was particularly affected by a rising loss ratio.

In the first six months of 2019, **Compagnia Assicuratrice Linear**, specialised in the direct sale of insurance products online (Internet and phone sales), issued premiums for €96.1m, up 3.7% on the same period of the previous year (€92.6m at 30/06/2018), mainly concentrated in the MV classes, recording profit at 30 June 2019 of €4.6m (in line with €4.4m at 30/06/2018). Contracts in the portfolio were close to 612k units (+5.6% on June 2018). Also note that the combined ratio stood at 96.5%, in line with the end of 2018 and a decrease of 0.5 percentage points on the first half of 2018.

DDOR Novi Sad recorded a total profit (Non-Life and Life segments) at 30 June 2019 of €2.8m (loss of -€0.8m at 30/06/2018), thanks to an increase in premiums (Non-Life and Life segments) rising from €50m at 30 June 2018 (of which roughly €43m in the Non-Life segment) to €52.5m at 30 June 2019 (of which roughly €45m in the Non-Life segment). The greatest increases in direct business are mainly to be attributed in the Non-Life segment to MV and

Other damage to property classes (which both rose by more than 10%), and in the Life segment to its direct premiums, which posted growth in excess of 8%.

Incontra Assicurazioni recorded a roughly €5m profit at 30 June 2019 (€2.8m at 30/6/2018), with an increase in premiums compared to the previous year, i.e. from €50.8m at the end of the first half of 2018 to €102.2m at 30 June 2019, mainly concentrated in the Health and Pecuniary losses classes. At 30 June 2019, the volume of total investments reached roughly €228m (around €194m at 31/12/2018), while gross technical provisions reached €297m (€251m at 31/12/2018).

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

SIAT recorded a €0.6m profit in the first half of 2019 (profit of €5.3m at 30/6/2018) with a decline essentially linked to technical performance, which saw a significant deterioration in the claims rate in the "Hulls" segment. The latter, which was particularly favourable in the first half of 2018 and lacked any serious claims, recorded, inter alia, three particularly severe losses in the first part of 2019, the gross amount paid and reserved of which amounted to a total of €13.7m. Total gross premiums (direct and indirect) were up more than 11% to €86.9m (€78.1m at 30/6/2018). The increase in premiums was primarily attributable to the Hulls segment, while in the Goods segment there was a marginal decline.

UniSalute, an insurance company specialising in the health segment, recorded premiums for €261.1m at 30 June 2019, also considering indirect business, up slightly on 30 June 2018 (€260.6m). The first half of 2019 recorded a profit of around €15m, compared to roughly €19m at 30 June 2018. More specifically, in the first half of the year, new policies acquired in the portfolio included: The Energy, Networks and Environment Regulatory Authority, DepoBank, the University of Genoa, CNPADC Accountant Employees Fund and Agepsi. Lastly, note that the service level (calls handled out of the total received) was 77.4%, a slight decrease compared to the first half of 2018, whilst the calls managed in the first half of 2019 rose by 21.0%, achieving a volume exceeding 1.8 million telephone calls.

New products

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

Lastly, the information booklets of the Km&Servizi, KmSicuri and Nuova 1[^] Global catalogues were adapted in accordance with new regulatory provisions introduced. Indeed, the new regulation required companies to develop a set of information containing two new elements: the precontractual information document and the additional precontractual information document.

Furthermore, increasing numbers of drivers are convinced users of the UnipolSai **black boxes** which combine the offer of high value added services with the possibility of receiving a discount on the MV and Theft and Fire policy. With an average of 100k new devices installed every month, at the end of the first half of 2019 UnipolSai reached the milestone of 4m black boxes installed in vehicles and integrated with the MV TPL policy. This significant result bears witness to the leadership of UnipolSai not only in Italy, but also at European level.

As regards the Non-MV Non-Life price list, note the following in the first half of 2019:

- the new product **UnipolSai Agricoltura&Servizi** for agricultural and agri-tourism businesses which features, amongst its various strengths: the possibility to insure the Damage to property section in the All Risks form as well, the presence of Earthquake and Flood catastrophe coverage, coverage to protect agricultural income, digital protection (for cyber risks), a Quick recovery service (consisting of the prompt intervention of technicians specialised in emergency and rescue activities), as well as a Direct repair service.
- the new product **UnipolSai Terzo Settore**, designed and created for associations and organisations that pursue the sector's typical objectives of solidarity and social utility. The product is broken down into five Macro Areas, or uniform groups of activities aggregated based on the social purposes being pursued: volunteerism, amateur sport, social relationships and culture, childhood and other temporary duration events/demonstrations. The product's main strengths and innovative features include: a streamlining of the insurance offer in favour of the reference target market, through a single, standardised multi-risk product,

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the provision of a granular offer suited to fully and flexibly satisfy third sector insurance requirements, simplification and greater speed for agencies in the quote and issue process, the provision of an offer dedicated to temporary risks.

Life business

Total Life premiums (direct and indirect) were €3,185m (€1,681m at 30/06/2018, +89.4%; +48.3% on a like-for-like basis).

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

Life business direct premiums

Amounts in €m	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Total direct premiums					
I - Whole and term Life insurance	1,783	56.0	954	56.7	86.9
III - Unit-linked/index-linked policies	152	4.8	149	8.8	2.5
IV - Health	3	0.1	2	0.1	58.1
V - Capitalisation insurance	291	9.1	236	14.0	23.4
VI - Pension funds	956	30.0	341	20.3	n.s.
Total Life business direct premiums	3,185	100.0	1,681	100.0	89.5
of which Premiums (IFRS 4)					
I - Whole and term Life insurance	1,783	59.0	954	61.8	86.9
III - Unit-linked/index-linked policies	5	0.2	28	1.8	(80.5)
IV - Health	3	0.1	2	0.1	58.1
V - Capitalisation insurance	291	9.6	236	15.3	23.4
VI - Pension Funds	941	31.1	325	21.0	n.s.
Total Life business premiums	3,023	100.0	1,544	100.0	95.8
of which Investment products (IAS 39)					
III - Unit-linked/index-linked policies	147	91.0	121	88.5	21.6
VI - Pension funds	15	9.0	16	11.5	(7.4)
Total Life investment products	162	100.0	137	100.0	18.2

New business in terms of APE, net of non-controlling interests, amounted to €322m at 30 June 2019 (€199m at 30/06/2018).

Pension Funds

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

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

As regards **Open Pension Funds**, at 30 June 2019 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 42,632

members for total assets of €895m. At 31 December 2018, there were 2 Open Pension Funds with total assets of €852m and a total of 43,218 members.

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

The performance of the main Group companies at 30 June 2019 is summarised in the following table:

<i>Amounts in €m</i>	Premiums written (*)	% Var.	Investments	Gross Technical Provisions
LIFE INSURANCE SECTOR				
UNIPOLSAI ASSICURAZIONI SpA	2,255	60.6	35,521	31,428
GRUPPO ARCA	730	73.5	10,121	8,697
BIM VITA SpA	30	4.5	615	523

(*) excluding financial products

UnipolSai collected a total of direct premiums amounting to €2,255m (€1,404m at 30/06/2018, +60.6%), in addition to financial products amounting to €72m (€128m at 30/06/2018).

The individual policy sector had an increase of 17.9% due to the increase in Class I single premiums, confirming the appeal of the UnipolSai Investimento Garantito product, as well as the signing of an important capitalisation contract entered into with the Cisl Pension Fund. In the first half of the year, Class III premiums were down (-55.4%) due to a not very favourable market situation, although amongst the Multi-class products the UnipolSai Previdenza Futura Personal Pension Fund continues to post excellent performance. Again in the individual sector, Class IV premiums continued to increase (+50.5%) which, albeit not significant in absolute terms, shows the growing interest in products with long-term care coverage.

There has been a strong drive in collective policy premiums compared to the same period of the previous year (+102.8%) due in particular to Class VI (189.4%), as a result of the entry of two new agreements with the Banco Popolare Group Pension Fund for roughly €434m and the Espero Fund for around €205m.

BIM Vita recorded a profit of €0.8m at 30 June 2019 (€0.6m at 30/6/2018). Premiums amounted to €30.2m (€28.9m at 30/06/2018, +4.5%). The volume of total investments amounted to €615m (€609m at 31/12/2018).

The **ARCA Vita Group** recorded premiums of €730m, marking significant growth compared to the same half of last year (+73.5%) due primarily to Class I products. The Group also earned €81m from financial products (€150m at 30/06/2018).

New products

In the first half of the year, UnipolSai, continuing with its allocation of new investments in order to optimise flows and returns, updated the Segregated Funds of the main revaluable products.

In particular, the single premium Class I Investment product **UnipolSai Investimento Garantito** has been marketed as of 10 April 2019, with some significant new features, including the possibility to make additional payments, the remodulation of surrender penalties, the introduction of a new loading range and a variable management fee based on the accumulation of premiums rises.

With reference to the Arca Group, the planning activities taking place during the half-year were concentrated on the creation of a new **Multi-class** product marketed under the name **Ingegno**, launched in May. This is a platform more than a product, as the underlying idea is that it can represent a continuously evolving tool to incorporate subsequent updates and enhancements. The platform was created so that future evolutions are accessible even to customers who subscribed to prior versions: indeed, it is possible to combine in a single policy, aside from the Segregated Fund, internal funds, external funds and even portfolios of external funds. The product allows for a flexible mix of Class I and Class III.

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Reinsurance

UnipolSai 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 2018, maximising the effectiveness of the most operational of the main non-proportional treaties. The renewal for 2019 took place to ensure continuity with those expiring, with the following improvements implemented from a risk mitigation perspective:

- extension of the capacity of the Property XL Treaty per Event, which increased to €1.7bn, with a view to capital relief optimisation;
- acquisition of cover against natural events (atmospheric events, over-abundance of snow, flood) with XL Treaty in aggregate plus Cat Bond, Atmos Re. I;
- acquisition of "Bridge" cover, whilst waiting for the evaluation of a new issue of a Cat Bond Azzurro Re. II.

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), Assistance, 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 Assistance, 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 2019 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 and Weighted Risks guarantees.

Real Estate Sector

The Group continues to be committed to the development, renovation and requalification of several buildings, especially in Milan and Florence, some with a view to a subsequent increase in value through their sale or lease, and others for utilisation by the companies in the Group.

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

Income Statement - Real Estate Sector

Amounts in €m	30/6/2019	30/6/2018	% var.
Gains on other financial instruments and investment property	12	13	(0.7)
Other revenue	16	18	(11.8)
Total revenue and income	29	31	(7.3)
Losses on other financial instruments and investment property	(31)	(50)	(37.7)
Operating expenses	(10)	(11)	(4.4)
Other costs	(13)	(17)	(22.4)
Total costs and expenses	(55)	(78)	(29.7)
Pre-tax profit (loss) for the year	(26)	(48)	44.3

The pre-tax result at 30 June 2019 was negative for €26m (-€48m at 30/06/2018), after carrying out write-downs of properties for €19m (€43m at 30/06/2018) and depreciation of real estate investments and tangible assets for €12m (€12m at 30/06/2018).

Investments and cash and cash equivalents of the Real Estate sector (including instrumental properties for own use) totalled €1,530m at 30 June 2019 (€1,305m at 31/12/2018), consisting mainly of Investment property and Properties for own use amounting to €1,349m (€1,191m at 31/12/2018).

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

Main property transactions

In the first half of 2019, the most significant sales regarded a real estate complex for hospital use located in Sesto San Giovanni, a hotel in Florence, an office building in Milan, some residential properties in Florence and sales, separately, of properties located in Turin - via Grossi/via Da Vinci/via Cellini, Milan - via Pantano - via Monti - via Castellanza and the "Le Terrazze" complex and in Rome - via Ciro Menotti.

During the period, three properties were acquired, of which two for office use, in part already rented out, located in Milan on via Sassetti and in Padua at corso Garibaldi 25, in addition to a vacant industrial property located in Bologna at via Calzoni 2 corner via Stalingrado 59, contiguous with the Group's registered office.

Important renovation works were also carried out in the Turin market, in particular the renovation works at the hotel Principi di Piemonte, located on via Gobetti, managed by UNA Group, which involved in particular the facades in order to reduce the environmental impact of the structure as regards energy consumption.

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Other Businesses Sector

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

Income Statement - Other Businesses Sector

	Amounts in €m	30/6/2019	30/6/2018	% var.
Income from investments in subsidiaries, associates and interests in joint ventures	3	3	n.s.	
Gains on other financial instruments and investment property	1	1	n.s.	
Other revenue	113	99	14.1	
Total revenue and income	116	99	17.3	
Losses on other financial instruments and investment property	(2)	(1)	n.s.	
Operating expenses	(59)	(30)	96.6	
Other costs	(53)	(70)	(24.7)	
Total costs and expenses	(115)	(101)	13.3	
Pre-tax profit (loss) for the year	1	(2)	n.s.	

The pre-tax result at 30 June 2019 was a profit of €1m (-€2m at 30/06/2018).

The items Other revenue and Other costs include, aside from economic components characteristic of companies operating in the hotel and healthcare sector specified in more detail below, also revenue and costs for secondment of personnel and for services provided to and received from companies of the Group belonging to other sectors, eliminated during the consolidation process.

At 30 June 2019, Investments and cash and cash equivalents of the Other Businesses sector (including properties for own use of €176m) totalled €413m (€257m at 31/12/2018).

Financial liabilities amounted to €25m (€49m at 31/12/2018).

The activities of diversified companies continue to focus on developing sales as well as constant efficiency improvements to the various operating platforms.

In the **hotel sector**, the UNA Group subsidiary increased revenues with respect to the first half of 2018 by 1.3%, from roughly €56.3m in 2018 (figure adjusted to exclude the hotels not in scope in 2019) to around €57.1m at 30 June 2019. The result in terms of EBIT remained unchanged compared to the previous year, at -€2.1m. The pre-tax result improved compared to the previous year by 68.7%, increasing from -€3.8m in 2018 (excluding the hotels not in scope in 2019) to -€1.2m in 2019. After the recognition of taxes with a positive effect of around €2m, the first half of 2019 closed with a net profit of €0.8m, a trend reversal compared to the loss of €2.8m in 2018 on a like-for-like basis.

As regards the **hub of medical clinics**, at 30 June 2019 the subsidiary Villa Donatello recorded revenues up by around 4%, from €12.5m in the first half of 2018 to €13.1m. Revenue trends show a continuation of positive performance in the core business, for hospitalisation (hospital stays and outpatient surgery) as well as clinic activities (visits and diagnostics). However, it should be highlighted that in the current year and following the transfer of the activities of Villa Donatello to the Villa Ragionieri clinic (former Centro Oncologico Fiorentino registered office) in August 2018, as well as the strategic decision to keep the location in the centre of Florence active (Villa Vittoria building), there will be an increase in hospital overhead costs, along with the completion of some important works on the Villa Ragionieri building, which had previously remained inactive for more than two years. The company closed the first half of 2019 with a profit of around €0.3m, against a result in the first half of 2018 of roughly €0.6m.

As regards **agricultural activities**, at 30 June 2019 the sales of Tenute del Cerro rose by around 4% compared to 30 June 2018 (from around €3.5m to €3.6m). The EBIT, positive at €7k, improved by €30k compared to the first half of 2018.

The net result, a loss of €69k, decreased by €88k compared to the first half of 2018 due to the tax impact of the terminated ACE (Aid to Economic Growth) benefit.

Asset and financial management

Investments and cash and cash equivalents

At 30 June 2019, Group **Investments and cash and cash equivalents** totalled €64,232m (€59,718m at 31/12/2018), with the following breakdown by business segment:

Investments and cash and cash equivalents - Breakdown by business segment

Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Insurance sector	62,338	97.1	58,236	97.5	7.0
Other Businesses sector	413	0.6	257	0.4	60.3
Real Estate sector	1,530	2.4	1,305	2.2	17.2
Inter-segment eliminations	(48)	(0.1)	(81)	(0.1)	(40.2)
Total Investments and cash and cash equivalents (*)	64,232	100.0	59,718	100.0	7.6

(*) including properties for own use

The breakdown by investment category is as follows:

Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Property (*)	3,726	5.8	3,635	6.1	2.5
Investments in subsidiaries, associates and interests in joint ventures	140	0.2	341	0.6	(58.8)
Held-to-maturity investments	453	0.7	460	0.8	(1.4)
Loans and receivables	4,738	7.4	4,313	7.2	9.8
Debt securities	3,521	5.5	3,410	5.7	3.3
Deposits with ceding companies	44	0.1	33	0.1	34.7
Other loans and receivables	1,172	1.8	870	1.5	34.7
Available-for-sale financial assets	46,916	73.0	43,446	72.8	8.0
Financial assets at fair value through profit or loss	7,439	11.6	6,498	10.9	14.5
held for trading	225	0.4	292	0.5	(22.9)
at fair value through profit or loss	7,214	11.2	6,206	10.4	16.3
Cash and cash equivalents	820	1.3	1,025	1.7	(20.0)
Total Investments and cash and cash equivalents	64,232	100.0	59,718	100.0	7.6

(*) including properties for own uses

Transactions carried out in the first half of 2019

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 DDOR Re, the values of which in the Group's total portfolio are of little significance.

In the first half of 2019 the investment policies continued to adhere, in terms of medium/long-term investments, to the general criteria of prudence and of preserving asset quality consistent with the Guidelines defined in the Group Investment Policy.

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

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

In the first half of 2019, exposure to government bonds rose by €571m: within the government segment, the policy implemented involved replacing sales of bonds issued by other countries (primarily Spanish bonds) with purchases of Italian government bonds. The non-government component of bonds remained basically unchanged during the six-month period.

Asset portfolio simplification activities continued during the first half of the year, with a reduction of €74m in exposure to level 2 and 3 structured bonds.

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

Amounts in €m	30/6/2019			31/12/2018			variation	
	Carrying amount	Market value	Implied +/-	Carrying amount	Market value	Implied +/-	Carrying amount	Market value
Structured securities - Level 1	43	41	(1)	42	40	(2)		1
Structured securities - Level 2	602	562	(40)	607	540	(68)	(5)	22
Structured securities - Level 3	163	125	(38)	232	193	(39)	(69)	(68)
Total structured securities	808	728	(80)	881	773	(108)	(73)	(45)

Share exposure increased in the first half of 2019 by €146m; the put options on the Eurostoxx50 index were still active on the equity portfolio, and were revalued during the first half of the year to mitigate volatility and preserve the value of the portfolio. Almost all equity instruments belong to the main European share indexes.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €952m, an increase of approximately €57m compared to 31 December 2018.

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

The overall Group portfolio duration stood at 6.61 years, up compared to the end of 2018 (6.09 years). The Non-Life duration was 3.69 years (3.09 years at the end of 2018); the Life duration was 7.75 years (7.15 years at the end of 2018). The fixed rate and floating rate components of the bond portfolio amounted respectively to 86.6% and 13.4%. The government component accounted for approximately 70.8% of the bond portfolio whilst the corporate component accounted for the remaining 29.2%, split into 22.2% financial and 7% industrial credit.

89.2% of the bond portfolio was invested in securities with ratings above BBB-.

Net gains on investments and financial income

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

Net investment income

<i>Amounts in €m</i>	30/6/2019	% comp.	30/6/2018	% comp.	% var.
Gains/losses on investment property	16	1.8	(28)	(2.4)	n.s.
Gains/losses on investments in subsidiaries and associates and interests in joint ventures	5	0.6	315	26.9	(98.5)
Net gains on held-to-maturity investments	9	1.1	11	1.0	(17.4)
Net gains on loans and receivables	55	6.4	70	6.0	(21.5)
Net gains on available-for-sale financial assets	1,021	118.6	854	73.1	19.5
Net gains on held-for-trading financial assets and at fair value through profit or loss (*)	(246)	(28.6)	(55)	(4.7)	n.s.
Total net gains on financial assets, cash and cash equivalents	860	100.0	1,169	100.0	(26.4)
Net losses on held-for-trading financial liabilities and at fair value through profit or loss (*)	(1)				
Net losses on other financial liabilities	(49)		(46)		6.0
Total net losses on financial liabilities	(50)		(46)		7.2
Total net gains (*)	811		1,122		(27.8)
Net gains on financial assets at fair value (**)	292		(73)		
Net losses on financial liabilities at fair value (**)	(170)		10		
Total net gains on financial instruments at fair value (**)	122		(62)		
Total net gains on investments and net financial income	933		1,060		(12.0)

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

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

At 30 June 2019, the following impairment losses on financial instruments classified in the available-for-sale asset category for €8m (€0.3m at 30/06/2018) and write-downs on investment property for €19m (€38m at 30/06/2018).

Shareholders' equity

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

	Amounts in €m	30/6/2019	31/12/2018	var. in amount
Share capital		2,031	2,031	
Capital reserves		347	347	
Income-related and other equity reserves		2,634	2,133	502
(Treasury shares)		(45)	(46)	1
Reserve for foreign currency translation differences		5	5	
Gains/losses on available-for-sale financial assets		685	80	605
Other gains and losses recognised directly in equity		17	(7)	24
Profit (loss) for the year		364	905	(541)
Total shareholders' equity attributable to the owners of the Parent		6,039	5,448	591

Movements in shareholders' equity recognised during the year with respect to 31 December 2018 are set out in the attached statement of changes in shareholders' equity.

The main changes in the year in the Group's shareholders' equity were as follows:

- decrease due to dividend distribution for €403m;
- an increase as a result of the increase in the provision for gains and losses on available-for-sale financial assets of €605m, net of both the related deferred tax liabilities and the part attributable to the policyholders and charged to insurance liabilities;
- increase of €364m for Group profit of the period.

Shareholders' equity attributable to non-controlling interests was €255m (€249m at 31/12/2018).

Treasury shares and shares of the holding company

At 30 June 2019, the treasury shares held by UnipolSai and its subsidiaries totalled 49,330,892 (50,052,345 at 31/12/2018), of which 1,004,643 were held directly.

The changes during the first half of the year concerned the following transactions in execution of the compensation plans based on financial instruments (performance share type) for the executive staff of UnipolSai and its subsidiaries:

- acquisition of a total of 1,344,000 UnipolSai shares by UnipolSai and its subsidiaries;
- allocation on 25 April 2019 of 2,065,453 UnipolSai shares relating to the first tranche of the compensation plan based on financial instruments for the period 2016-2018.

At 30 June 2019 UnipolSai held a total of 627,306 (1,242,884 at 31/12/2018) shares issued by the holding company Unipol Gruppo SpA, of which 550,446 directly, and the remainder indirectly through the following subsidiaries: Arca Assicurazioni (18,566), UNA Group (18,454), Linear (14,743), SIAT (12,566), UnipolSai Servizi Consortili (5,490), UniSalute (2,816), Arca Vita (1,853), Alfaevolution Technology (1,736) and Leithà (636).

The changes during the first half of the year concerned the following transactions in execution of the compensation plans based on financial instruments (performance share type) for the executive staff of UnipolSai and its subsidiaries:

- acquisition of a total of 501,900 Unipol shares by UnipolSai and its subsidiaries;
- allocation on 25 April 2019 of 1,117,478 Unipol shares relating to the first tranche of the compensation plan based on financial instruments for the period 2016-2018.

Technical provisions and financial liabilities

At 30 June 2019, technical provisions amounted to €55,902m (€53,223m at 31/12/2018) and financial liabilities amounted to €5,567m (€5,253m at 31/12/2018).

Technical provisions and financial liabilities

Amounts in €m	30/6/2019	31/12/2018	% var.
Non-Life technical provisions	15,229	15,212	0.1
Life technical provisions	40,673	38,011	7.0
Total technical provisions	55,902	53,223	5.0
Financial liabilities at fair value	2,828	2,539	11.4
Investment contracts - insurance companies	2,461	2,261	8.9
Other	367	278	31.8
Other financial liabilities	2,739	2,713	1.0
Subordinated liabilities	2,218	2,247	(1.3)
Other	522	466	11.9
Total financial liabilities	5,567	5,253	6.0
Total	61,469	58,476	5.1

UnipolSai Group Debt

For a correct representation of the accounts under examination, information is provided below of financial debt only, which is the total amount of the financial liabilities not strictly associated with normal business operations. Please note that as of 1 January 2019 the figure included the recognition of financial liabilities for future lease payments due based on lease agreements accounted for according to the financial method pursuant to IFRS 16.

The situation is summarised in the following table, which shows an increase in debt of approximately €28m.

Amounts in €m	30/6/2019	31/12/2018	var. in amount
Subordinated liabilities	2,218	2,247	(30)
Payables to banks and other lenders	358	300	58
Total debt	2,575	2,547	28

With reference to the Subordinated Liabilities issued by UnipolSai, the change is mainly due to the interest accrued during the period.

Payables to banks and other lenders, totalling €358m (€300m at 31/12/2018), related primarily to:

- the loan obtained for the acquisition of properties and for improvement works by the Closed Real Estate Fund Athens R.E. Fund for a nominal value of €170m disbursed, through the company Loan Agency Service Srl, by a pool of 13 banks including Unipol Banca (the latter for a nominal value of €10m);
- the loan of €112m taken out by the Closed Real Estate Fund Tikal R.E. from Unipol Banca;
- the financial liabilities deriving from the present value of future lease payments due for lease agreements accounted for on the basis of IFRS 16.

Transactions with related parties

The "Procedure for related party transactions" (the "**Procedure**"), prepared in accordance with Art. 4 of Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments (the "**Consob Regulation**"), initially approved on 30 November 2010, was most recently amended by UnipolSai Assicurazioni S.p.A.'s Board of Directors, with the approval of the Committee of Independent Directors on 6 October 2016 with effect from that date.

The objective of the Procedure - published on the UnipolSai web site (www.unipolsai.com) in the *Governance/Transactions with Related Parties* section - is to define, in compliance with the Consob Regulation and also taking into account the indications and guidelines outlined by Consob in the communication dated 24 September 2010, a procedural system to ensure greater transparency and correctness in the preliminary phase of negotiations and approval of related party transactions carried out by UnipolSai, directly or via subsidiaries.

In the first half of 2019, with respect to transactions with related parties of "major significance", the UnipolSai Board of Directors, in compliance with the Procedure, approved on 7 February 2019:

- the exercise of the put option with respect to Unipol Gruppo S.p.A. ("**Unipol**") of the equity investments held by the Company in Unipol Banca S.p.A. and in UnipolReC S.p.A., equal to 27.49% of the respective share capital (the "**Disposal of Equity Investments**"), in compliance with the Put/call option agreement signed with Unipol on 31 December 2013;
- the granting by UnipolSai in favour of Unipol of an unsecured €300m loan at an interest rate equal to the 3-month Euribor plus 260 basis points (the "**Loan**").

The above-mentioned transactions were reviewed in advance by the Related Party Transactions Committee (the "**Committee**") of the Company, which issued its favourable opinion for their execution. On 14 February 2019 UnipolSai published the Information Document in accordance with Art. 5 of the Consob Regulation available on the website www.unipolsai.com in the *Governance/Transactions with Related Parties* section.

The Disposal of Equity Investments and the disbursement of the Loan took place on 1 March 2019.

As regards the disclosure required by IAS 24, please refer to paragraph 4.5 - Transactions with related parties in the Notes to the financial statements.

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

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

Other Information

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

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

UnipolSai and UniSalute recognised at Le Fonti Awards

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

In the insurance companies category, UnipolSai Assicurazioni was deemed the excellent example of the year with *Insurance Best Agency Network*, while UniSalute was recognised for the best App. With completely redesigned graphics and important usability improvements, UniSalute Up was recognised as the best App of the year in the Health Insurance category.

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

During the "*Digital & Connected Insurance*" event, the *Italy Insurance Awards 2019* ceremony was held in Milan, celebrating the best insurance services with regard to innovation.

In this context, UnipolSai won first prize for the Best anti-fraud project, with the following justification expressed by the jury: "for having developed innovative data management, Artificial Intelligence (AI) and predictive learning solutions thanks to better data usability and having best combined requirements for improving effectiveness in identifying and analysing fraud. The project was implemented with specialised GFT technologies for combatting fraud".

In particular, the project called for the introduction of new tools for the automatic identification of suspicious claims and for the analysis of relations between the various parties involved in claims, by relying on innovative technological solutions which, by using big data and relational graphs, make it possible to visualise suspicious relations to be screened by investigators.

UnipolSai Official Partner at the 2019 Rimini Meeting

For the fifth consecutive year, UnipolSai Assicurazioni will be the Official Partner of the Meeting for Friendship among Peoples, to be held in Rimini from 18 to 24 August 2019, this year's 40th edition being entitled "Nacque il tuo nome da ciò che fissavi" ("You were given your name after what you were gazing").

A great international event that has always been highlighting man's knowledge and encounters with different cultures, religions, and experiences that will be debated and shared during the Meeting.

For UnipolSai, being Official Partner to the Rimini Meeting is the continuation of a coherent path towards a decision to be close to people and socially responsible.

1 Management Report

Significant events after the reporting period and business outlook

Significant events after the reporting period

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

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

More specifically:

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

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

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

Car Server Acquisition

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

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

Trade union agreement on staff

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

Repayment of subordinated liabilities

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

Business outlook

After 30 June there were no significant changes in the international macroeconomic scenario, which remains distinguished by generalised economic growth, although it is slowing, and burdened by trade tensions triggered by continuous threats of import tariffs.

In our country, despite the still weak economic scenario, the withdrawal in early July of the EU procedure for excessive debt and expectations, after the turnover in top management at the ECB, of a continuation of expansionary monetary policies, favoured a further generalised decline in yields on our government bonds.

In this framework, the financial operations of the Group continue to aim for consistency between assets and liabilities and to maintain a high standard of portfolio quality through issuer diversification criteria, maintaining a particular focus on their strength and liquidity.

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

In the **insurance sector**, within a market environment that remains highly competitive, the Group is committed to the commercial and settlement actions set forth in the 2019-2021 Business Plan, aiming to strengthen the Group's leadership in the core insurance business, and to launching a transformation process to extend the core insurance business to the realms of Mobility, Welfare and Property.

The performance recorded at the end of the first half of the year is expected to continue to year end, in the absence of exceptional and unforeseeable events, with operating profit in line with the goals established in the 2019-2021 Business Plan.

Bologna, 1 August 2019

The Board of Directors

2. Condensed Consolidated Half-Yearly Financial Statements at 30/06/2019

Tables of Consolidated Financial Statements:

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

2 Tables of Consolidated Financial Statements

Statement of Financial Position Assets

	<i>Amounts in €m</i>	30/6/2019	31/12/2018
1 INTANGIBLE ASSETS		816.3	835.4
1.1 Goodwill		464.6	464.6
1.2 Other intangible assets		351.8	370.8
2 PROPERTY, PLANT AND EQUIPMENT		1,857.2	1,813.6
2.1 Property		1,589.3	1,564.1
2.2 Other tangible assets		267.8	249.5
3 TECHNICAL PROVISIONS - REINSURERS' SHARE		1,013.4	982.0
4 INVESTMENTS		61,822.8	57,128.6
4.1 Investment property		2,136.3	2,071.1
4.2 Investments in subsidiaries, associates and interests in joint ventures		140.4	341.0
4.3 Held-to-maturity investments		453.2	459.6
4.4 Loans and receivables		4,737.7	4,313.1
4.5 Available-for-sale financial assets		46,915.7	43,446.0
4.6 Financial assets at fair value through profit or loss		7,439.5	6,497.7
5 SUNDRY RECEIVABLES		2,452.8	2,869.1
5.1 Receivables relating to direct insurance business		1,070.8	1,365.5
5.2 Receivables relating to reinsurance business		226.8	137.3
5.3 Other receivables		1,155.2	1,366.4
6 OTHER ASSETS		1,095.9	1,540.3
6.1 Non-current assets or assets of a disposal group held for sale		138.8	536.7
6.2 Deferred acquisition costs		106.0	98.1
6.3 Deferred tax assets		271.9	465.4
6.4 Current tax assets		3.3	22.9
6.5 Other assets		576.0	417.2
7 CASH AND CASH EQUIVALENTS		819.9	1,025.1
TOTAL ASSETS		69,878.3	66,194.2

Statement of Financial Position

Shareholders' Equity and Liabilities

	<i>Amounts in €m</i>	30/6/2019	31/12/2018
1 SHAREHOLDERS' EQUITY		6,293.8	5,697.0
1.1 attributable to the owners of the Parent		6,038.8	5,447.6
1.1.1 Share capital		2,031.5	2,031.5
1.1.2 Other equity instruments			
1.1.3 Capital reserves		346.8	346.8
1.1.4 Income-related and other equity reserves		2,634.4	2,132.6
1.1.5 (Treasury shares)		(455)	(46.2)
1.1.6 Reserve for foreign currency translation differences		5.1	4.9
1.1.7 Gains or losses on available-for-sale financial assets		685.4	80.1
1.1.8 Other gains or losses recognised directly in equity		17.1	(7.2)
1.1.9 Profit (loss) for the year attributable to the owners of the Parent		364.0	905.1
1.2 attributable to non-controlling interests		255.0	249.4
1.2.1 Share capital and reserves attributable to non-controlling interests		234.9	206.7
1.2.2 Gains or losses recognised directly in equity		7.2	0.2
1.2.3 Profit (loss) for the year attributable to non-controlling interests		12.8	42.6
2 PROVISIONS		341.6	353.4
3 TECHNICAL PROVISIONS		55,901.6	53,223.3
4 FINANCIAL LIABILITIES		5,567.4	5,252.6
4.1 Financial liabilities at fair value through profit or loss		2,828.1	2,539.3
4.2 Other financial liabilities		2,739.4	2,713.3
5 PAYABLES		879.7	904.5
5.1 Payables arising from direct insurance business		133.0	160.9
5.2 Payables arising from reinsurance business		116.3	86.8
5.3 Other payables		630.5	656.7
6 OTHER LIABILITIES		894.2	763.4
6.1 Liabilities associated with disposal groups held for sale		3.5	3.2
6.2 Deferred tax liabilities		48.6	8.9
6.3 Current tax liabilities		26.5	21.8
6.4 Other liabilities		815.5	729.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		69,878.3	66,194.2

2 Tables of Consolidated Financial Statements

Income Statement

	Amounts in €m	30/6/2019	30/6/2018
1.1 Net premiums		6,897.2	5,241.7
1.1.1 Gross premiums earned		7,115.2	5,433.9
1.1.2 Earned premiums ceded to reinsurers		(218.0)	(192.2)
1.2 Commission income		17.0	12.4
1.3 Gains and losses on financial instruments at fair value through profit or loss		(124.5)	(116.7)
1.4 Gains on investments in subsidiaries, associates and interests in joint ventures		5.1	315.2
1.5 Gains on other financial instruments and investment property		1,196.6	1,018.7
1.5.1 Interest income		737.7	679.1
1.5.2 Other income		107.7	88.5
1.5.3 Realised gains		289.3	249.1
1.5.4 Unrealised gains		61.9	2.0
1.6 Other revenue		321.8	302.1
1 TOTAL REVENUE AND INCOME		8,313.3	6,773.4
2.1 Net charges relating to claims		(5,958.0)	(4,240.1)
2.1.1 Amounts paid and changes in technical provisions		(6,072.0)	(4,314.7)
2.1.2 Reinsurers' share		113.9	74.6
2.2 Commission expenses		(10.8)	(6.8)
2.3 Losses on investments in subsidiaries, associates and interests in joint ventures		(0.3)	(0.4)
2.4 Losses on other financial instruments and investment property		(144.3)	(156.4)
2.4.1 Interest expense		(47.5)	(48.3)
2.4.2 Other charges		(15.9)	(16.6)
2.4.3 Realised losses		(34.8)	(35.5)
2.4.4 Unrealised losses		(46.0)	(56.0)
2.5 Operating expenses		(1,302.6)	(1,183.4)
2.5.1 Commissions and other acquisition costs		(929.2)	(865.3)
2.5.2 Investment management expenses		(58.5)	(58.6)
2.5.3 Other administrative expenses		(315.0)	(259.5)
2.6 Other costs		(396.0)	(420.8)
2 TOTAL COSTS AND EXPENSES		(7,812.0)	(6,008.0)
PRE-TAX PROFIT (LOSS) FOR THE YEAR		501.3	765.4
3 Income taxes		(124.5)	(118.7)
PROFIT (LOSS) FOR THE YEAR AFTER TAXES		376.8	646.8
4 PROFIT (LOSS) FROM DISCONTINUED OPERATIONS			
CONSOLIDATED PROFIT (LOSS)		376.8	646.8
of which attributable to the owners of the Parent		364.0	617.6
of which attributable to non-controlling interests		12.8	29.2

Comprehensive Income Statement

	Amounts in €m	30/6/2019	30/6/2018
CONSOLIDATED PROFIT (LOSS)		376.8	646.8
Other income items net of taxes not reclassified to profit or loss		6.0	(8.0)
Change in the shareholders' equity of the investees		7.6	(6.5)
Change in the revaluation reserve for intangible assets			
Change in the revaluation reserve for property, plant and equipment			
Gains and losses on non-current assets or assets of a disposal group held for sale			
Actuarial gains and losses and adjustments relating to defined benefit plans		(1.6)	(1.5)
Other items			(0.0)
Other income items net of taxes reclassified to profit or loss		630.7	(567.2)
Change in the reserve for foreign currency translation differences		0.1	0.0
Gains or losses on available-for-sale financial assets		612.4	(566.4)
Gains or losses on cash flow hedges		18.2	(0.8)
Gains or losses on hedges of a net investment in foreign operations			
Change in the shareholders' equity of the investees			
Gains and losses on non-current assets or assets of a disposal group held for sale			
Other items			
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)		636.8	(575.2)
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)		1,013.6	71.6
of which attributable to the owners of the Parent		993.7	68.7
of which attributable to non-controlling interests		19.9	2.8

2 Tables of Consolidated Financial Statements

Statement of Changes in Shareholders' Equity

	<i>Amounts in €m</i>	Balance at 31/12/2017	Changes to closing balances	Amounts allocated	Adjustments from reclassif. to profit or loss	Transfers	Changes in investments	Balance at 30/6/2018
Shareholders' Equity attributable to the owners of the Parent	Share capital	2,031.5						2,031.5
	Other equity instruments							
	Capital reserves	346.8						346.8
	Income-related and other equity reserves	2,129.5	(7.2)	106.5				2,228.7
	(Treasury shares)	(52.3)		6.1				(46.2)
	Profit (loss) for the year	504.2		516.4		(403.1)		617.6
	Other comprehensive income/(expense)	909.4	2.7	(413.1)	(138.5)			360.5
	Total attributable to the owners of the Parent	5,869.0	(4.4)	215.8	(138.5)	(403.1)		5,538.9
Shareholders' Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	265.5		27.1		(226.9)		65.7
	Profit (loss) for the year	32.6		2.1		(5.5)		29.2
	Other comprehensive income/(expense)	26.7		(4.5)	(21.8)			0.3
	Total attributable to non-controlling interests	324.7		24.7	(21.8)	(232.4)		95.2
Total	6,193.7	(4.4)	240.5	(160.3)	(635.4)			5,634.0

	Balance at 31/12/2018	Changes to closing balances	Amounts allocated	Adjustments from reclassif. to profit or loss	Transfers	Changes in investments	Balance at 30/6/2019
Shareholders' Equity attributable to the owners of the Parent	Share capital	2,031.5					2,031.5
	Other equity instruments						
	Capital reserves	346.8					346.8
	Income-related and other equity reserves	2,132.6		500.4			1.4 2,634.4
	(Treasury shares)	(46.2)		0.7			(45.5)
	Profit (loss) for the year	905.1		(137.9)		(403.2)	
	Other comprehensive income/(expense)	77.9	0.0	719.1	(89.4)	(0.0)	(0.0) 707.6
	Total attributable to the owners of the Parent	5,447.6	0.0	1,082.3	(89.4)	(403.2)	1.4 6,038.8
Shareholders' Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	206.7		29.1			(0.9) 234.9
	Profit (loss) for the year	42.6		(16.0)		(13.8)	
	Other comprehensive income/(expense)	0.2	(0.0)	8.2	(1.1)	0.0	0.0 7.2
	Total attributable to non-controlling interests	249.4	(0.0)	21.3	(1.1)	(13.8)	(0.8) 255.0
Total	5,697.0		1,103.6	(90.5)	(416.9)	0.5	6,293.8

Statement of Cash Flows (indirect method)

	Amounts in €m	30/06/2019	30/06/2018
Pre-tax profit (loss) for the year		501.3	765.4
Change in non-monetary items		61.2	(217.3)
Change in Non-Life premium provision		146.3	161.7
Change in claims provision and other Non-Life technical provisions		(159.9)	(332.9)
Change in mathematical provisions and other Life technical provisions		2,660.4	(537.6)
Change in deferred acquisition costs		(7.9)	(11.2)
Change in provisions		(11.8)	(7.9)
Non-monetary gains and losses on financial instruments, investment property and investments		(717.2)	(224.7)
Other changes		(1,848.8)	735.2
Change in receivables and payables generated by operating activities		358.6	(21.7)
Change in receivables and payables relating to direct insurance and reinsurance		136.9	297.5
Change in other receivables and payables		221.6	(319.2)
Paid taxes		(0.8)	(105.5)
Net cash flows generated by/used for monetary items from investing and financing activities		(679.3)	(123.5)
Liabilities from financial contracts issued by insurance companies		135.3	102.1
Payables to bank and interbank customers		0.0	0.0
Loans and receivables from banks and interbank customers		0.0	0.0
Other financial instruments at fair value through profit or loss		(814.5)	(225.6)
TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES		241.1	297.4
Net cash flow generated by/used for investment property		49.6	(29.4)
Net cash flow generated by/used for investments in subsidiaries, associates and interests in joint ventures		207.9	10.2
Net cash flow generated by/used for loans and receivables		(313.8)	164.0
Net cash flow generated by/used for held-to-maturity investments		8.7	44.1
Net cash flow generated by/used for available-for-sale financial assets		(285.6)	(910.9)
Net cash flow generated by/used for property, plant and equipment and intangible assets		(94.4)	(17.7)
Other net cash flows generated by/used for investing activities		394.0	572.1
TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES		(33.6)	(167.6)
Net cash flow generated by/used for equity instruments attributable to the owners of the Parent		(0.0)	0.0
Net cash flow generated by/used for treasury shares		0.7	10.3
Dividends distributed attributable to the owners of the Parent		(403.2)	(403.1)
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests		(13.8)	(55)
Net cash flow generated by/used for subordinated liabilities and equity instruments		0.0	200.0
Net cash flow generated by/used for other financial liabilities		3.4	(9.0)
TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES		(412.9)	(207.3)
Effect of exchange rate gains/losses on cash and cash equivalents		0.0	0.0
CASH AND CASH EQUIVALENTS AT 1 JANUARY (*)		1,025.4	1,455.3
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(205.4)	(77.5)
CASH AND CASH EQUIVALENTS AT 30 JUNE (**)		820.0	1,377.8

(*) Cash and cash equivalents at 1 January include cash and cash equivalents of non-current assets or those of a disposal group held for sale (2019 €0.3m; 2018 €51.7m).

(**) Include cash and cash equivalents of non-current assets or those of a disposal group held for sale (at 30 June 2019: €0.1m).

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

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

The Condensed Consolidated Half-Yearly Financial Statements at 30 June 2019 of the UnipolSai Group comprise the following:

- 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 in Consob Communication DEM/6064293 of 28 July 2006 is also provided.

The consolidation principles and classification and measurement criteria, as well as the consolidation principles applied when drafting the Condensed Consolidated Half-Yearly Financial Statements at 30 June 2019, are consistent with those used for the Consolidated Financial Statements at 31 December 2018, except for what is expressly specified in the following section New Accounting Standards.

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

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

The Condensed Consolidated Half-Yearly Financial Statements at 30 June 2019 are subject to a limited audit by the company PricewaterhouseCoopers SpA, charged to audit the accounts for the years 2013 to 2021.

Consolidation scope

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

Changes in the consolidation scope compared with 31 December 2018 and other transactions

On 1 March 2019, as UnipolSai had exercised its put option pursuant to the put/call option contract formalised on 31 December 2013 between Fondiaria-SAI SpA and Unipol Gruppo, the transfer was completed from UnipolSai in favour of Unipol Gruppo of 246,726,761 Unipol Banca shares (representing 27.49% of the company's share capital) and 79,766,325 UnipolReC SpA shares (representing 27.49% of the company's share capital). At 30 June 2019 UnipolSai therefore held 14.76% of both companies.

Segment reporting

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

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

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

In the column "Intersegment eliminations", the intragroup balances between companies in different sectors are eliminated.

This rule does not apply in the following cases:

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

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

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

3 Notes to the Financial Statements

New accounting standards

The newly issued accounting standards and amendments to previous ones, effective from 1 January 2019, are listed below.

Of the new elements of interest for the Unipol Group is the entry into force of IFRS 16 "Leases", the first-time application of which, commented on below, had little relevance for the Group's financial position, with no impact on shareholders' equity at the transition date.

As regards the other regulatory developments that entered into force as of 1 January 2019 summarised below, no impact is worth reporting.

IFRS 16 - Leases

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

On the other hand, the introduction of IFRS 16 did not entail any changes compared to the previous situation with reference to the accounting of:

- leases receivable, for which IFRS 16 retains the same differentiation between operating and finance leases as IAS 17;
- leases payable qualified as finance leases, for which IFRS 16 confirmed the application of the same accounting method (financial method) as that already set forth under IAS 17 in force previously.

Scope of application for the UnipolSai Group

The UnipolSai Group applied IFRS 16 to account for leases payable, or those contracts based on which, in exchange for consideration, a user obtains the right to control the use of a specific asset for a given period of time. In particular, relying on the right set forth in paragraph 5 of IFRS 16, the UnipolSai Group applied the financial method to leases payable, with the exception of the following types:

- contracts with a duration equal to or lower than 12 months, or ("short term");
- contracts concerning low value assets.

These types of contracts were subject to the accounting method pursuant to paragraphs 6 and 7 of IFRS 16 which, in continuity with what was set forth in IAS 17 in force previously for operating leases, required the recognition in the income statement of the expense for lease payments on a straight-line basis for the term of the contract or through another systematic method if it is more representative of the benefits enjoyed by the lessee.

Transition

During the transition phase, the UnipolSai Group relied on the rights and on the transitional provisions pursuant to appendix C of IFRS 16.

In particular, the UnipolSai Group recognised the impacts on the balance sheet deriving from the application of the new standard at the date of first-time application without restating the figures from previous years, in application of the right set forth in appendix C of IFRS 16 (par. C5 b)).

Furthermore, for each lease payable to be accounted for under the new provisions set forth in paragraphs 22-49 of IFRS 16, at the date of initial adoption the value of the financial liability corresponding to the present value of the future lease payments due for the term of the contract was recognised in item 4.2 Financial liabilities at amortised cost. In application of a specific right set forth in par. C8 b) ii) of IFRS 16, a tangible asset representing the right of use of the tangible asset being leased was recognised against that liability in the same amount. The rights of use noted above were recognised in items 2.1 Property, 2.2 Other tangible assets and 4.1 Investment property, based on the nature and purpose of the leased asset.

In relation to the accounting options adopted, note that at the date of initial application, the UnipolSai Group's shareholders' equity did not change due to the adoption of the new IFRS 16. The accounting impacts of the transition were in any event of little relevance on the whole.

Amendments to IAS 19 - Employee benefits

On 14 March 2019, Regulation (EU) 2019/402 was issued, adopting the amendments to IAS 19 "Employee Benefits" on "plan amendment, curtailment or settlement". These amendments aim to clarify how service costs are calculated when a change is made to a defined benefit plan.

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

On 15 March 2019 Regulation (EU) 2019/412 was published in the Official Gazette, adopting the "Annual improvements to IFRSs - 2015-2017 Cycle", which introduced several amendments with respect to the corresponding standards:

- IFRS 3 "Business Combinations": when an entity obtains control of a business that is a joint operation, it must remeasure previously held interests in that business at fair value;
- IFRS 11 "Joint Arrangements": in this case, when an entity obtains joint control of a joint operation, it is not required to remeasure the previously held interests at fair value;
- IAS 12 "Income Taxes": an entity must recognise income taxes deriving from dividends in the income statement and the comprehensive income statement, in line with the accounting approach for the dividends to which the taxes refer;
- IAS 23 "Borrowing Costs": in order to determine capitalisable borrowings costs, an entity needs to exclude from the calculation of the generic weighted average cost of debt the share of costs referring specifically to loans obtained to acquire or develop an asset until it becomes ready for use or for sale.

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

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

IFRIC 23 "Uncertainty over Income Tax Treatments"

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

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

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

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

	<i>Amounts in €m</i>	30/6/2019	31/12/2018	<i>var. in amount</i>
Goodwill		464.6	464.6	
resulting from business combinations		464.4	464.4	
resulting from other		0.2	0.2	
Other intangible assets		351.8	370.8	(19.0)
portfolios acquired under business combinations		107.8	127.4	(19.6)
software and licenses		227.7	226.1	1.6
other intangible assets		16.3	17.3	(1.0)
Total intangible assets		816.3	835.4	(19.0)

In relation to the item **Portfolios acquired as a result of business combinations**, the decrease with respect to 31 December 2018, amounting to €19.6m, is due to amortisation for the year on the values related to the acquired Non-Life (€10.1m) and Life portfolios (€9.5m).

2. Property, plant and equipment

At 30 June 2019, the item Property, plant and equipment, less the related accumulated depreciation, amounted to €1,857.2m (€1,813.6m at 31/12/2018) and was composed of:

- property for own use amounting to €1,589.3m (€1,564.1m at 31/12/2018);
- other tangible assets amounting to €267.8m (€249.5m at 31/12/2018).

3. Technical provisions - Reinsurers' share

The reinsurers' share of Non-Life technical provisions, at 30 June 2019, amounted to €1,013.4m (€982.0m at 31/12/2018), and it is broken down as follows:

- Non-Life provisions, in the amount of €963.5m (€932.9m at 31/12/2018), of which €270.5m related to premium provisions (€219.5m at 31/12/2018), and €693.0m related to claims provisions (€713.4m at 31/12/2018);
- Life provisions, in the amount of €49.9m (€49.1m at 31/12/2018), of which €45.8m related to mathematical provisions (€45.3m at 31/12/2018), and €4.1m related to provisions for amounts payable (€3.8m at 31/12/2018).

4. Investments

At 30 June 2019, total investments (investment property, equity investments and financial assets) amounted to €61,822.8m (€57,128.6m at 31/12/2018).

	Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Investment property	2,136.3	3.5		2,071.1	3.6	3.2
Investments in subsidiaries, associates and interests in joint ventures	140.4	0.2		341.0	0.6	(58.8)
Financial assets (excluding those at fair value through profit or loss)	52,331.9	84.6		48,511.0	84.9	7.9
<i>Held-to-maturity investments</i>	453.2	0.7		459.6	0.8	(1.4)
<i>Loans and receivables</i>	4,737.7	7.7		4,313.1	7.5	9.8
<i>Available-for-sale financial assets</i>	46,915.7	75.9		43,446.0	76.0	8.0
<i>Held-for-trading financial assets</i>	225.3	0.4		292.2	0.5	(22.9)
Financial assets at fair value through profit or loss	7,214.2	11.7		6,205.5	10.9	16.3
Total Investments	61,822.8	100.0		57,128.6	100.0	8.2

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

	Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Held-to-maturity investments	453.2	0.9		459.6	0.9	(1.4)
Listed debt securities	421.2			427.6		(1.5)
Unlisted debt securities	32.0			32.0		0.0
Loans and receivables	4,737.7	9.1		4,313.1	8.9	9.8
Unlisted debt securities	3,521.3			3,409.9		3.3
Deposits with ceding companies	44.1			32.7		34.7
Other loans and receivables	1,172.3			870.5		34.7
Available-for-sale financial assets	46,915.7	89.7		43,446.0	89.6	8.0
Equity instruments at cost	8.8			8.8		
Listed equity instruments at fair value	691.9			589.6		17.4
Unlisted equity instruments at fair value	196.4			196.7		(0.1)
Listed debt securities	42,691.9			39,594.9		7.8
Unlisted debt securities	477.2			467.3		2.1
UCITS units	2,849.5			2,588.8		10.1
Held-for-trading financial assets	225.3	0.4		292.2	0.6	(22.9)
Listed equity instruments at fair value	2.5			4.3		(40.2)
Listed debt securities	86.2			93.4		(7.7)
Unlisted debt securities	4.6			24.7		(81.4)
UCITS units	7.1			9.4		(24.3)
Derivatives	124.8			160.5		(22.2)
Total financial assets	52,331.9	100.0		48,511.0	100.0	7.9

3 Notes to the Financial Statements

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

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

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

5. Sundry receivables

Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Receivables relating to direct insurance business	1,070.8	43.7	1,365.5	47.6	(21.6)
Receivables relating to reinsurance business	226.8	9.2	137.3	4.8	65.2
Other receivables	1,155.2	47.1	1,366.4	47.6	(15.5)
Total sundry receivables	2,452.8	100.0	2,869.1	100.0	(14.5)

The item Other receivables included:

- substitute tax receivables on the mathematical provisions totalling €335.9m (€296.1m at 31/12/2018);
- payments made as cash collateral to guarantee the exposure to derivatives totalling €255.4m (€195.8m at 31/12/2018);
- €209.4m related to tax receivables (€460.5m at 31/12/2018);
- €157.4m related to trade receivables (€143.5m at 31/12/2018).

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

6. Other assets

<i>Amounts in €m</i>	30/6/2019	<i>% comp.</i>	31/12/2018	<i>% comp.</i>	<i>% var.</i>
Non-current assets or assets of a disposal group held for sale	138.8	12.7	536.7	34.8	(74.1)
Deferred acquisition costs	106.0	9.7	98.1	6.4	8.0
Deferred tax assets	271.9	24.8	465.4	30.2	(41.6)
Current tax assets	3.3	0.3	22.9	1.5	(85.6)
Other assets	576.0	52.6	417.2	27.1	38.1
Total other assets	1,095.9	100.0	1,540.3	100.0	(28.9)

Non-current assets or assets of a disposal group held for sale include the equity investment in Unipol Banca and the other 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 compensation carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in deferred tax liabilities, as described in Chapter 2 Main accounting standards adopted in the consolidated financial statements at 31/12/2018.

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

7. Cash and cash equivalents

At 30 June 2019, Cash and cash equivalents amounted to €819.9m (€1,025.1m at 31/12/2018).

3 Notes to the Financial Statements

LIABILITIES

1. Shareholders' equity

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

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

	Amounts in €m	30/6/2019	31/12/2018	var. in amount
Share capital	2,031.5	2,031.5		
Capital reserves	346.8	346.8		
Income-related and other equity reserves	2,634.4	2,132.6	501.8	
(Treasury shares)	(45.5)	(46.2)	0.7	
Reserve for foreign currency translation differences	5.1	4.9	0.1	
Gains/losses on available-for-sale financial assets	685.4	80.1	605.3	
Other gains and losses recognised directly in equity	17.1	(7.2)	24.2	
Profit (loss) for the year	364.0	905.1	(541.0)	
Total shareholders' equity attributable to the owners of the Parent	6,038.8	5,447.6	591.1	

At 30 June 2019, UnipolSai's share capital was €2,031.5m, fully paid-up, and consisted of 2,829,717,372 ordinary shares without nominal value (unchanged compared to 31/12/2018).

Movements in shareholders' equity recognised during the period with respect to 31 December 2018 are set out in the special statement of changes in shareholders' equity.

The main changes in the year in the Group's shareholders' equity were as follows:

- decrease due to dividend distribution for €403.2m;
- an increase as a result of the increase in the provision for gains and losses on available-for-sale financial assets, net of both the related tax liabilities and the part attributable to the policyholders and charged to insurance liabilities for €605.3m.
- increase of €364.0m for Group profit of the period.

Shareholders' equity attributable to non-controlling interests was €255.0m (€249.4m at 31/12/2018).

Treasury shares or quotas

At 30 June 2019, the treasury shares held by UnipolSai and its subsidiaries totalled 49,330,892 (50,052,345 at 31/12/2018), of which 1,004,643 shares were held directly and 48,326,249 held by the following subsidiaries:

- UnipolSai Finance held 38,454,775;
- UnipolSai Nederland held 9,443,258;
- Pronto Assistance held 344,312;
- Gruppo UNA held 33,900;
- SIAT held 23,675;
- UnipolSai Servizi Consortili held 9,727;
- Arca Vita held 7,510;
- UniSalute held 5,222;
- AlfaEvolution Technology held 2,891;
- Leithà held 979.

2. Provisions and contingent liabilities

The item "Provisions" totalled €341.6m at 30 June 2019 (€353.4m at 31/12/2018) and mainly consisted of provisions for litigation, various disputes, charges relating to the sales network, provisions for salary policies and personnel leaving-incentive schemes.

Ongoing disputes and contingent liabilities

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

Relations with the Tax Authorities

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

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

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

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

Consob sanction proceedings

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

IVASS assessments

On 2 July 2014, IVASS sent to UnipolSai the order of sanctions at the end of the proceeding started in 2012 against Unipol Assicurazioni on the matter of the measurement of the claims provisions of the MV and Boats TPL classes. The sanction imposed was €27,500.

On 21 February 2019 the Council of State accepted an objection submitted by UnipolSai and cancelled the sanction. The process was initiated for the recovery of the sanction paid.

3 Notes to the Financial Statements

3. Technical provisions

Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Non-Life premium provisions	3,339.5	21.9	3,142.2	20.7	
Non-Life claims provisions	11,858.6	77.9	12,033.2	79.1	
Other Non-Life technical provisions	30.8	0.2	36.4	0.2	
Total Non-Life provisions	15,228.9	100.0	15,211.8	100.0	0.1
Life mathematical provisions	32,011.6	78.7	32,092.8	84.4	
Provisions for amounts payable (Life business)	638.7	1.6	407.6	1.1	
Technical provisions where the investment risk is borne by policyholders and arising from pension fund management	4,768.2	11.7	3,963.3	10.4	
Other Life technical provisions	3,254.2	8.0	1,547.8	4.1	
Total Life provisions	40,672.7	100.0	38,011.5	100.0	7.0
Total technical provisions	55,901.6		53,223.3		5.0

4. Financial liabilities

Financial liabilities amounted to €5,567.4m (€5,252.6m at 31/12/2018).

4.1 Financial liabilities at fair value through profit or loss

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

- Held-for-trading financial liabilities totalled €366.8m (€278.3m at 31/12/2018);
- Financial liabilities designated at fair value through profit or loss totalled €2,461.3m (€2,261.0m at 31/12/2018). This category included investment contracts issued by insurance companies where the investment risk was borne by the policyholders and the insurance risk borne by the Group did not exceed 10% (some types of Class III, Class V and Class VI contracts).

4.2 Other financial liabilities

Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Subordinated liabilities	2,217.7	81.0	2,247.2	82.8	(1.3)
Deposits received from reinsurers	163.4	6.0	166.2	6.1	(1.6)
Other loans obtained	358.2	13.1	299.8	11.0	19.5
Total other financial liabilities	2,739.4	100.0	2,713.3	100.0	1.0

Please note that the increase in Other loans obtained was due to the recognition as of 1 January 2019 of financial liabilities for future lease payments due based on lease agreements accounted for according to the financial method pursuant to IFRS 16.

Details of Subordinated liabilities are shown in the table below:

Issuer	Nominal amount outstanding	Subordination level	Year of maturity	Call	Rate	L/NL
UnipolSai	€300.0m	tier II	2021	every 3 months	3M Euribor + 250 b.p.	L
UnipolSai	€261.7m	tier II	2023	every 3 months	3M Euribor + 250 b.p.	L
UnipolSai	€400.0m	tier I	2023(**)	every 6 months	6M Euribor + 251.5 b.p. (***)	NL
UnipolSai	€500.0m	tier II	2028		fixed rate 3.875%	L
UnipolSai	€750.0m	tier I	in perpetuity	every 3 months from 18/06/2024	fixed rate 5.75% (****)	L

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

(**) 6m nominal Euribor rate + 180 b.p., increased by 71.5 b.p., as an indemnity defined between the parties, starting from 2014, in relation to the "Additional Costs Clauses" provided for in the Loan Agreement.

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

5. Payables

Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Payables arising from direct insurance business	133.0	15.1	160.9	17.8	(17.4)
Payables arising from reinsurance business	116.3	13.2	86.8	9.6	34.0
Other payables	630.5	71.7	656.7	72.6	(4.0)
Policyholders' tax due	125.2	14.2	156.4	17.3	(19.9)
Sundry tax payables	54.4	6.2	32.9	3.6	65.5
Trade payables	211.5	24.0	174.0	19.2	21.5
Post-employment benefits	63.1	7.2	63.9	7.1	(1.2)
Social security charges payable	36.8	4.2	37.8	4.2	(2.8)
Sundry payables	139.4	15.8	191.7	21.2	(27.3)
Total payables	879.7	100.0	904.5	100.0	(2.7)

6. Other liabilities

Amounts in €m	30/6/2019	% comp.	31/12/2018	% comp.	% var.
Current tax liabilities	26.5	3.0	21.8	2.9	21.5
Deferred tax liabilities	48.6	5.4	8.9	1.2	n.s.
Liabilities associated with disposal groups held for sale	3.5	0.4	3.2	0.4	9.2
Commissions on premiums under collection	94.2	10.5	110.9	14.5	(15.1)
Deferred commission income	3.7	0.4	3.4	0.4	8.9
Accrued expenses and deferred income	61.8	6.9	56.0	7.3	10.3
Other liabilities	655.9	73.3	559.1	73.2	17.3
Total other liabilities	894.2	100.0	763.4	100.0	17.1

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 assets, as described in Chapter 2 Main accounting standards adopted in the consolidated financial statements at 31 December 2018.

3 Notes to the Financial Statements

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 30 June 2018 are given below (the numbering of the notes relates to the mandatory layout for the preparation of the income statement).

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

REVENUE

1.1 Net premiums

<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Non-Life earned premiums	4,091.6	3,889.2	5.2
Non-Life written premiums	4,287.5	4,082.0	5.0
Changes in Non-Life premium provision	(195.9)	(192.7)	1.7
Life written premiums	3,023.6	1,544.7	95.7
Non-Life and Life gross earned premiums	7,115.2	5,433.9	30.9
Non-Life earned premiums ceded to reinsurers	(206.7)	(188.6)	9.6
Non-Life premiums ceded to reinsurers	(258.5)	(230.5)	12.1
Changes in Non-Life premium provision - reinsurers' share	51.8	41.9	23.6
Life premiums ceded to reinsurers	(11.3)	(3.6)	n.s.
Non-Life and Life earned premiums ceded to reinsurers	(218.0)	(192.2)	13.4
Total net premiums	6,897.2	5,241.7	31.6

On a like-for-like basis, the variation of net Premiums was equal to +23.1% (+3.6% Non-Life business and +62.8% Life business).

1.2 Commission income

<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Commission income from investment contracts	13.6	7.9	72.2
Other commission income	3.4	4.5	(24.2)
Total commission income	17.0	12.4	37.2

On a like-for-like basis the variation of Commission income was +4.5%.

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

<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
on held-for trading financial assets	(245.8)	(54.6)	n.s.
on financial assets/liabilities at fair value through profit or loss	121.9	(62.1)	n.s.-
Total net gains/losses	(124.5)	(116.7)	-6.7

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

They amounted to €5.1m (€315.2m at 30/06/2018, of which €308.6m attributable to the capital gain realised from the sale of the equity interest in Popolare Vita).

1.5 Gains on other financial instruments and investment property

<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Interests	737.7	679.1	8.6
on held-to-maturity investments	9.3	11.3	(17.4)
on loans and receivables	54.3	69.3	(21.7)
on available-for-sale financial assets	672.7	597.0	12.7
on sundry receivables	1.0	1.2	(15.5)
on cash and cash equivalents	0.4	0.4	17.6
Other income	107.7	88.5	21.7
from investment property	29.4	32.1	(8.4)
from available-for-sale financial assets	78.3	56.3	39.0
Realised gains	289.3	249.1	16.1
on investment property	6.2	12.2	(49.6)
on loans and receivables	3.5	0.7	n.s.
on available-for-sale financial assets	279.6	236.2	18.4
Unrealised gains and reversals of impairment losses	61.9	2.0	n.s.
on available-for-sale financial assets	32.1		
on investment property and other financial assets and liabilities	29.8	2.0	n.s.
Total item 1.5	1,196.6	1,018.7	17.5

3 Notes to the Financial Statements

1.6 Other revenue

	Amounts in €m	30/6/2019	30/6/2018	var.%
Sundry technical income		41.2	41.0	0.4
Exchange rate differences		9.5	1.2	n.s.
Extraordinary gains		9.0	6.9	30.5
Other income		262.2	253.0	(1.9)
Total other revenue		321.8	302.1	6.5

On a like-for-like basis the overall variation of Other revenue was +7.6%.

COSTS

2.1 Net charges relating to claims

	Amounts in €m	30/6/2019	30/6/2018	% var.
Net charges relating to claims - direct and indirect business		6,072.0	4,314.7	40.7
Non-Life business		2,608.5	2,504.6	4.1
Non-Life amounts paid		2,863.8	2,874.0	
changes in Non-Life claims provision		(178.5)	(331.8)	
changes in Non-Life recoveries		(78.4)	(38.4)	
changes in other Non-Life technical provisions		1.6	0.8	
Life business		3,463.5	1,810.0	91.3
Life amounts paid		2,439.1	1,934.5	
changes in Life amounts payable		230.5	(34.7)	
changes in mathematical provisions		(85.9)	28.8	
changes in other Life technical provisions		15.4	61.2	
changes in provisions where the investment risk is borne by policyholders and arising from pension fund management		864.4	(179.7)	
Charges relating to claims - reinsurers' share		(113.9)	(74.6)	52.8
Non-Life business		(106.7)	(72.0)	48.1
Non-Life amounts paid		(130.9)	(91.4)	
changes in Non-Life claims provision		19.3	12.4	
changes in Non-Life recoveries		4.9	7.0	
Life business		(7.2)	(2.5)	n.s.
Life amounts paid		(6.5)	(5.4)	
changes in Life amounts payable		(0.4)	0.2	
changes in mathematical provisions		(0.0)	2.6	
change in other life technical provisions		(0.4)		
Total net charges relating to claims		5,958.0	4,240.1	40.5

On a like-for-like basis the overall variation of Net charges relating to claims was +28.7%.

2.2 Commission expense

	Amounts in €m	30/6/2019	30/6/2018	% var.
Commission expense from investment contracts	65	2.0	n.s.	
Other commission expense	4.3	4.7	(9.5)	
Total commission expense	10.8	6.8	59.5	

On a like-for-like basis the overall variation of Commission expense was -0.5%.

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

These totalled €0.3m (€0.4m at 30/06/2018).

2.4 Losses on other financial instruments and investment property

	Amounts in €m	30/6/2019	30/6/2018	% var.
Interests:		47.5	48.3	(1.5)
on other financial liabilities		46.7	47.4	(1.6)
on payables		0.9	0.8	4.3
Other charges:		15.9	16.6	(4.3)
from investment property		13.1	13.6	(3.1)
from available-for-sale financial assets		2.1	2.3	(7.6)
from other financial liabilities		0.6	0.7	(12.4)
from sundry payables		0.0	0.1	(38.1)
Realised losses:		34.8	35.5	(2.0)
on investment property		0.2	2.9	(92.3)
on loans and receivables		2.7	0.0	n.s.
on available-for-sale financial assets		31.9	32.6	(2.2)
Unrealised losses and impairment losses:		46.0	56.0	(17.9)
on investment property		35.5	55.7	(36.4)
on available-for-sale financial assets		8.1	0.3	n.s.
on other financial liabilities		2.4	0.0	n.s.
Total item 2.4		144.3	156.4	(7.8)

The Unrealised losses and impairment losses relating to investment property included amortisation totalling €16.9m (€17.4m at 30/06/2018) and write-downs amounting to €18.6m (€38.4m at 30/06/2018).

3 Notes to the Financial Statements

2.5 Operating expenses

	<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Insurance Sector		1,237.5	1,147.9	7.8
Other Businesses Sector		59.5	30.2	96.6
Real Estate Sector		10.3	10.8	(4.4)
Intersegment eliminations		(4.7)	(5.5)	(14.2)
Total operating expenses		1,302.6	1,183.4	10.1

On a like-for-like basis the overall variation of Operating expense was +7.7%.

Below are details of Operating expenses in the Insurance sector:

<i>Amounts in €m</i>	Non-Life			Life			Total		
	30/6/2019	30/6/2018	% var.	30/6/2019	30/6/2018	% var.	30/6/2019	30/6/2018	% var.
Acquisition commissions	686.5	620.0	10.7	34.8	25.2	38.1	721.4	645.3	11.8
Other acquisition costs	178.3	178.8	(0.3)	22.0	19.2	15.0	200.3	198.0	1.2
Change in deferred acquisition costs	(1.4)	(2.7)	(48.0)	(1.3)	1.3	n.s.	(2.7)	(1.4)	95.4
Collection commissions	78.6	82.7	(5.0)	3.1	3.0	3.0	81.7	85.7	(4.7)
Profit sharing and other commissions from reinsurers	(69.8)	(61.2)	14.2	(1.3)	(1.1)	26.0	(71.2)	(62.2)	14.4
Investment management expenses	30.7	34.0	(9.6)	19.8	20.7	(4.4)	50.6	54.7	(7.6)
Other administrative expenses	212.3	189.4	12.1	45.3	38.4	17.8	257.5	227.8	13.0
Total operating expenses	1,115.1	1,041.1	7.1	122.4	106.8	14.6	1,237.5	1,147.9	7.8

2.6 Other costs

	<i>Amounts in €m</i>	30/6/2019	30/6/2018	% var.
Other technical charges		162.8	144.8	12.4
Impairment losses on receivables		15.3	4.8	n.s.
Other charges		217.9	271.2	(19.7)
Total other costs		396.0	420.8	(5.9)

On a like-for-like basis the variation of Other costs was -9.2%.

3. Income taxes

Against a pre-tax profit of €501.3m, taxes pertaining to the year and amounting to €124.5m were recorded, corresponding to a tax rate of 24.8% (15.5% at 30/06/2018), positively affected by the untaxable capital gain on the sale of the equity investment in Popolare Vita.

4. Other information

Fair value hedges

During the first half of 2019, new transactions were carried out concerning fair value hedging. Fair value hedging concerns fixed rate bonds, for which the interest rate risk was hedged through Interest Rate Swaps. Existing positions at 30 June 2019 are related to IRS contracts, for a nominal value of €400m to hedge bond assets recorded in Available-for-sale assets, with a hedged synthetic notional value equal to €148.2m. At 30 June 2019, the fair value change related to the hedged risk of bonds came to a positive €32.1m, while the fair value change of IRS amounted to a negative €30.9m, with a positive net economic effect of €1.2m, including the tax effect of €0.4m. At 30 June 2019, hedging was effective since the ratios between the respective variations in fair value were still within the range 80%-125%.

Cash flow hedges

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

UnipolSai Assicurazioni: cash flow hedges on bond securities recorded in the Available-for-sale asset portfolio through the sale of IRSs for a notional value of €1,113.5m (unchanged compared to 31/12/2018). The cumulative positive effect on Shareholders' equity in the Hedging reserve for gains or losses on cash flow hedges was €25.2m (€3.3m negative effect at 31/12/2018): net of tax, the positive impact was €17.4m (€2.3m, positive effect at 31/12/2018).

UnipolSai Assicurazioni: cash flow hedges on bond securities recorded in the Loans and Receivables portfolio through IRSs for a notional value of €250m (unchanged compared to 31/12/2018).

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

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

The cumulative effect on shareholders' equity is irrelevant.

4.2 Earnings (loss) per share

	30/6/2019	30/6/2018
Profit/loss allocated to ordinary shares (€m)	364.0	617.6
Weighted average of shares outstanding during the year (no./m)	2,779.6	2,778.3
Basic and diluted earnings (loss) per share (€ per share)	0.13	0.22

4.3 Dividends

In view of the profit for the year at 31 December 2018 (as shown in the financial statements drawn up in accordance with Italian GAAP), the Shareholders' Meeting of UnipolSai SpA, held on 17 April 2019, resolved on the distribution of dividends corresponding to €0.145 per share. The total amount set aside for dividends, including treasury shares held by UnipolSai, amounted to €410m.

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

3 Notes to the Financial Statements

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

At 30 June 2019, the statement of financial position asset items classified in application of IFRS 5, under item 6.1 of the Assets, amounted to €138.8m (€536.7m at 31/12/2018), of which €106.1 relating to properties held for sale and €32.5m relating to the equity investment held in Unipol Banca. Liabilities reclassified under item 6.1 Liabilities associated with disposal groups, amounted to €3.5m. The significant decrease during the half year in asset item 6.1 was attributable to the exercise of the put option on Unipol Banca shares, as described extensively above.

4.5 Transactions with related parties

Group companies that render services of various types to other Group companies are as follows: UnipolSai, UniSalute, Siat, Auto Presto & Bene, UnipolSai Servizi Previdenziali, Pronto Assistance Servizi, UnipolRe, UnipolSai Investimenti Sgr, UnipolReC, Alfaevolution Technology, Leithà, UnipolSai Servizi Consortili, Ambre Property, Arca Vita, Arca In linea, Arca Sistemi, Arca Direct Assicurazioni and Unipol Banca.

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

Fees are mainly calculated on the basis of the external costs incurred, for example the costs of products and services acquired from suppliers, and the costs resulting from activities carried out directly, i.e. generated by their own staff, and taking account of:

- performance objectives set for the provision of the service to the company;
- strategic investments required to ensure the agreed levels of service.

The following elements are specifically taken into consideration:

- personnel costs;
- operating costs (logistics, etc.);
- general costs (IT, consultancy, etc.).

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

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

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

As regards the transactions "of major relevance" carried out during the first half of 2019, reference is made to the interim Management Report.

The following table shows transactions with related parties (holding company, affiliates, associates and others) carried out during the first half of 2019, as laid down in IAS 24 and in Consob Communication DEM/6064293/2006. It should be noted that the application scope of the Procedure for related party transactions, adopted pursuant to Consob Regulation no. 17221 of 12 March 2010, as amended, also includes some counterparties that are included, on a voluntary basis, pursuant to Art. 4 thereof. The above also includes OICs, in which the Company, or one of its natural person or subsidiary related parties, holds more than 20% of the equity rights.

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

Information on transactions with related parties

Amounts in €m	Holding company	Affiliates	Associates and others	Total	% inc. (1)	% inc. (2)
Loans and receivables	568.8		134.7	703.5	1.0	291.8
Available-for-sale financial assets	6.6			6.6	0.0	2.7
Sundry receivables	61.0	0.1	54.5	115.5	0.2	47.9
Other assets	0.0		37.3	37.3	0.1	15.5
Cash and cash equivalents			699.9	699.9	1.0	290.4
Total Assets	636.3	0.1	937.5	1,573.9	2.3	653.0
Provisions			0.4	0.4	0.0	0.1
Other financial liabilities	1.1		134.1	135.1	0.2	56.1
Sundry payables	101.1		7.6	108.7	0.2	45.1
Other liabilities	0.0		11.1	11.1	0.0	4.6
Total Liabilities	102.2		153.1	255.2	0.4	105.9
Commission income			3.0	3.0	0.6	1.3
Gains on other financial instruments and investment property	3.7		4.2	7.9	1.6	3.3
Other revenue	2.6	0.1	3.3	5.9	1.2	2.5
Total Revenue and Income	6.3	0.1	10.5	16.9	3.4	7.0
Commission expenses			0.1	0.1	0.0	0.1
Losses on other financial instruments and investment property			1.9	1.9	0.4	0.8
Operating expenses	0.1		105.4	105.6	21.1	43.8
Other costs	9.7		5.3	15.1	3.0	6.2
Total Costs and Expenses	9.9		112.8	122.7	24.5	50.9

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

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

Loans and receivables due from the holding company relate to two loan agreements between the former Unipol Assicurazioni and the holding company Unipol executed during 2009 after Unipol Assicurazioni's takeover of the role of issuer for the UGF 7% and UGF 5.66% subordinated bond loans issued by Unipol; the 5-year loan disbursed by UnipolSai to Unipol, as part of the exercise of the put option on Unipol Banca, equal to €300m, which may also be repaid in advance, at an interest rate equal to the 3-month Euribor plus 260 basis points.

Loans and receivables from associates comprised €107.8m related to the shareholders' loan supplied to the associate UnipolReC, €10.6m relating to receivables from Assicoops for agents' reimbursements, €10m of time deposits above 15 days held by the companies of the Group with Unipol Banca, and €6.2m of interest-free loans disbursed by UnipolSai to the associate Borsetto.

The item Available-for-sale financial assets refers to bond securities issued by the holding company Unipol

3 Notes to the Financial Statements

and subscribed by the subsidiary Arca Vita.

Sundry receivables from the holding company comprised amounts related to the tax consolidation and for services rendered.

The item Sundry receivables from associates included €28.0m in receivables from Finitalia for premiums it had advanced for the service concerning the split payment of policies and €16.5m in receivables due from insurance brokerage agencies for commissions.

The item Sundry receivables from affiliates included receivables for seconded staff and services supplied by UnipolSai.

Other assets were related to current accounts, temporarily unavailable, that UnipolSai has opened with Unipol Banca. Cash and cash equivalents included the balances of current accounts opened by Group companies at Unipol Banca and BPER Banca.

Other financial liabilities due to associates referred to mortgages provided by Unipol Banca to Group companies.

Sundry payables comprised, as for relations with the holding company, the payable for IRES on the income for the period of the companies participating in the tax consolidation and the payable for Unipol staff seconded to Group companies; as for relations with the associates and others, the item comprised payables for commissions to be paid to BPER Banca for the placement of insurance products.

Commission income refers to the bank relations between Group companies and the associate Unipol Banca.

Gains on other financial instruments and investment property include:

- as for relations with the holding company, the interest income on loans provided by UnipolSai to Unipol and rents paid to UnipolSai for properties leased to Unipol;
- as for relations with associates, the interest income on bank deposits held by the Group companies at Unipol Banca, interests of the loan supplied by UnipolSai to Unipol ReC and rents paid to UnipolSai for use of the properties where their business is conducted.

The item Other revenue due from the holding company and from the affiliates mainly included income for staff secondment; other revenue due from associates relates mainly to relations of the Group companies with Unipol Banca and Finitalia for banking services and policy premium instalments.

The item Charges resulting from other financial instruments and investment property are related to interest paid to Unipol Banca for loans granted by the bank to real estate Funds Tikal RE and Athens RE.

Operating expenses include, as regards the associates, costs on commissions paid to insurance brokerage agencies (€57.4m), costs paid to Finitalia for instalments of policies issued by the Group companies (€29.8m) and bank relations operating costs (€14.4m).

The item Other costs primarily relates to staff secondment.

4.6 Fair value measurements – IFRS 13

As regards the fair value measurement criteria and criteria to determine the fair value hierarchy, reference is made to the Consolidated Financial Statements of the UnipolSai Group at 31 December 2018, in the Notes, chapter 2 - Main accounting standards.

Fair value measurement on a recurring and non-recurring basis

The table below shows a comparison between the assets and liabilities measured at fair value at 30 June 2019 and 31 December 2018, 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	
		30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Amounts in €m									
Assets and liabilities at fair value on a recurring basis									
Available-for-sale financial assets		45,047.1	41,788.1	392.6	377.3	1,476.1	1,280.6	46,915.7	43,446.0
Financial assets at fair value through profit or loss	Held for trading financial assets	109.3	113.0	101.6	164.0	14.4	15.2	225.3	292.2
	Financial assets at fair value through profit or loss	7,213.2	6,203.5		0.7	1.0	1.3	7,214.2	6,205.5
Investment property									
Property, plant and equipment									
Intangible assets									
Total assets at fair value on a recurring basis		52,369.6	48,104.6	494.1	542.0	1,491.5	1,297.1	54,355.2	49,943.8
Financial liabilities at fair value through profit or loss	Held for trading financial liabilities	34.5	14.9	322.3	241.5	10.0	21.9	366.8	278.3
	Financial liabilities at fair value through profit or loss					2,461.3	2,261.0	2,461.3	2,261.0
Total liabilities at fair value on a recurring basis		34.5	14.9	322.3	241.5	2,471.3	2,282.9	2,828.1	2,539.3
Assets and liabilities at fair value on a non-recurring basis									
Non-current assets or assets of disposal groups held for sale									
Liabilities associated with a disposal group held for sale									

The amount of financial assets classified in Level 3 at 30 June 2019 stood at €1,491.5m.

3 Notes to the Financial Statements

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

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

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

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

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

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

With reference to "assets at fair value on a recurring basis" and belonging to Level 3, the stress test of non-observable parameters is performed with reference to financial instruments valued on a Mark to Model basis and on which the measurement is carried out through one or more non-observable parameters.

The portion of securities subject to analysis has a market value of €73.3m at 30 June 2019.

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

The following table shows the results of the shocks:

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

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

IFRS 13 also governs the fair value measurement of assets and liabilities not measured at fair value in the statement of financial position, but for which a fair value disclosure is required in the notes to the financial statements in compliance with other international accounting standards.

Furthermore, since these assets and liabilities are not typically traded, their fair value is largely based on the use of internal parameters that cannot be directly observed in the market, with the sole exception of listed securities classified as Held-to-maturity investments.

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

	Carrying amount		Fair value								
			Level 1		Level 2		Level 3		Total		
	Amounts in €m	30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Assets											
Held-to-maturity investments	453.2	459.6	513.7	497.3	38.1	34.5	2.2			553.9	531.7
Loans and receivables	4,737.7	4,313.1			2,888.3	2,650.3	1,865.3	1,571.6	4,753.6	4,221.9	
Investments in subsidiaries, associates and interests in joint ventures	140.4	341.0					140.4	341.0	140.4	341.0	
Investment property	2,136.3	2,071.1					2,249.0	2,202.8	2,249.0	2,202.8	
Property, plant and equipment	1,857.2	1,813.6					2,010.2	1,976.8	2,010.2	1,976.8	
Total assets	9,324.8	8,998.4	513.7	497.3	2,926.3	2,684.8	6,267.0	6,092.2	9,707.0	9,274.3	
Liabilities											
Other financial liabilities	2,739.4	2,713.3	1,804.6	1,632.8			922.2	854.3	2,726.8	2,487.1	

4.7 Information on personnel

	30/6/2019	31/12/2018	Variation
Total number of UnipolSai Group employees	12,391	11,935	456
of which on a fixed-term contract	856	444	412
Full Time Equivalent - FTE	11,759	11,342	416

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

The increase in the number of employees by 456 at 30 June 2019 compared with 31 December 2018, net of transfers to fixed-term contracts or for seasonal work that began and ended in the course of the year, is due to 692 resources hired, 235 departures and a negative balance of 1 employee for intragroup mobility processes.

Specifically, during the year, 127 new employees were hired permanently, 565 were hired on fixed-term contracts or for seasonal work during the year and counted among the workforce at the end of the first half of the year; the 235 departures were due to resignations, incentivised departures and other reasons for termination.

3 Notes to the Financial Statements

Share-based compensation plans

The UnipolSai Group pays additional benefits (long-term incentives) to senior executives under closed share-based compensation plans by which Unipol and UnipolSai shares (performance shares) are granted if targets of Gross Profit, solvency capital requirement and 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 1,117,478 Unipol shares, was paid to those entitled on 25 April 2019.

4.8 Non-recurring significant transactions and events

During the first half of 2019, the put option was exercised, resulting in the transfer to the holding company Unipol Gruppo of the 27.49% equity investment in Unipol Banca and in UnipolReC.

4.9 Atypical and/or unusual positions or transactions

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

4.10 Additional information on the temporary exemption from IFRS 9

As explained in the paragraph Application of IFRS 9 by the UnipolSai Group in the notes to the consolidated financial statements at 31 December 2018, except for some entities consolidated at equity and for which the application of IFRS 9 is mandatory on an individual basis (UnipolSai Sgr, UnipolReC SpA and the Unipol Banca Group), all entities consolidated on a line-by-line basis or at equity continued to apply IAS 39 in drawing up their consolidated financial statements.

Following are tables containing the information necessary for a comparison with the insurance companies that apply IFRS 9.

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

<i>Amounts in €m</i>	Consolidated Statement value at 30/6/2019	Fair value at 30/6/2019	Change in Fair value for the period
Financial investments passing the SPPI test, other than financial assets at fair value through profit or loss (a)	43,817.6	44,056.3	2,659.2
Other financial investments (b)	15,728.4	15,641.8	-373.7
Total (a) + (b)	59,546.1	59,698.1	3,032.9

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

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

Main exposures by counterpart of investments passing the SPPI test

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

3 Notes to the Financial Statements

4.11 Risk Report

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

It is worth noting that, in April 2019 the IVASS, following the application for authorisation submitted by Unipol Gruppo SpA, UnipolSai Assicurazioni SpA and Arca Vita SpA, authorised the applicants to make significant changes to the partial internal model for calculating the solvency Capital Requirement of the group and the individual requirements of UnipolSai Assicurazioni SpA and Arca Vita SpA, as of the requirement calculation for the year 2018.

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 2018 Consolidated Financial Statements.

As regards the financial risks at 30 June 2019, the level of sensitivity of the UnipolSai Group's portfolios of financial assets to the main market risk factors is shown below. Sensitivity is calculated as a variation in the market value of the assets 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.

30/6/2019	INSURANCE BUSINESS		REAL ESTATE AND OTHER BUSINESSES		TOTAL	
	Amounts in €m	Impact on Income Statement	Impact on Statement of financial position	Impact on Income Statement	Impact on Statement of financial position	Impact on Income Statement
UnipolSai Group						
Interest rate sensitivity (+10 bps)	21.09	(336.16)		(0.06)	21.09	(336.22)
Credit spread sensitivity (+10 bps)	(0.69)	(360.74)		(0.07)	(0.69)	(360.80)
Equity sensitivity (-20%)	76.10	(707.09)		(5.91)	76.10	(713.00)

The values include the hedging derivatives, excluding tax effects.

Information relating to exposure to sovereign debt securities referred to in Consob Communication DEM/11070007 of 5 August 2011

	<i>Amounts in €m</i>	Balance at 30 June 2019		
		Nominal value	Carrying amount	Market value
Italy		27,752.0	27,907.5	27,940.7
Available-for-sale financial assets	25,744.8	26,031.5	26,031.5	
Financial assets at fair value through profit or loss	104.1	14.5	14.5	
Held-to-maturity investments	362.7	349.1	444.7	
Loans and receivables	1,540.4	1,512.4	1,450.1	
Spain	3,586.6	4,065.8	4,112.4	
Available-for-sale financial assets	3,232.3	3,696.4	3,696.4	
Financial assets at fair value through profit or loss	20.0	27.0	27.0	
Loans and receivables	334.3	342.3	389.0	
Portugal	518.9	663.6	664.7	
Available-for-sale financial assets	501.6	648.7	648.7	
Loans and receivables	17.4	14.9	16.0	
Great Britain	6.9	7.3	7.3	
Available-for-sale financial assets	6.9	7.3	7.3	
Ireland	267.8	322.9	322.9	
Available-for-sale financial assets	267.8	322.9	322.9	
Germany	71.5	76.3	76.3	
Available-for-sale financial assets	71.5	76.3	76.3	
Canada	4.9	4.9	4.9	
Available-for-sale financial assets	4.9	4.9	4.9	
Belgium	92.6	100.5	100.5	
Available-for-sale financial assets	92.6	100.5	100.5	
Slovenia	217.8	256.3	256.3	
Available-for-sale financial assets	217.8	256.3	256.3	
Sebia	77.9	82.1	87.3	
Available-for-sale financial assets	10.8	12.1	12.1	
Held-to-maturity investments	67.1	69.9	75.1	
Israel	74.1	80.5	80.5	
Available-for-sale financial assets	74.1	80.5	80.5	
Mexico	8.0	9.4	9.4	
Available-for-sale financial assets	8.0	9.4	9.4	
Poland	8.1	8.9	8.9	
Available-for-sale financial assets	8.1	8.9	8.9	
Latvia	48.5	54.9	54.9	
Available-for-sale financial assets	48.5	54.9	54.9	

3 Notes to the Financial Statements

	<i>Amounts in €m</i>	Balance at 30 June 2019		
		Nominal value	Carrying amount	Market value
Chile		13.0	14.4	14.4
Available-for-sale financial assets		13.0	14.4	14.4
Cyprus		24.0	27.8	27.8
Available-for-sale financial assets		24.0	27.8	27.8
France		296.1	310.3	310.3
Available-for-sale financial assets		296.1	310.3	310.3
Austria		14.5	15.4	15.4
Available-for-sale financial assets		14.5	15.4	15.4
Finland		5.0	5.2	5.2
Available-for-sale financial assets		5.0	5.2	5.2
Netherlands		17.3	18.0	18.0
Available-for-sale financial assets		17.3	18.0	18.0
Switzerland		3.6	3.8	3.8
Available-for-sale financial assets		3.6	3.8	3.8
USA		2.6	3.3	3.3
Available-for-sale financial assets		2.6	3.3	3.3
Slovakia		98.1	118.3	118.3
Available-for-sale financial assets		98.1	118.3	118.3
Lithuania		10.0	10.9	10.9
Available-for-sale financial assets		10.0	10.9	10.9
China		10.0	10.1	10.1
Available-for-sale financial assets		10.0	10.1	10.1
TOTAL		33,229.8	34,178.1	34,264.2

The 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 UnipolSai Group at 30 June 2019.

At 30 June 2019, the carrying amount of the sovereign exposures represented by debt securities totalled €34,178.1m (€31,662.6m at 31/12/2018), 82% being accounted for by securities issued by the Italian State (80% at 31/12/2018). Moreover, the bonds issued by the Italian State account for 50% of total investments of the UnipolSai Group.

Bologna, 1 August 2019

The Board of Directors

4.Tables appended to the Notes to the Financial Statements

Consolidation scope

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at Ordinary General Meetings (4)	% Consolidation
				100.00%
100.00%		100.00%		100.00%
94.69%		94.69%		100.00%
50.00%		50.00%		100.00%
63.85%		100.00%		100.00%
	36.15% UnipolSai Finance Spa			
98.81%		100.00%		100.00%
	1.19% Pronto Assistance Spa			
	99.57% Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	99.57%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
	100.00% UnipolSai Nederland Bv	100.00%		100.00%
98.23%		99.84%		100.00%
	0.90% Pronto Assistance Spa			
	0.11% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni			
	0.02% BIM Vita Spa			
	0.02% UnipolRe Dac			
	0.02% Pronto Assistance Servizi Scarl			
	0.02% Incontra Assicurazioni Spa			
	0.02% Auto Presto & Bene Spa			
	0.20% Arca Vita Spa			
	0.20% UniSalute Spa			
	0.20% Compagnia Assicuratrice Linear Spa			
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
	70.00% Auto Presto & Bene Spa	70.00%		100.00%
100.00%		100.00%		100.00%
95.34%		99.81%	0.00%	100.00%
	0.31% Pronto Assistance Spa			
	0.10% UnipolSai Servizi Consortili Societa' Consortile a Responsabilita' Limitata			
	0.25% Apb Car Service Srl			
	0.15% Incontra Assicurazioni Spa			
	0.25% Auto Presto & Bene Spa			
	0.10% Arca Assicurazioni Spa			
	0.25% Alfaevolution Technology Spa			
	0.25% UniSalute Spa			
	3.00% Compagnia Assicuratrice Linear Spa			

Tables appended to the Notes to the Financial Statements

Consolidation scope

Name	Country of registered office	Registered office	Country of operations (5)	Operating office	Method(1)	Business activity (2)
Sogeint Societa' a Responsabilita' Limitata	086 Italy	San Donato Milanese			G	11
Tikal R.E. Fund	086 Italy				G	10
Florence Centro di Chirurgia Ambulatoriale Srl	086 Italy	Florence			G	11
Incontra Assicurazioni Spa	086 Italy	Milan			G	1
Societa' Edilizia Immobiliare Sarda - S.E.I.S. Societa' per Azioni	086 Italy	Bologna			G	10
Ddor Novi Sad	289 Serbia	Novi Sad (Serbia)			G	3
Auto Presto & Bene Spa	086 Italy	Turin			G	11
Gruppo UNA Spa	086 Italy	Milan			G	11
Athens R.E. Fund	086 Italy				G	10
Ddor Re	289 Serbia	Novi Sad (Serbia)			G	6
Arca Vita Spa	086 Italy	Verona			G	1
Arca Assicurazioni Spa	086 Italy	Verona			G	1
Arca Vita International Dac	040 Ireland	Dublin			G	2
Arca Direct Assicurazioni Srl	086 Italy	Verona			G	11
Arca In linea Scarl	086 Italy	Verona			G	11
Arca Sistemi Scarl	086 Italy	Verona			G	11
Ital H&R Srl	086 Italy	Bologna			G	11
UnipolSai Finance Spa	086 Italy	Bologna			G	9
Midi Srl	086 Italy	Bologna			G	10
Alfaevolution Technology Spa	086 Italy	Bologna			G	11
Leithà Srl	086 Italy	Bologna			G	11
UniAssiTeam Srl	086 Italy	Bologna			G	11
Fondo Opportunity	086 Italy				G	10
UniSalute Spa	086 Italy	Bologna			G	1
Compagnia Assicuratrice Linear Spa	086 Italy	Bologna			G	1
Unisalute Servizi Srl	086 Italy	Bologna			G	11
Ambra Property Srl	086 Italy	Bologna			G	11
Fondo Landev	086 Italy				G	10

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

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

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

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

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

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at Ordinary General Meetings (4)	% Consolidation
100.00%		100.00%		100.00%
95.00%		95.00%		100.00%
	100.00% Casa di Cura Villa Donatello - Spa	100.00%		100.00%
51.00%		51.00%		100.00%
51.67%		51.67%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
88.91%		88.91%		100.00%
	100.00% UnipolRe Dac	100.00%		100.00%
	0.00% Ddor Novi Sad			
63.39%		63.39%		100.00%
	98.12% Arca Vita Spa	62.20%		100.00%
	100.00% Arca Vita Spa	63.39%		100.00%
	100.00% Arca Vita Spa	63.39%		100.00%
	60.22% Arca Vita Spa	62.92%		100.00%
	39.78% Arca Assicurazioni Spa			
	82.03% Arca Vita Spa	63.19%		100.00%
	16.97% Arca Assicurazioni Spa			
	1.00% Arca In linea Scarl			
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%		100.00%
100.00%		100.00%	0.00%	100.00%
100.00%		100.00%	0.00%	100.00%
	65.00% UnipolSai Finance Spa	65.00%	0.00%	100.00%
100.00%		100.00%	0.00%	100.00%
98.99%		98.99%	0.00%	100.00%
100.00%		100.00%	0.00%	100.00%
	100.00% UniSalute Spa	98.99%	0.00%	100.00%
100.00%		100.00%	0.00%	100.00%
100.00%		100.00%	0.00%	100.00%

Tables appended to the Notes to the Financial Statements

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

Amounts in €m

Name	% non-controlling interests	% Votes available at Ordinary General Meetings to non- controlling interests	Consolidated profit (loss) attributable to non-controlling interests	Shareholders' Equity attributable to non-controlling interests
Arca Vita Spa	36.61%		9.1	137.4

Details of unconsolidated investments

Name	Country of registered office	Registered office	Country of operations (5)	Operating office	Business activity (1)	Type (2)
UnipolSai Investimenti Sgr Spa	086 Italy	Turin			8	b
Fin.Priv. Srl	086 Italy	Milan			11	b
Uci - Ufficio Centrale Italiano	086 Italy	Milan			11	b
Funivie del Piccolo San Bernardo Spa	086 Italy	La Thuile (AO)			11	b
Borsetto Srl	086 Italy	Turin			10	b
Garibaldi Sca	092 Luxembourg	Luxembourg			11	b
Servizi Immobiliari Martinelli Spa	086 Italy	Cinisello Balsamo (MI)			10	b
Penta Domus Spa in Liquidazione	086 Italy	Turin			10	b
Ddor Auto - Limited Liability Company	289 Serbia	Novi Sad (Serbia)			3	a
Ddor Garant	289 Serbia	Beograd (Serbia)			11	b
Butterfly Am Sarl	092 Luxembourg	Luxembourg			11	b
Isola Sca	092 Luxembourg	Luxembourg			11	b
Assicoop Toscana Spa	086 Italy	Siena			11	b
Pegaso Finanziaria Spa	086 Italy	Bologna			9	b
Fondazione Unipolis	086 Italy	Bologna			11	a
Unipol Banca Spa	086 Italy	Bologna			7	b*
Assicoop Bologna Metropolitana Spa	086 Italy	Bologna			11	b
Hotel Villaggio Citta' del Mare Spa in Liquidazione	086 Italy	Modena			11	b
Assicoop Modena & Ferrara Spa	086 Italy	Modena			11	b
Assicoop Romagna Futura Spa	086 Italy	Ravenna			11	b
Assicoop Emilia Nord Srl	086 Italy	Parma			11	b
Golf Club Poggio dei Medici Spa Societa' Dilettantistica Sportiva	086 Italy	San Piero (FI)			11	b
UnipolReC Spa	086 Italy	Bologna			11	b

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

(2) a=subsidiaries (IFRS10); b= associates (IAS28); c=joint ventures (IFRS11).

*Investments held for sale pursuant to IFRS5

(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
10,017.0	9,742.2	8,696.7	895.4	375.4	37.0	10.9	729.9

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at Ordinary General Meetings (4)	Carrying amount (€m)
49.00%		49.00%		11.0
28.57%		28.57%		37.3
37.51%		37.60%		0.2
	0.09% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni			
	0.00% Incontra Assicurazioni Spa			
	0.01% Arca Assicurazioni Spa			
	0.00% Compagnia Assicuratrice Linear Spa			
23.55%		23.55%		2.5
44.93%		44.93%		0.4
32.00%		32.00%		3.5
20.00%		20.00%		0.2
24.66%		24.66%		0.0
	100.00% Ddor Novi Sad	100.00%		0.0
	32.46% Ddor Novi Sad	40.00%		0.6
	7.54% Ddor Re			
28.57%		28.57%		0.0
29.56%		29.56%		
	46.77% UnipolSai Finance Spa	46.77%		1.5
	45.00% UnipolSai Finance Spa	45.00%		5.2
100.00%		100.00%		0.3
14.76%		14.76%		32.5
	49.19% UnipolSai Finance Spa	49.19%		8.7
49.00%		49.00%		
	43.75% UnipolSai Finance Spa	43.75%		7.2
	50.00% UnipolSai Finance Spa	50.00%		6.5
	50.00% UnipolSai Finance Spa	50.00%		6.0
	40.32% Gruppo UNA Spa	40.32%		0.8
14.76%		14.76%		48.5

Tables appended to the Notes to the Financial Statements

Statement of financial position by business segment

	<i>Amounts in €m</i>	Non-Life business		Life business	
		30/6/2019	31/12/2018	30/6/2019	31/12/2018
1	INTANGIBLE ASSETS	514.8	523.7	288.9	298.7
2	PROPERTY, PLANT AND EQUIPMENT	952.8	921.9	76.5	76.0
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	963.5	932.9	49.9	49.1
4	INVESTMENTS	15,671.4	14,725.4	45,202.7	41,849.6
4.1	Investment property	1,352.5	1,440.6	4.1	4.2
4.2	Investments in subsidiaries, associates and interests in joint ventures	80.9	237.2	23.6	103.0
4.3	Held-to-maturity investments	54.4	57.2	398.8	402.5
4.4	Loans and receivables	2,210.4	1,908.2	2,565.6	2,478.8
4.5	Available-for-sale financial assets	11,889.6	10,967.8	34,854.8	32,477.9
4.6	Financial assets at fair value through profit or loss	83.6	114.5	7,355.8	6,383.3
5	SUNDRY RECEIVABLES	1,820.6	2,251.4	586.5	576.1
6	OTHER ASSETS	947.8	1,140.8	98.9	287.5
6.1	Deferred acquisition costs	49.1	42.6	56.8	55.5
6.2	Other assets	898.6	1,098.2	42.1	232.0
7	CASH AND CASH EQUIVALENTS	176.2	335.5	477.7	528.6
	TOTAL ASSETS	21,047.1	20,831.6	46,781.1	43,665.7
1	SHAREHOLDERS' EQUITY				
2	PROVISIONS	302.8	322.7	18.3	18.4
3	TECHNICAL PROVISIONS	15,228.9	15,211.8	40,672.7	38,011.5
4	FINANCIAL LIABILITIES	1,750.9	1,581.0	3,511.2	3,374.2
4.1	Financial liabilities at fair value through profit or loss	202.5	71.6	2,625.6	2,467.7
4.2	Other financial liabilities	1,548.4	1,509.4	885.6	906.5
5	PAYABLES	673.2	708.8	155.9	169.2
6	OTHER LIABILITIES	616.3	648.4	323.2	96.5
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				

Other businesses		Real Estate		Inter-segment eliminations		Total	
30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018	30/6/2019	31/12/2018
12.6	12.8	0.1	0.1			816.3	835.4
221.4	213.7	606.4	601.9			1,857.2	1,813.6
						1,013.4	982.0
100.6	34.1	896.4	600.4	(48.3)	(80.8)	61,822.8	57,128.6
33.9	33.0	745.8	593.4			2,136.3	2,071.1
35.9	0.8					140.4	341.0
						453.2	459.6
		10.0	7.0	(48.3)	(80.8)	4,737.7	4,313.1
30.7	0.3	140.6	0.0			46,915.7	43,446.0
0.1						7,439.5	6,497.7
88.0	90.3	21.9	18.1	(64.2)	(67.0)	2,452.8	2,869.1
4.5	4.7	127.4	121.8	(82.8)	(14.4)	1,095.9	1,540.3
						106.0	98.1
4.5	4.7	127.4	121.8	(82.8)	(14.4)	989.9	1,442.3
135.5	53.9	30.5	107.1	0.0		819.9	1,025.1
562.7	409.5	1,682.7	1,449.5	(195.3)	(162.2)	69,878.3	66,194.2
						6,293.8	5,697.0
16.0	7.4	4.6	4.8			341.6	353.4
						55,901.6	53,223.3
24.6	49.1	328.8	328.7	(48.0)	(80.5)	5,567.4	5,252.6
						2,828.1	2,539.3
24.6	49.1	328.8	328.7	(48.0)	(80.5)	2,739.4	2,713.3
73.4	62.6	45.1	27.4	(68.0)	(63.5)	879.7	904.5
18.1	16.2	15.9	20.5	(79.4)	(18.2)	894.2	763.4
						69,878.3	66,194.2

Tables appended to the Notes to the Financial Statements

Income statement by business segment

	<i>Amounts in €m</i>	Non-Life business		Life business	
		30/6/2019	30/6/2018	30/6/2019	30/6/2018
1.1 Net premiums		3,884.9	3,700.6	3,012.3	1,541.1
1.1.1 <i>Gross premiums earned</i>		<i>4,091.6</i>	<i>3,889.2</i>	<i>3,023.6</i>	<i>1,544.7</i>
1.1.2 <i>Earned premiums ceded to reinsurers</i>		<i>(206.7)</i>	<i>(188.6)</i>	<i>(11.3)</i>	<i>(3.6)</i>
1.2 Commission income		3.0	3.1	14.0	9.3
1.3 Gains and losses on financial instruments at fair value through profit or loss		(187.5)	(45.7)	63.0	(71.0)
1.4 Gains on investments in subsidiaries, associates and interests in joint ventures		1.3	7.9	1.3	307.2
1.5 Gains on other financial instruments and investment property		470.9	318.8	718.7	692.0
1.6 Other revenue		193.6	190.7	28.9	26.1
1 TOTAL REVENUE AND INCOME		4,366.3	4,175.4	3,838.2	2,504.7
2.1 Net charges relating to claims		(2,501.8)	(2,432.6)	(3,456.2)	(1,807.5)
2.1.1 <i>Amounts paid and changes in technical provisions</i>		<i>(2,608.5)</i>	<i>(2,504.6)</i>	<i>(3,463.5)</i>	<i>(1,810.0)</i>
2.1.2 <i>Reinsurers' share</i>		<i>106.7</i>	<i>72.0</i>	<i>7.2</i>	<i>2.5</i>
2.2 Commission expenses		(3.9)	(4.4)	(6.8)	(2.3)
2.3 Losses on investments in subsidiaries, associates and interests in joint ventures		(0.0)	(0.3)	(0.1)	(0.2)
2.4 Losses on other financial instruments and investment property		(65.2)	(67.7)	(45.6)	(38.1)
2.5 Operating expenses		(1,115.1)	(1,041.1)	(122.4)	(106.8)
2.6 Other costs		(293.6)	(317.1)	(67.2)	(46.8)
2 TOTAL COSTS AND EXPENSES		(3,979.6)	(3,863.1)	(3,698.3)	(2,001.7)
PRE-TAX PROFIT (LOSS) FOR THE YEAR		386.7	312.3	139.8	503.0

Other businesses		Real Estate		Intersegment eliminations		Total	
30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	30/6/2018
						6,897.2	5,241.7
						7,115.2	5,433.9
						(218.0)	(192.2)
				(0.1)		17.0	12.4
0.0	(0.0)			0.0		(124.5)	(116.7)
2.5	(0.0)					5.1	315.2
0.9	0.3	12.5	12.5	(6.3)	(4.9)	1,196.6	1,018.7
112.5	98.6	16.1	18.3	(29.4)	(31.6)	321.8	302.1
116.0	98.9	28.6	30.8	(35.8)	(36.5)	8,313.3	6,773.4
						(5,958.0)	(4,240.1)
						(6,072.0)	(4,314.7)
						113.9	74.6
(0.1)	(0.0)	(0.0)	(0.0)			(10.8)	(6.8)
(0.2)						(0.3)	(0.4)
(2.2)	(0.8)	(31.4)	(50.4)	0.1	0.5	(144.3)	(156.4)
(59.5)	(30.2)	(10.3)	(10.8)	4.7	5.5	(1,302.6)	(1,183.4)
(52.9)	(70.2)	(13.3)	(17.2)	31.0	30.4	(396.0)	(420.8)
(114.7)	(101.3)	(55.1)	(78.4)	35.8	36.5	(7,812.0)	(6,008.0)
1.2	(2.4)	(26.5)	(47.5)			501.3	765.4

Tables appended to the Notes to the Financial Statements

Details of technical insurance items

		<i>Amounts in €m</i>	30/6/2019	30/6/2018
Non-Life business				
NET PREMIUMS			3,884.9	3,700.6
a	Written premiums		4,029.1	3,851.4
b	Change in premium provision		(144.2)	(150.8)
NET CHARGES RELATING TO CLAIMS			(2,501.8)	(2,432.6)
a	Amounts paid		(2,732.9)	(2,782.6)
b	Change in claims provision		159.1	319.4
c	Change in recoveries		73.5	31.4
d	Change in other technical provisions		(1.6)	(0.8)
Life business				
NET PREMIUMS			3,012.3	1,541.1
NET CHARGES RELATING TO CLAIMS			(3,456.2)	(1,807.5)
a	Amounts paid		(2,432.6)	(1,929.1)
b	Change in provision for amounts payable		(230.2)	34.4
c	Change in mathematical provisions		85.9	(31.4)
d	Change in technical provisions where the investment risk is borne by policyholders and arising from pension fund management		(864.4)	179.7
e	Change in other technical provisions		(15.0)	(61.2)

Tables appended to the Notes to the Financial Statements

Investment income and charges

	<i>Amounts in €m</i>	Interests	Other income	Other charges	Realised gains	Realised losses
Balance on investments	768.5	178.2		(121.1)	335.8	(83.5)
a Arising from investment property		29.4		(13.1)	6.2	(0.2)
b Arising from investments in subsidiaries, associates and interests in joint ventures		5.1		(0.3)		
c Arising from held to maturity investments	9.3			(0.0)		
d Arising from loans and receivables	54.3			(0.0)	3.5	(2.7)
e Arising from available-for-sale financial assets	672.7	78.3		(2.1)	279.6	(31.9)
f Arising from held-for-trading financial assets	2.6	56.2		(62.7)	5.9	(46.2)
g Arising from financial assets at fair value through profit or loss	29.6	9.1		(42.9)	40.7	(2.5)
Balance on sundry receivables	1.0					
Balance on cash and cash equivalents	0.4			(0.0)		
Balance on financial liabilities	(46.7)	0.3		(105.8)		
a Arising from held-for-trading financial liabilities						
b Arising from financial liabilities at fair value through profit or loss		0.3		(105.2)		
c Arising from financial liabilities	(46.7)			(0.6)		
Balance on payables	(0.9)			(0.0)		
Total	722.4	178.5		(227.0)	335.8	(83.5)

Total realised gains and losses	Unrealised gains		Unrealised losses		Total unrealised gains and losses	Total gains and losses 30/6/2019	Total gains and losses 30/6/2018
	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment			
1,077.8	308.8	29.0	(237.4)	(26.7)	73.7	1,151.6	1,095.4
22.2		29.0	(16.9)	(18.6)	(6.4)	15.8	(27.8)
4.8						4.8	314.7
9.3						9.3	11.3
55.1						55.1	70.0
996.6	32.1	0.0		(8.1)	24.0	1,020.6	854.4
(44.2)	9.3		(210.8)		(201.6)	(245.8)	(54.6)
34.0	267.4		(9.7)		257.8	291.8	(72.5)
1.0						1.0	1.2
0.4						0.4	0.4
(152.2)	(59.9)		(7.3)		(67.2)	(219.4)	(35.8)
	0.0		(0.6)		(0.6)	(0.6)	
(104.9)	(60.7)		(4.3)		(65.0)	(169.9)	10.4
(47.3)	0.8		(2.4)		(1.6)	(49.0)	(46.2)
(0.9)						(0.9)	(0.9)
926.1	248.9	29.0	(244.7)	(26.7)	6.5	932.7	1,060.3

Details of insurance business expenses

	Amounts in €m	Non-Life business		Life business	
		30/6/2019	30/6/2018	30/6/2019	30/6/2018
Gross commissions and other acquisition costs net of commissions and profit-sharing from reinsurers		(872.1)	(817.7)	(57.3)	(47.6)
Investment management expenses		(30.7)	(34.0)	(19.8)	(20.7)
Other administrative expenses		(212.3)	(189.4)	(45.3)	(38.4)
Total		(1,115.1)	(1,041.1)	(122.4)	(106.8)

Details of other consolidated comprehensive income statement

	<i>Amounts in €m</i>	Amounts allocated		Adjustments from reclassification to profit or loss	
		30/6/2019	30/6/2018	30/6/2019	30/6/2018
Other income items not reclassified to profit or loss		6.0	(10.7)		
Reserve deriving from changes in the shareholders' equity of the investees		7.6	(9.2)		
Revaluation reserve for intangible assets					
Revaluation reserve for property, plant and equipment					
Gains or losses on non-current assets or assets of a disposal group held for sale					
Actuarial gains and losses and adjustments relating to defined benefit plans		(1.6)	(1.5)		
Other items			(0.0)		
Other income items reclassified to profit or loss		721.2	(406.9)	(90.5)	(160.3)
Reserve for foreign currency translation differences		0.1	0.0		
Gains or losses on available-for-sale financial assets		702.9	(406.1)	(90.5)	(160.3)
Gains or losses on cash flow hedges		18.2	(0.8)		
Gains or losses on hedges of a net investment in foreign operations					
Reserve deriving from changes in the shareholders' equity of investees					
Gains or losses on non-current assets or assets of a disposal group held for sale					
Other items					
TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)		727.2	(417.6)	(90.5)	(160.3)

Other changes		Total changes		Income taxes		Balance	
30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	30/6/2018	30/6/2019	31/12/2018
0.0	2.7	6.0	(8.0)	0.7	0.7	(3.3)	(9.3)
	2.7	7.6	(6.5)			18.1	10.4
0.0		(1.6)	(1.5)	0.7	0.7	(21.4)	(19.8)
			(0.0)				
		630.7	(567.2)	(277.9)	252.6	718.1	87.4
		0.1	0.0			5.1	4.9
		612.4	(566.4)	(269.8)	252.3	692.9	80.6
		18.2	(0.8)	(8.1)	0.4	20.1	1.9
0.0	2.7	636.8	(575.2)	(277.2)	253.3	714.8	78.1

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



**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 Chairman appointed for the purpose, and Maurizio Castellina, as Manager in charge of financial reporting of UnipolSai Assicurazioni S.p.A., hereby certify, also taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree 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 2019.
2. The assessment of the adequacy of the administrative and accounting procedures for preparing the condensed consolidated half-yearly financial statements for the period ended 30 June 2019 is based on a process defined by UnipolSai Assicurazioni S.p.A., inspired by the COSO Framework (*Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission and, as regards the IT component, by the COBIT Framework (*Control Objectives for IT and related technology*), unanimously recognized as the reference standards for the implementation and evaluation of internal control systems.
3. It is also certified that:
 - 3.1. the Condensed Consolidated Half-yearly Financial Statements at 30 June 2019:
 - are drawn up in accordance with the International Accounting Standards recognized in the European Community in accordance with EC Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - correspond to the book results and accounting records;
 - are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer and of the consolidated companies;
 - 3.2. the interim Management Report includes a reliable analysis of the references to the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim Management Report also includes a reliable analysis of the information on relevant transactions with related parties.

Bologna, 1 August 2019

The Manager in charge of financial

reporting Maurizio Castellina

(signed on the original)

UnipolSai Assicurazioni S.p.A.

The Chairman

Carlo Cimbri



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Capitale sociale I.v. Euro 2.031.456.338,00 - Registro delle Imprese di Bologna, C.F. 00818570012 - P.IVA 0374081207 - R.E.A. 511469
Società soggetta all'attività di direzione e coordinamento di Unipol Gruppo S.p.A. iscritta all'Albo Imprese di Assicurazione
e riassicurazione Sez. I al n. 1.00006 e facente parte del Gruppo Assicurativo Unipol iscritto all'Albo delle società capogruppo al n. 046
www.unipolsai.com - www.unipolsai.it

6.Independent Auditors' report

6 Independent Auditors' Report



Review report on condensed consolidated half-yearly financial statements

To the Shareholders of
UnipolSai Assicurazioni SpA

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

Foreword

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

Scope of review

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

PricewaterhouseCoopers SpA

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Conclusion

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

Milan, 6 August 2019

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

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

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€2,031,456,338.00 fully paid-up
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A company subject
to management and coordination
by Unipol Gruppo S.p.A.,
entered in Section I of the Insurance
and Reinsurance Companies List
at No. 1.00006
and a member of the
Unipol Insurance Group,
entered in the Register of
the parent companies – No. 046

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