



CONSOLIDATED INTERIM  
FINANCIAL REPORT  
AT 30 JUNE 2018





Unipol Gruppo S.p.A.  
**Consolidated Interim  
Financial Report** at 30 June 2018



## Company bodies

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	Anna Maria Ferraboli	Carlo Zini	
	Daniele Ferrè	Mario Zucchelli	
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<b>BOARD OF STATUTORY AUDITORS</b>	<b>CHAIRMAN</b>	Mario Civetta	
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		Roberto Chiusoli	
<b>ALTERNATE AUDITORS</b>	Massimo Gatto		
	Chiara Ragazzi		
<b>MANAGER IN CHARGE OF FINANCIAL REPORTING</b>	Maurizio Castellina		
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers SpA		

Board of Directors and Board of Statutory Auditors appointed by the Shareholders' Meeting on 28 April 2016



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# Macroeconomic background and market performance

## Macroeconomic background

The first half of 2018 was characterised by a growth rate in the global economy in line with forecasts - around 3.7% year on year - largely aided by the massive expansionary fiscal package fielded by the US Administration and the steady economic scenario in the main emerging countries (China, India, Russia and Brazil), the latter assisted by a significant recovery in oil prices and prices of the main commodities. The essentially accommodating monetary policies represented an additional driving factor.

However, the risks of a halt to global growth increase as a consequence of the threatened imposition of duties and tariffs that would have a negative effect on international trade.

Tensions in the Middle East have heightened, particularly as regards relations between the United States and Iran. Some lightening of the situation, however, is expected in relations between the USA and North Korea as a result of the active role played by Beijing. In Europe, the migrants issue and the Brexit stalemate exacerbate the different positions among Member States.

In the first quarter, United States GDP recorded an annualised 2% increase. For the second quarter, as a result of the continued expansionary fiscal policy, the growth in investment spending and unemployment at its lowest in the last 40 years (4% in June), a growth rate in excess of 3% on an annual basis is forecast. As regards US inflation, complicit in the oil price recover and, above all, the continued drop in unemployment rates that drives up labour costs, the Fed now considers the goal of an average 2% rate to have been achieved. The June figure showed a 2.9% change in consumer prices. Since the start of the year, the Fed has applied two increases by 25 basis points (21 March and 12 June), bringing the discount rate to 2% and implying another two similar increases will be likely before the end of the year.

After a first quarter where economic growth was just short of the forecasts (0.4% actual and 2.5% trend rate), the Euro Area growth is showing signs of slowing; the preliminary estimate for the second quarter indicates a GDP economic increase of 0.3% ( 2.1% year-on-year). For now, this scenario will not alter the gradual reabsorption of unemployment (8.3% unemployment rate in June). Likewise, the trends for disposable income and, overall, for domestic demand appear satisfactory. Fear emerges as regards developments in international trade, due to the risk of a heightening tension in trade between the world's major economies. Given the economic situation in the Euro Area and the international context, at its July meeting the European Central Bank announced that, unless currently unforeseen events arise, it intends to terminate the quantitative easing in December, with a decrease in the monthly total for security purchases from the current €30bn to €15bn in the last quarter of the year. Against this widely expected decision, however, Mario Draghi has emphasised the need for caution in the timing of the first official rates increase, repeatedly saying that the monetary policy will remain accommodating for quite some time. The ECB chairman has indicated that, at least until the end of summer 2019, the interest rates will not be touched (today, the depo rate is -0.40% and the discount rate 0%).

In this first half, the Italian economy weakened, in line with the macro-economic trends for the Euro Area. In the first quarter, the Gross Domestic Product grew in real terms by 0.3% (+1.4% yoy), whilst forecasts for the second quarter suggest a further slowing (+0.2% compared to the previous quarter). Note that, in the first three months of 2018, net exports made a negative contribution to GDP growth. The trend in public finances seems to be linked to the direction that the government is expected to take with the Stability Act to be issued next autumn.

Oil prices recorded a substantial increase during the second quarter of 2018, reaching USD 70.27 per barrel at the end of March and USD 79.44 on 29 June. Bolstering the oil prices were as much the intentions of the major oil-producing countries as the deteriorating relations between the USA and Iran.

## Financial markets

On the currency front, the second quarter saw the US dollar appreciate against the Euro. The Euro spot rate against the US currency fell from 1.23 at 30 March to 1.17 at the end of June, corresponding to a 5.48% revaluation of the dollar.

Nominal market rates are still close to their all-time lows due to the modest inflationary trend and the prudent process of normalising monetary policy enacted by the main central banks. During the second quarter there was a decrease in medium/long-term rates, bringing the curve at the end of June essentially to the same values recorded at the close of 2017. A not dissimilar path was followed by German government rates, up in the first three months and down in the second

quarter: negative yields up to the 7-year benchmark persist in June. Rates on Italian securities saw an opposing trend, with a decline in the first quarter of the year and an upturn in the second. An important role in these changes was played by the outcome of the elections on 4 March and by tensions associated with forming a government supported by parties outside Europe's traditional political areas. Consequently, the spread between Italian and German securities, after an initial narrowing, widened significantly over the last few months. On the 10-year maturities, the spread went from 153 basis points at the close of 2017 to 129 on 30 March, later reaching 238 basis points at the end of June.

The European share markets performance in the second quarter of 2018 was for the most part conditioned by tensions associated with the current trade tariffs policy (already applied in part) by the Trump administration and events, still idiosyncratic for now, that happened in the second part of the quarter in Italy, coinciding with the complex and lengthy formation of the new government.

The Eurostoxx 50 index, representative of the Euro Area securities with the highest level of capitalisation, registered, in the period in question, a 1.0% upturn (-3.1% for the six-month period). The German Dax trend was positive with +1.7% (-4.7% since the beginning of the year), while the Italian Stock Exchange fell by 3.5% (-1.0% for the six-month period). Finally, the Madrid Ibex gained, in the same period of time, 0.2% (-4.2% since the beginning of 2018).

Looking outside Europe, the Standard & Poor's 500 index, which represents the performance of the largest listed companies in the US, was up 2.9% in the second quarter (+1.7% since the beginning of the year), while in Tokyo the Nikkei index was up by 4.0% (-2.0% for the six-month period). Lastly, in relation to the emerging market indices, the most representative index, the Morgan Stanley Emerging Markets, fell by 4.2% in the second quarter (-3.9% since the beginning of the year).

The Itraxx Senior Financial index, representing the average spread of financial sector companies with a high credit rating, rose by 25 basis points, from 65.7 to 90.7 at the end of the second quarter (for the six-month period, an increase by 46.7 basis points from 44 to 90.7 was registered). This expansion is attributable in part to the further flattening of the market rate curves as a result of the monetary policy outlined by the ECB, which are not favourable to profitability of the financial system as a whole.

## Insurance Sector

At global level, real growth in insurance premiums in 2017 (+1.5%) was more limited than in 2016 (+2.2%). Both the Life and Non-Life segments have slowed, but the decline in Life business in advanced economies has been the main cause of deceleration in the global growth of insurance premiums. In the most advanced economies, growth difficulties in the Life segment now date back to the outbreak of the financial crisis. Vice versa, Non-Life business seems to be following the path to recovery of the more general economic context rather well. However, according to Swiss RE analysts, in the next few years the Chinese insurance industry should support a recovery in premiums growth in both segments.

Global profitability for the insurance business appears to be under pressure as much in the Life as in the Non-Life segments. For Life business, the low interest rates have a negative effect on the returns on investment. At the same time, the competitive climate and newly introduced regulations also contribute to keeping profitability down. As regards Non-Life, the ROE was down for the third year in succession, the effect of a technical performance affected by the increase in natural disaster claims and the year-on-year reduction in tariffs.

In Italy, the figures for the first quarter of 2018 (which include companies belonging to the European Economic Area) showed a slight increase in overall Non-Life premiums compared to the same period of 2017. The downsizing of MV TPL seems to have reached the end of the line (-0.2%) as a result of interruption of the process of gradual decline in average premiums that characterised recent years. Despite a strong level of competition remaining in the sector, the deterioration of technical accounts seems, lastly, to be having some effect on insurers' tariff policies. ISTAT recorded year-on-year increase in the cost of MV TPL of 1.38% in May. The good performance of the automotive market in the last few years is still driving up premiums in the Land Vehicle Hulls segment (+6.8% in the first quarter). However, more recent ACI-ANFIA data (first half of 2018) indicates a -0.7% change in vehicle registrations compared to the same period of the previous year, suggesting a substantial stagnation in sales.

All remaining Non-MV Non-Life business showed a more marked recovery in premiums (+2.1% in the first quarter). Amongst the most significant sectors, there was good development in the Health class (+3.2%), which benefited from the spread of collective policies linked to contractual agreements between social partners, meant to supplement the benefits provided by the National Healthcare Service. The general TPL result was also good (+4.5%), with growth in the goods in transit business being equally interesting (+3.3%), linked to the noticeable level of economic activity in the manufacturing industry.

In the first six months of 2018, the new Life business for individuals essentially repeated the achievement of the same period in 2017 (a +0.2% increase, against a 4.2% growth recorded by Italian companies and a 17.1% decline in cross border operations). From the perspective of the product trend, class I products recovered (+3% in the period) and a good performance of unit-linked products was also recorded (+6.4%). The figures for class V (+4%) were also appreciable. If the low-interest rate environment continues to orient the offer towards class III products, investors' search for less volatility tends to support the demand for traditional products. In terms of distribution channels, a strengthening was seen in the presence of bank branches (whose funding rose by 6.7%), a less brilliant performance recorded by the agency networks (+0.8%) and a downturn for financial advisors, whose new business dropped by 5.8% compared to the same period of 2017.

## Banking Sector

In terms of assets brokered, in May the Italian banking sector showed a considerable reduction in customer funding (-6.4% compared to the same month in 2017) and there was a less marked decrease in loans (-1.3%). More specifically, deposits rose (+5.2%), in parallel with the process of erosion of bond stock (-39.2%). In terms of assets, a rise in loans to households was recorded (+0.5%), whilst loans to non-financial companies declined over the last twelve months (-5.3%). Funding from abroad exceeded €300bn (+5.1%) compared to a considerable decrease in the total bond portfolio (-27.7%). Credit risk continues to fall: in May the ratio of net doubtful loans to total loans was 2.74%, (4.26% in the same month of 2017). At the end of the first five months of 2018, gross doubtful loans amounted to just over €163bn and the net figure was €49.3bn.

In May, the interest rate applied to new loans to non-financial companies declined compared with one year prior by 11 cents, to 1.43%. The cost of borrowing for new loans to be used to purchase a home fell by 29 cents to touch 1.83%. Lastly, the average cost of consumer credit moved in the opposite direction, increasing from 6.57% in May 2017 to 6.71% in the same month a year later. The remuneration on new deposits, with a pre-set term for households and companies, showed a further decline. The remuneration recognised on them was 0.67%, 23 basis points higher than in May 2017.

In the first few months of 2018, the interest margin continued its downward path, linked to the modest expansion in volumes traded and a bank rates spread that is still narrow. A supporting contribution to Italian banks' income statements comes from management, brokerage and advisory activities. In this respect, a significant role is played by asset management commissions. A further contribution to profitability derives from the reduced adjustments on receivables, as a result of the improved financial conditions of businesses and families. Sector profits are forecast to rise, compared to 2017, also encouraged by the cost containment process begun in recent years and focusing on the streamlining of the geographical distribution network.

## Real Estate market

The Tax Authorities reported that, in the first quarter of 2018, the number of real estate transactions in the residential sector showed a 4.3% increase compared with the same period of 2017. The trend in other sectors was even more significant: +5.9% for the tertiary and commercial sector (offices and stores), +7.2% for the productive and agricultural sectors (industrial warehouses and real estate linked to agriculture).

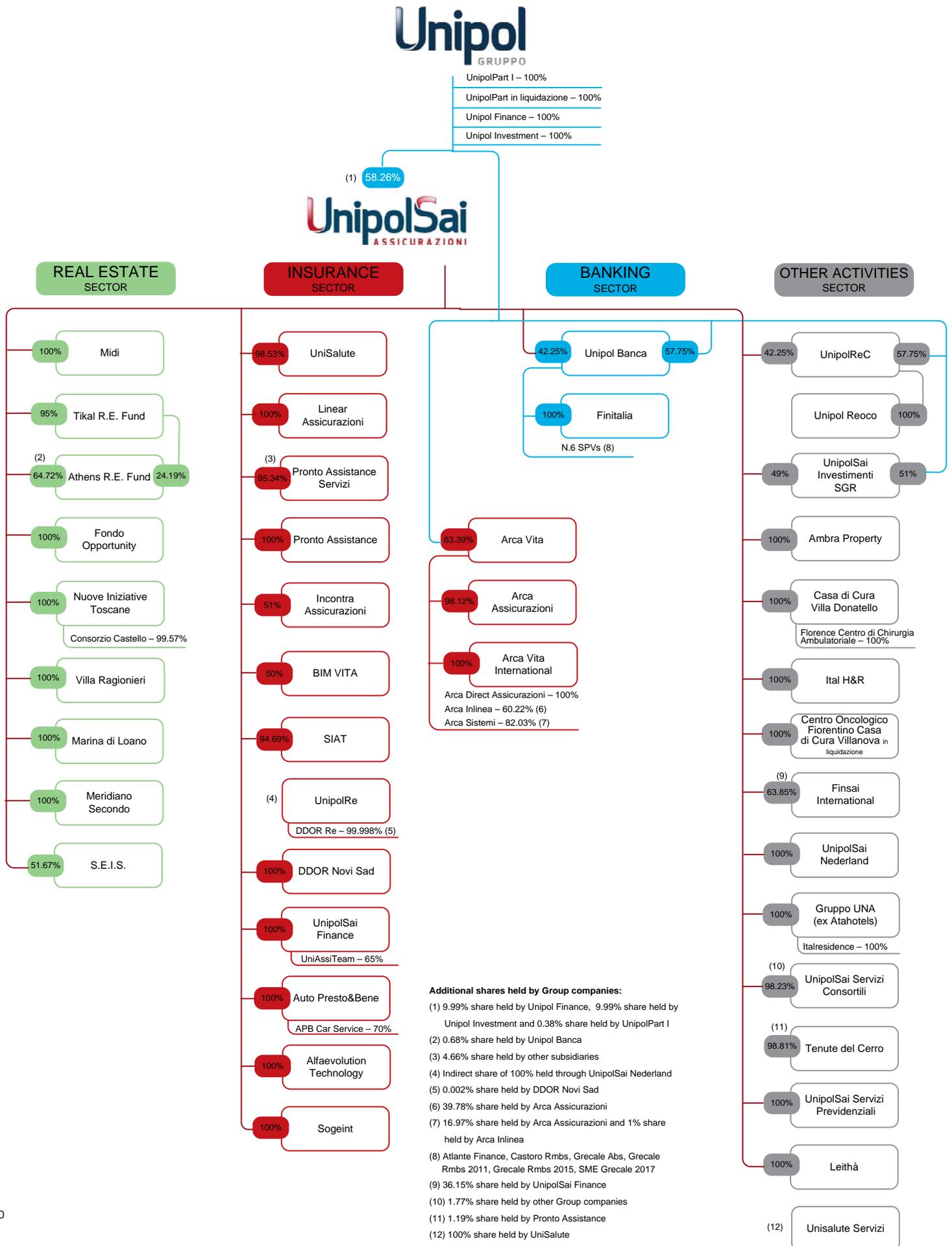
However, ISTAT indicates a gradual slowing of growth in the number of mortgages signed in 2017 (+1.6% compared to 2016).

The recovery in the sales market is struggling to spread to prices, so much so that in the first half of 2018, the yoy trend in unit prices was still negative, ranging between -1% (new homes and stores) to -1.5% for offices. Rental income, although still negative, appeared to be close to breakeven, especially for the homes component.

The economic survey on the Italian housing market, carried out by the Bank of Italy on a sample of real estate agents and regarding the status of the housing market, reported, for the first quarter of 2018, an average discount on sale prices compared to the original asking price of 10.9% (a slight increase compared to the previous quarter, when it came to 10.6%). Selling times have fallen to 7.1 months, a low point in the most recent data progression. Around 75% of agents stated that they expect prices to settle in the second quarter of this year.

# Consolidation Scope at 30 June 2018

(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	30/6/2018	30/6/2017	31/12/2017
Non-Life direct insurance premiums		4,007	4,026	7,867
<i>% variation</i>		<i>(0.5)</i>	<i>0.4</i>	<i>0.7</i>
Life direct insurance premiums		2,251	2,300	4,424
<i>% variation</i>		<i>(2.1)</i>	<i>(47.7)</i>	<i>(36.8)</i>
<i>variation on a like-for-like basis %</i>		<i>16.4</i>		
of which Life investment products		286	328	606
<i>% variation</i>		<i>(12.7)</i>	<i>(40.7)</i>	<i>(13.1)</i>
<i>variation on a like-for-like basis %</i>		<i>(8.7)</i>		
<b>Direct insurance premiums</b>		<b>6,258</b>	<b>6,327</b>	<b>12,291</b>
<i>% variation</i>		<i>(1.1)</i>	<i>(24.8)</i>	<i>(17.0)</i>
<i>variation on a like-for-like basis %</i>		<i>4.8</i>		
<b>Banking business - direct customer deposits</b>		<b>10,257</b>	<b>10,492</b>	<b>12,008</b>
<i>% variation</i>		<i>(14.6)</i>	<i>(0.4)</i>	<i>14.0</i>
<b>Net gains on financial instruments (*)</b>		<b>1,253</b>	<b>27</b>	<b>863</b>
<i>% variation</i>		<i>n.s.</i>	<i>(97.2)</i>	<i>(52.7)</i>
<b>Consolidated profit (loss)</b>		<b>644</b>	<b>(390)</b>	<b>(169)</b>
<i>% variation</i>		<i>n.s.</i>	<i>(241.4)</i>	<i>(131.6)</i>
<b>Balance on the statement of comprehensive income</b>		<b>50</b>	<b>(424)</b>	<b>(30)</b>
<b>Investments and cash and cash equivalents</b>		<b>70,279</b>	<b>71,145</b>	<b>71,647</b>
<i>% variation</i>		<i>(1.9)</i>	<i>(14.7)</i>	<i>(14.1)</i>
<b>Technical provisions</b>		<b>52,713</b>	<b>54,116</b>	<b>53,427</b>
<i>% variation</i>		<i>(1.3)</i>	<i>(15.6)</i>	<i>(16.7)</i>
<b>Financial liabilities</b>		<b>15,823</b>	<b>15,124</b>	<b>16,400</b>
<i>% variation</i>		<i>(3.5)</i>	<i>(10.5)</i>	<i>(2.9)</i>
<b>Non-current assets or assets of a disposal group held for sale</b>		<b>138</b>	<b>11,004</b>	<b>10,569</b>
<b>Liabilities associated with disposal groups held for sale</b>			<b>10,459</b>	<b>10,017</b>
<b>Shareholders' Equity attributable to the owners of the Parent</b>		<b>5,352</b>	<b>5,052</b>	<b>5,486</b>
<i>% variation</i>		<i>(2.4)</i>	<i>(10.6)</i>	<i>(2.9)</i>
<b>Solvency ratio (**)</b>		<b>160</b>	<b>133</b>	<b>166</b>
<b>No. staff</b>		<b>14,641</b>	<b>14,561</b>	<b>14,188</b>

(\*) 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

(\*\*) On 24 April 2018, the Unipol Group received authorisation from the Supervisory Authority to calculate its solvency capital requirement using the Partial Internal Model starting from submission of the annual supervisory reports at 31 December 2017. Consequently, the Group's solvency ratio at 31 December 2017 and 30 June 2018 was calculated on the basis of the new calculation model.

To make the comparisons with the first half of 2017 more significant, the Management Report and the Notes to the financial statements provide a separate description, for the main Income Statement items affected, of the changes on a like-for-like basis, excluding the contributions of Popolare Vita and The Lawrence Life from both comparison periods. In addition, where it is deemed necessary for a better representation of current operating performance, comparisons were made by normalising the profit for the first halves of 2018 and 2017 by the respective effects of the capital gain on disposal of Popolare Vita and the expense associated with the banking segment restructuring plan.

# 1 Management Report

## Alternative performance indicators<sup>1</sup>

Alternative performance indicators	classes	30/06/2018	30/06/2017	31/12/2017
Loss ratio - direct business (including OTI ratio)	non-life	66.2%	68.1%	67.5%
Expense ratio calculated on written premiums - direct business	non-life	26.8%	27.2%	27.5%
Combined ratio - direct business	non-life	93.0%	95.3%	95.1%
Loss ratio - net of reinsurance (including OTI ratio)	non-life	67.8%	69.6%	69.0%
Expense ratio (calculated on earned premiums) - net of reinsurance	non-life	27.3%	27.6%	27.4%
Combined ratio - net of reinsurance (*)	non-life	95.1%	97.1%	96.4%
Premium retention ratio	non-life	94.2%	94.1%	94.5%
Premium retention ratio	life	99.5%	99.5%	99.6%
Premium retention ratio	total	95.9%	95.9%	96.2%
Group pro-rata APE (amounts in €m) (**)	life	196	160	349
Expense ratio - direct business	life	5.4%	6.1%	5.9%

(\*) with expense ratio calculated on earned premiums

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

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

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

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

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

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

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

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

## Unipol Group Performance

### Information on significant events during the first six months

#### Project for streamlining the Group's insurance sector

In the first half of the year, the project to streamline the insurance sector of the Unipol Group continued (the "Project"), approved by the Boards of Directors of Unipol and UnipolSai on 29 June 2017, as part of which the purchase of Unisalute and Linear by UnipolSai from Unipol was finalised in 2017.

On 22 March 2018, the Board of Directors approved the acquisition by UnipolSai Assicurazioni of the controlling interest held by Unipol Gruppo in Arca Vita S.p.A., equal to 63.39% of the share capital, for a price of €475m (the "Acquisition").

As part of the Project, in addition to acquisition of the investments in UniSalute S.p.A. and Linear S.p.A., finalised on 16 November 2017, it was envisaged that if certain conditions and requirements were met the investment held by Unipol Gruppo in Arca Vita (and with it the subsidiaries, particularly the insurance companies Arca Vita International DAC and Arca Assicurazioni S.p.A.) would also be transferred to UnipolSai Assicurazioni.

These requirements were satisfied on the early renewal of the strategic *bancassurance partnership* between Unipol Gruppo, BPER Banca S.p.A. and Banca Popolare di Sondrio S.c.p.A. in the Life and Non-Life segments and the signing on 8 November 2017 of a new five-year agreement, expiring on 31 December 2022 and renewable if agreed by the parties.

The Acquisition will help to strengthen the product mix of UnipolSai Assicurazioni in the bancassurance channel as a whole, particularly reconfirming UnipolSai's presence as a major operator in the bancassurance business as well as in the Life and Non-Life segments, also given the intervening conclusion of the bancassurance partnership with Banco BPM S.p.A. for Life business.

Specifically, the transfer of Arca Vita to UnipolSai Assicurazioni will facilitate the growth process to ensure constant adequacy of the product mix offered by Arca Vita and its insurance subsidiaries, also in view of the opportunities offered by technological innovation and considered developments of the reference market.

The Acquisition prices were determined within the *range* of values identified with the support of JP Morgan Limited and Mediobanca - Banca di Credito Finanziario S.p.A., in their capacity as financial *advisors*, respectively for UnipolSai Assicurazioni and Unipol Gruppo, by applying the estimation methodologies normally used in accordance with the best Italian and international valuation practices.

Considering that Unipol Gruppo controls UnipolSai Assicurazioni and also taking into account its organisation as a whole in relation to the Project, the Acquisition qualified for both parties as transactions with related parties "of major significance" pursuant to Consob Regulation no. 17221 of 12 March 2010 and the procedures for transactions with related parties adopted, respectively, by Unipol and UnipolSai. For further information on this issue, please see the section "Transactions with related parties" in this report.

After obtaining the necessary authorisations from the competent authorities, the Acquisition became effective on 7 August 2018.

#### Banking sector restructuring plan

The first half of the year saw the completion of the banking sector Restructuring Plan, announced to the market at the end of June 2017, a full disclosure on which was provided in the 2017 Financial Statements. The final phases of this plan implemented in the first few months of 2018 can be summarised as follows:

- on 16 January 2018, the agreement was signed for the proportional partial spin-off (the "Spin-off") of Unipol Banca S.p.A. ("Unipol Banca" or the "Company Divided") through the establishment of a new company, beneficiary of a corporate complex (the "Complex involved in the division"), amongst other things including the entire portfolio of bad and doubtful loans of Unipol Banca at the approval date of the Half-yearly Financial Report 2017, except for loans deriving from lease transactions and unsecured loans (the "Bad and Doubtful Loans");
- on 31 January 2018, before the Spin-Off became effective, Unipol and UnipolSai disbursed a **shareholder loan** to Unipol Banca for €173m and €127m, respectively, and therefore a **total of €300m** which, as envisaged in the Spin-Off Plan, was included in the Complex involved in the division transferred to the Newco;

# 1 Management Report

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- on 1 February 2018 (the “**Effective Date**”), the proportional spin-off took effect of Unipol Banca to UnipolReC S.p.A. (“**UnipolReC**” or the “**Beneficiary Company**”), a credit recovery company operating pursuant to Article 115 of Italian Royal Decree 773 of 18 June 1931 (TULPS), established on the same date. UnipolReC has the same shareholders as Unipol Banca in the same proportions, i.e., Unipol holds 57.75% and UnipolSai 42.25%, and is a special purpose vehicle of the Unipol Banking Group. The Complex involved in the division was transferred from Unipol Banca to UnipolReC for a shareholders’ equity value of €313.2m, comprising €290.1m share capital and around €23m capital reserves. As a result of the Spin-Off, the share capital and capital reserves of Unipol Banca reduced by corresponding amounts, with no change in the number of Unipol Banca shares without nominal value outstanding. Pursuant to the contractual agreements in force, the put/call option, in place between Unipol and UnipolSai and involving Unipol Banca shares, was automatically extended to UnipolReC shares issued at the time of the Spin-Off for a share corresponding to 27.49% of UnipolReC’s total share capital, without triggering any changes on the total put exercise price;
- on 15 March 2018, Unipol Banca and UnipolReC entered into a dedicated deed recognising the exact amount of the statement of financial position asset and liability elements transferred to the Beneficiary Company at the Effective Date, which lays out an adjustment in cash of €32.2m, due to UnipolReC from Unipol Banca. Indeed, the Spin-Off deed calls for the differences arising in the amount of the statement of financial position asset and liability elements constituting the Complex involved in the division between 30 June 2017 and the Effective Date, resulting from company trends and/or a more specific identification of such elements, to be settled between the Company Divided and the Beneficiary Company with debit and credit items and/or with adjustments in cash, without entailing changes in the equity value of the Complex involved in the division. The amount of Bad and Doubtful Loans included in the Complex involved in the division at the Effective Date was €2,900.8m gross of value adjustments and €553m net of value adjustments.

## Disposal of the subsidiary Popolare Vita

On 11 January 2018, the agreement was signed for disposal of the investment in Popolare Vita (21,960,001 shares, equal to 50%+1 share of the share capital) to the banking *partner* Banco BPM, following failure to renew the distribution agreements and subsequent exercise of the *put* option envisaged in the Shareholders’ Agreement. On 29 March 2018, following manifestation of the contractually envisaged conditions precedent, the shares were transferred and the price of €535.5m was collected, at consolidated level realising a net capital gain of €308.6m.

## Bond loan issues and redemptions

On 2 February 2018 UnipolSai published the update to the EMTN Programme for a nominal total of €3bn, as part of which 22 February 2018 saw the placement launch of a subordinated bond loan for €500m targeting qualified investors only. The bond loan, qualifying as Tier 2 own funds for the purpose of Solvency II regulations and listed on the Luxembourg stock exchange, was issued on 1 March 2018 with the following characteristics: €500m principal, maturing in March 2028, issue price at par, coupon of 3.875% and a spread on the benchmark rate of 274.5 basis points.

Later, on 3 May 2018, two subordinated loans were repaid in full for a total of €300m, disbursed in the past by Mediobanca - Banca di Credito Finanziario S.p.A. and originally maturing in 2025 and 2026, both of which recognisable among Tier 2 own funds for the purpose of *Solvency II* regulations.

## Upgrading of the rating assigned by Fitch and Moody’s

On 9 May 2018, Fitch Ratings announced its upgrade of the *Long-Term Issuer Default Rating* (IDR) assigned to Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. to “BBB” from “BBB-”, with stable outlook. Consequently, the ratings of the debt securities issued by the Unipol Group were also upgraded: the Unipol Gruppo S.p.A. senior loans to “BBB-” from “BB+”, the subordinated loans with maturity of UnipolSai Assicurazioni S.p.A. to “BBB-” from “BB+” and the perpetual bond loan of UnipolSai Assicurazioni S.p.A. to “BB+” from “BB”. At the same time, the rating agency confirmed the *Insurer Financial Strength* (IFS) rating of UnipolSai Assicurazioni S.p.A. as “BBB” with stable outlook.

On 31 May 2018, Moody’s Investor Services announced the upgrade of the *Long-Term Issuer Rating* assigned to Unipol Gruppo S.p.A. to Ba1 from Ba2.

## Authorisation to the use of the Partial Internal Model in the determination of the Group's Solvency Capital Requirement

As a result of the application submitted by the Parent, the Unipol Group received authorisation from IVASS on 24 April 2018 to use a Partial Internal Model to calculate the Group's solvency capital requirement with effect from annual supervisory reports at 31 December 2017.

## Acquisition of BPER Banca shares

On 21 June 2018, Unipol Gruppo informed the market of its intention to purchase a total of 25,000,000 shares of BPER Banca S.p.A. ("**BPER**" or the "**Bank**"), equal to approximately 5.2% of the Bank's share capital (the "**Transaction**"). The Transaction was finalised a few days later through a *reverse accelerated bookbuilding* procedure, targeting qualified investors and foreign institutional investors, and additional market purchases. Then on 29 June 2018, Unipol Gruppo disclosed to the market its direct and indirect overall interest in BPER amounting to 72,500,000 shares, equal to 15.06% of the Bank's share capital.

The Transaction forms part of the Unipol strategy, as institutional investor, to contribute to the medium/long-term development plans of the Bank with which, amongst other things, it has for many years had a business partnership in the Non-Life and Life bancassurance segment.

As it already holds an approximate 9.87% interest in BPER share capital through the subsidiary UnipolSai Assicurazioni S.p.A., Unipol obtained the necessary authorisations and permissions from the European Central Bank and the competent Italian Supervisory Authorities to acquire a qualified investment exceeding 10% of BPER share capital. Considering the applicable regulations on such matters and the authorisations received, the direct or indirect investment that Unipol can hold in BPER cannot exceed approximately 19.9% of the latter's share capital (the "**Maximum Permitted Investment**").

Pursuant to Art. 120, paragraph 4.bis, Italian Legislative Decree no. 58 of 24 February 1998, on 22 June 2018 Unipol Gruppo informed the market that, amongst other things, in the six months after the Transaction:

- Unipol will assess a possible further increase in its investment in BPER, on one or more occasions and in any event within the Maximum Permitted Investment limits, based on what prove to be the plans and development prospects of BPER and the general market conditions;
- Unipol will exercise its direct and indirect rights and prerogatives as shareholder of BPER, also through UnipolSai, and does not intend to propose the integration or termination of the administrative or control bodies of the Bank.

## Operating performance

The Unipol Group closed the first half of 2018 with a **consolidated net profit** of €644m, contributing to which was the €309m capital gain generated from disposal of the UnipolSai investment in Popolare Vita S.p.A. for the price of €535.5m. As the disposal took place on 29 March 2018, note that this consolidated half-yearly financial report includes the balances and economic results achieved by Popolare Vita and the subsidiary Lawrence Life during the first quarter of 2018.

It should be pointed out that the first half of 2017 closed with a loss of €390m as a result of the negative impact by €780m of the economic effects of the banking sector restructuring plan.

Excluding the effects of the aforementioned non-recurring components from the two periods under review, and restating the consolidated profits on a like-for-like basis, i.e. in the two periods excluding the contribution of Popolare Vita and its subsidiary The Lawrence Life, the consolidated net profit for the first half of 2018 would be €324m, compared to €360m in the first half of 2017 which had benefited from a higher contribution of net income from investments.

In the first half of 2018, **direct insurance premiums**, gross of reinsurance, totalled €6,258m, down -1.1% compared to 30 June 2017 (€6,327m). On a like-for-like basis, the Group achieved premiums of €6,153m, up by 4.8%.

Direct **Non-Life** premiums at 30 June 2018 amounted to €4,007m (€4,026m at 30/06/2017, -0.5%). The MV segment continues to suffer from competitive pressure from the market, though easing during this year, amounting to €2,157m (-0.6%). In the Non-MV segment, with premiums totalling €1,850m (-0.4%), a slight decline was seen once again, albeit recovering noticeably compared to the first quarter of 2018 (-1.7%), the results of a lower incidence of contracts for a significant amount and of comparison with the strong increase of the first half of 2017 (+4.1%).

# 1 Management Report

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The above performances affected UnipolSai Assicurazioni S.p.A. ("UnipolSai") in particular, whilst the other main Group companies recorded a growth in premiums. UniSalute continues to successfully expand its business model with premiums amounting to €226m, up 7.8%. Linear, the other main Group company operating in the MV segment, totalled €93m in premiums, recording growth of 6.2%, with notable success of the new business brokered by the aggregator websites. SIAT, focusing on the Sea Vehicles segment, recorded premiums for €68m and growth of 3.1%, and Arca Assicurazioni, operating in the Non-Life bancassurance channel after renewal of the distribution agreements with the banking partners, recorded premiums of €61m, up 8.7%.

In terms of Non-Life claims, note the improved performances of MV TPL as a result of the positive trend in claims frequency and the related average cost, values affected by the growing contribution, in line with actions envisaged in the Business Plan, from the use of technology (the Unibox black box) installed on 37% of vehicles insured by UnipolSai (but with much higher percentages in areas with a higher claims frequency), which offers better control in combating fraud and the correct quantification of damages. An improvement was also seen in the Non-MV segment due to the lower incidence of significant claims and a careful risk selection policy. The **combined ratio** for the Group's direct business stood at 93% (95.1% net of reinsurance), recording a significant improvement on the 95.3% achieved at 30 June 2017, with a loss ratio of 66.2%, compared to 68.1% in the first half of 2017 and an **expense ratio** on direct business of 26.8% of premiums written, compared to 27.2% at 30 June 2017.

The **pre-tax result** for the Non-Life segment was €329m (€326m excluding the portion pertaining to the segment of the capital gain on disposal of Popolare Vita), compared to €368m in the first six months of 2017 when a higher contribution from income on investments had been recorded. There were no changes in the consolidation scope of the Non-Life business in the two comparison periods.

In the **Life segment** in the first six months of this year, the Unipol Group recorded a significant growth in turnover, on a like-for-like basis, with direct premiums of €2,147m (+16.4% compared to 30/6/2017).

UnipolSai achieved direct premiums of €1,533m (+8.3%), whilst the bancassurance channel in particular confirmed the strong growth of Arca Vita S.p.A. which, with its subsidiary Arca Vita International, achieved direct premiums of €570m, up 54.3% on the first half of 2017.

New business in terms of APE, net of non-controlling interests, amounted to €196m, up +22.3% compared to €160m at 30 June 2017 on a like-for-like basis, of which €158m contributed by traditional companies and €38m by bancassurance companies.

The **pre-tax result** for the Life segment was €523m (€212m in the first six months of 2017), benefiting from the effects of the capital gain on disposal of Popolare Vita which had a €306m impact on this segment. The normalised profit on a like-for-like basis amounted to €200m, compared to €170m at 30 June 2017.

As regards the **management of financial investments**, in the first half of 2018 strong volatility of the financial markets - especially the world's major stock exchanges - was triggered by geopolitical tensions and fears of a slowing in the economy due to trade tariff escalation between the USA, China and the EU. Italy also felt the effects of tension caused by the political elections that resulted in a widening of spreads for our government securities. Despite this context, the gross profitability of the Group's insurance financial investments portfolio produced a return in the period in question, equal to 3.9% of invested assets (3.9% at 30/6/2017), of which 3.3% relating to the coupons and dividends component.

In the **Banking segment** Unipol Banca, together with the subsidiary Finitalia, direct deposits at 30 June 2018 amounted to €10.3bn, compared to €12bn at the end of 2017. The decrease is due, on the one hand, to reduced intercompany and institutional customer deposits, and on the other to the repayment of securitisation notes. Loans to customers, net of provisions, totalled around €7bn compared to €7.9bn at the end of 2017. The decrease is mainly associated with the spin-off to UnipolReC of Unipol Banca's NPL portfolio. The net stock of impaired loans, after the spin-off, amounted to €434m with a **coverage ratio** of 77% on bad and doubtful loans and 46% on *unlikely to pay* loans.

At the level of the Unipol Banking Group, the CET 1 was 30.1% (31.5% at 31/12/2017). The negative change is mainly attributable to the widening of the spread on Italian government securities.

The **pre-tax result** of the Banking segment was a profit of €18m compared to -€940m in the first six months of 2017, which was affected by the Restructuring Plan launched at the time of the 2017 Half-yearly Financial Report. The normalised profit for the first half of 2017 was €5m.

**Real estate management** continued to focus on the renovation of a number of properties, particularly in Milan, in order to seek out opportunities to increase value or generate income, as well as structures intended for business use. Note the

write-down for €36m in the first half of the year of land in the Castello Area (Florence) subject to a preliminary sale agreement with Toscana Aeroporti S.p.A. provided certain conditions are satisfied.

The operations of the companies of the **other sectors** in which the Group carries out business, particularly the hotels sector (UNA Group), continue to be focused on the development of commercial activities to consolidate market positioning, with constant efficiency improvement action. The revenue trends were also up in the medical clinics and agricultural sectors.

The **pre-tax result** of the Real Estate, Holding and Other Businesses sectors, which also include the aforementioned UnipolReC, was a profit of €100m compared to a €156m loss at 30 June 2017, which suffered one-off effects of the Restructuring Plan for the banking segment. The normalised profit for the first half of 2017 was €76m.

At 30 June 2018, **consolidated shareholders' equity** amounted to €6,692m (€7,453m at 31/12/2017). The incremental effects associated with the profit for the period were more than offset by the decline in the valuation reserve for AFS securities, linked in particular to the widening spread on Italian government securities, dividend distributions, the decrease in non-controlling interests following the deconsolidation of Popolare Vita and the effects of first-time adoption of IFRS 9 on companies in the Unipol Banking Group (-€30m). Shareholders' Equity attributable to the owners of the Parent amounted to €5,352m (€5,486m at 31/12/2017).

As regards the **Group's solvency ratio**, note that on 24 April IVASS authorised Unipol to use the Partial Internal Model, from submission of the annual figures at 31 December 2017, to calculate the Group's Solvency Capital Requirement in accordance with Solvency II regulations. In application of the Partial Internal Model, at 30 June 2018 the ratio between own funds and capital required was 160%<sup>2</sup>, down on the 166% of 31 December 2017 due in particular to the widening spread on Italian government securities.

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

# 1 Management Report

## Condensed Consolidated Operating Income Statement broken down by business segment

	Non-Life business			Life business			Insurance Sector		
	Jun-18	Jun-17	% var.	Jun-18	Jun-17	% var.	Jun-18	Jun-17	% var.
Net premiums	3,751	3,727	0.6	1,955	1,962	(0.4)	5,705	5,689	0.3
Net commission income	(1)		631.3	10	13	(22.4)	9	13	(31.3)
Financial income/expense (**)	217	324	(33.2)	1,057	718	47.2	1,274	1,043	22.2
<i>Net interest income</i>	173	209		573	637		746	846	
<i>Other income and charges</i>	24	34		33	29		57	63	
<i>Realised gains and losses</i>	53	69		458	97		510	167	
<i>Unrealised gains and losses</i>	(34)	11		(6)	(44)		(40)	(33)	
Net charges relating to claims	(2,451)	(2,487)	(1.4)	(2,332)	(2,291)	1.8	(4,783)	(4,778)	0.1
Operating expenses	(1,058)	(1,065)	(0.6)	(127)	(142)	(10.4)	(1,185)	(1,207)	(1.8)
<i>Commissions and other acquisition costs</i>	(827)	(833)	(0.6)	(54)	(61)	(11.8)	(882)	(894)	(1.4)
<i>Other expenses</i>	(231)	(232)	(0.5)	(73)	(81)	(9.3)	(304)	(313)	(2.8)
Other income/charges	(128)	(132)	(3.5)	(40)	(48)	(16.1)	(168)	(180)	(6.8)
<b>Pre-tax profit (loss)</b>	<b>329</b>	<b>368</b>	<b>(10.5)</b>	<b>523</b>	<b>212</b>	<b>146.7</b>	<b>852</b>	<b>580</b>	<b>46.9</b>
Income taxes	(81)	(76)	6.3	(62)	(58)	6.9	(142)	(134)	6.6
Profit (loss) from discontinued operations									
<b>Consolidated profit (loss)</b>	<b>248</b>	<b>292</b>	<b>(14.9)</b>	<b>461</b>	<b>154</b>	<b>198.9</b>	<b>709</b>	<b>446</b>	<b>59.0</b>
<i>Profit (loss) attributable to the Group</i>									
<i>Profit (loss) attributable to non-controlling interests</i>									

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

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

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

- **direct insurance premiums**, gross of reinsurance, were €6,258m (€6,327m at 30/6/2017, -1.1%; on a like-for-like basis +4.8%). Non-Life direct premiums amounted to €4,007m (€4,026m at 30/6/2017, -0.5%) and Life direct premiums amounted to €2,251m (€2,300m at 30/6/2017, -2.1%; on a like-for-like basis +16.4%), of which €286m related to investment products in the Life business (€328m at 30/6/2017, -12.7%; on a like-for-like basis -8.7%);
- **net premiums earned**, net of reinsurance, amounted to €5,705m (€5,689m at 30/6/2017, +0.3%; on a like-for-like basis +6.7%), of which €3,751m in the Non-Life business (€3,727m at 30/6/2017, +0.6%) and €1,955m in the Life business (€1,962m at 30/6/2017, -0.4%; on a like-for-like basis +21.7%);
- **net charges relating to claims**, net of reinsurance, were €4,783m (€4,778m at 30/6/2017, +0.1%; on a like-for-like basis +8.1%), of which €2,451m in the Non-Life business (€2,487m at 30/6/2017, -1.4%) and €2,332m in the Life business (€2,291m at 30/6/2017, +1.8%; on a like-for-like basis +21%), including €60m of net charges on financial assets and liabilities at *fair value* (€82m net income at 30/6/2017);
- **operating expenses** amounted to €1,345m (€1,352m at 30/6/2017, -0.5%; +0.5% on a like-for-like basis). In the Non-Life business, operating expenses amounted to €1,058m (€1,065m at 30/6/2017, -0.6%), €127m in the Life business (€142m at 30/6/2017, -10.4%; on a like-for-like basis +2%), €155m in the Banking sector (€153m at 30/6/2017), €61m in the Holding and Other Businesses sector (€56m at 30/6/2017) and €11m in the Real Estate sector (€6m at 30/6/2017). Intersegment eliminations amounted to €67m (€70m at 30/6/2017);
- the **combined ratio**, net of reinsurance, of Non-Life business was 95.1% (97.1% at 30/6/2017);

Banking Sector			Holding and Other businesses Sector			Real Estate Sector (*)			Intersegment elimination		Total Consolidated		
Jun-18	Jun-17	% var.	Jun-18	Jun-17	% var.	Jun-18	Jun-17	% var.	Jun-18	Jun-17	Jun-18	Jun-17	% var.
											5,705	5,689	0.3
79	63	26.0	4	12	(70.5)			227.9	(28)	(27)	64	61	4.2
83	(850)		(31)	(24)	27.4	(38)	(3)	1242.4	(35)	(138)	1,253	27	4455.7
103	110		(39)	(21)		(3)	(3)		(27)	(25)	779	907	
3	1		(4)	(4)		7	5		(8)	(8)	55	57	
(4)			17	1		1					524	168	
(18)	(962)		(5)	1		(42)	(5)			(105)	(106)	(1,105)	
											(4,783)	(4,778)	0.1
(155)	(153)	1.1	(61)	(56)	8.0	(11)	(6)	81.3	67	70	(1,345)	(1,352)	(0.5)
									29	29	(852)	(865)	(1.5)
(155)	(153)	1.1	(61)	(56)	7.9	(11)	(6)	81.3	37	41	(493)	(487)	1.2
10	1		35	(71)	(149.0)	1	(8)	(113.7)	(3)	95	(125)	(164)	(23.9)
<b>18</b>	<b>(940)</b>		<b>(53)</b>	<b>(139)</b>	<b>62.0</b>	<b>(48)</b>	<b>(17)</b>	<b>(186.5)</b>			<b>769</b>	<b>(516)</b>	<b>(249.0)</b>
(5)	228		13	30	(57.4)	10	1	726.6			(125)	126	(199.4)
<b>13</b>	<b>(712)</b>		<b>(40)</b>	<b>(109)</b>	<b>(63.3)</b>	<b>(38)</b>	<b>(15)</b>	<b>145.6</b>			<b>644</b>	<b>(390)</b>	<b>(265.0)</b>
											482	(489)	
											162	98	

- **net gains on investments and financial income** from financial assets and liabilities (excluding net gains on financial assets and liabilities at fair value relating to Life business) amounted to €1,253m (€27m at 30/6/2017). The value at 30 June 2018 includes the capital gain realised on disposal of the subsidiary Popolare Vita, whilst the figure for the previous year includes value adjustments to the loans portfolio of Unipol Banca for €1,025m;
- the **pre-tax profit** was €769m (-€516m at 30/6/2017). If calculated on a normalised like-for-like basis, the pre-tax profit was €444m (€467m at 30/6/2017);
- **taxes** for the period represented a net expense of €125m (income of €126m at 30/6/2017);
- net of the €162m profit attributable to non-controlling interests, the **profit attributable to the owners of the Parent** at 30 June 2018 was €482m (a loss of €489m at 30/6/2017). If calculated by excluding the effects of the aforementioned one-off transactions and on a like-for-like basis, the profit attributable to the owners of the Parent was €230m (€251m at 30/6/2017);
- in just the second quarter of 2018, the gross profit was €227m (a loss of €741m in the second quarter of 2017). The aforementioned non-recurring transactions and the contributions of companies outside the consolidation scope had no impact on the second quarter of 2018.

# 1 Management Report

## Insurance Sector performance

The Group's insurance business closed the period with a **total pre-tax profit of €852m** (€580m at 30/6/2017, +46.9%), of which €329m relating to the Non-Life sector (€368m at 30/6/2017, -10.5%) and €523m relating to the Life sector (€212m at 30/6/2017, +146.7%). It should be remembered that in the first half of 2018 the Insurance Sector benefited from the capital gain on disposal of Popolare Vita for a total €309m (of which €306m in the Life segment and €3m in the Non-Life segment).

**Investments and cash and cash equivalents** of the Insurance Sector totalled, at 30 June 2018, €58,748m (€59,098m at 31/12/2017), of which €16,295m in the Non-Life business (€16,410m at 31/12/2017) and €42,453m in the Life business (€42,687m at 31/12/2017).

Following the application of IFRS 5, €60m of investment property of the Non-Life sector was reclassified under Non-current assets or assets of a disposal group held for sale for which disposal activities have begun (€99m at 31/12/2017).

**Technical provisions** amounted to €52,713m (€53,427m at 31/12/2017), of which €15,314m in the Non-Life business (€15,461m at 31/12/2017) and €37,398m in the Life business (€37,966m at 31/12/2017).

**Financial liabilities** amounted to €5,104m (€4,694m at 31/12/2017), of which €1,602m in the Non-Life business (€1,511m at 31/12/2017) and €3,503m in the Life business (€3,183m at 31/12/2017).

**Total premiums** (direct and indirect premiums and investment products) at 30 June 2018 amounted to €6,393m (€6,389m at 30/6/2017, +0.1%; on a like-for-like basis +6%). Non-Life premiums amounted to €4,141m (€4,088m at 30/6/2017, +1.3%) and Life premiums amounted to €2,252m (€2,301m at 30/6/2017, -2.1%; on a like-for-like basis +16.4%), of which €286m related to investment products (€328m at 30/6/2017, -12.7%; on a like-for-like basis -8.7%).

The overall premium income for just the second quarter of 2018 was €3,007m (€3,137m in the second quarter of 2017).

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 for Life premiums, investment products at 30 June 2018, for €286m, related to class III (Unit- and Index-Linked policies) and class VI (pension funds).

**Direct premiums** amounted to €6,258m (€6,327m at 30/6/2017, -1.1%; on a like-for-like basis +4.8%), of which Non-Life premiums totalled €4,007m (-0.5%) and Life premiums €2,251m (-2.1%; on a like-for-like basis +16.4%).

	Amounts in €m	30/6/2018	% comp.	30/6/2017	% comp.	% var.
Non-Life direct premiums		4,007	64.0	4,026	63.6	(0.5)
Life direct premiums		2,251	36.0	2,300	36.4	(2.1)
<b>Total direct premium income</b>		<b>6,258</b>	<b>100.0</b>	<b>6,327</b>	<b>100.0</b>	<b>(1.1)</b>

**Indirect Non-Life and Life premiums** totalled €135m at 30 June 2018 (€62m at 30/6/2017, +117.2%), almost entirely relating to the Non-Life business.

	Amounts in €m	30/6/2018	% comp.	30/6/2017	% comp.	% var.
Non-Life indirect premiums		134	99.8	62	99.6	117.6
Life indirect premiums		1	0.2	0	0.4	19.5
<b>Total indirect premiums</b>		<b>135</b>	<b>100.0</b>	<b>62</b>	<b>100.0</b>	<b>117.2</b>

Group **premiums ceded** totalled €252m (€250m at 30/6/2017), €241m of which from Non-Life premiums ceded (€240m at 30/6/2017) and €11m from Life premiums ceded (unchanged compared to 30/6/2017). The retention ratios remained substantially stable in the Non-Life and Life businesses.

	Amounts in €m	<b>30/6/2018</b>	% comp.	30/6/2017	% comp.	% var.
Non-Life ceded premiums		241	95.7	240	95.8	0.5
<i>Retention ratio - Non-Life business (%)</i>		<i>94.2%</i>		<i>94.1%</i>		
Life ceded premiums		11	4.3	11	4.2	2.2
<i>Retention ratio - Life business (%)</i>		<i>99.5%</i>		<i>99.5%</i>		
<b>Total premiums ceded</b>		<b>252</b>	<b>100.0</b>	<b>250</b>	<b>100.0</b>	<b>0.6</b>
<i>Overall retention ratio (%)</i>		<i>95.9%</i>		<i>95.9%</i>		

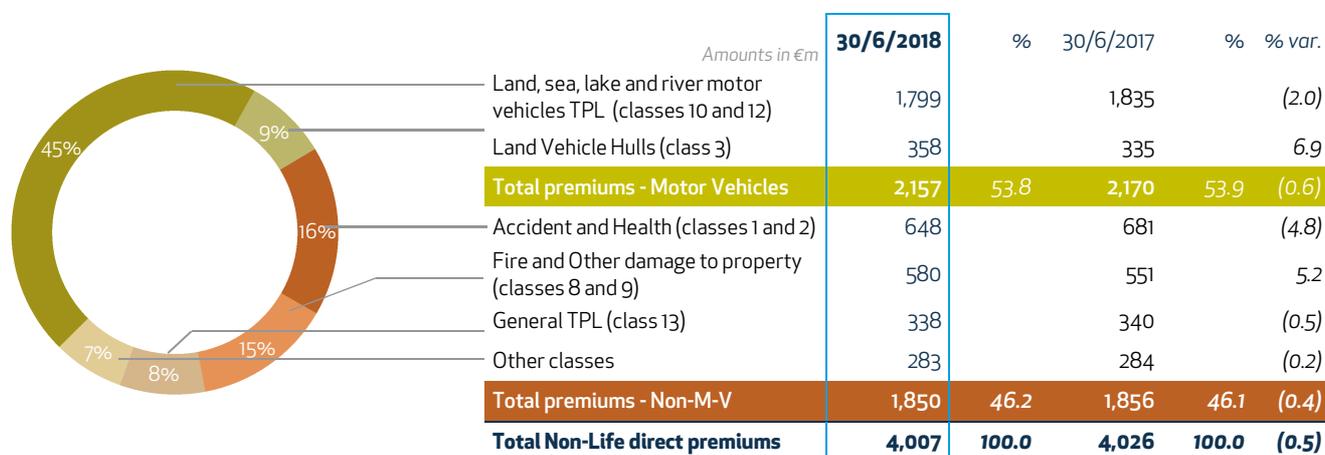
The retention ratio is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.

At 30 June 2018 the premiums ceded in the Non-Life business generated an overall positive result for reinsurers, while the Life business basically broke even.

## Non-Life business

Total Non-Life premiums (direct and indirect) at 30 June 2018 were €4,141m (€4,088m at 30/6/2017, +1.3%). **Direct business** premiums alone amounted to €4,007m (€4,026m at 30/6/2017, -0.5%).

### Non-Life business direct premiums



In the **MV segment**, MV TPL premiums were €1,799m, down by 2% on 30 June 2017. An increase of 6.9% was instead reported in the Land Vehicle Hulls business with premiums equal to €358m (€335m at 30/6/2017). The **Non-MV segment**, with premiums of €1,850m, recorded a 0.4% decline.

### Non-Life claims

The positive performance of the claims frequency and related average premium, which were affected by actions envisaged in the Business Plan, allowed an improvement in MV TPL. A careful risk selection policy also offered an improvement in claims in the Non-MV segment.

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The **loss ratio** (for Non-Life direct business alone), including the OTI ratio, stood at 66.2% (68.1% at 30/6/2017).

The number of claims reported, without considering the MV TPL class, rose by 2.1%.

## Number of claims reported (excluding MV TPL)

	30/6/2018	30/6/2017	var.%
Land Vehicle Hulls (class 3)	166,443	156,546	6.3
Accident (class 1)	69,929	73,145	(4.4)
Health (class 2)	1,861,725	1,839,907	1.2
Fire and Other damage to property (classes 8 and 9)	152,616	143,073	6.7
General TPL (class 13)	48,217	47,615	1.3
Other classes	247,826	235,005	5.5
<b>Total</b>	<b>2,546,756</b>	<b>2,495,291</b>	<b>2.1</b>

As regards the MV TPL class, where the CARD<sup>3</sup> agreement is applied, in the first six months of 2018 cases relating to "fault" claims (Non-Card, Debtor Card or Natural Card) reported totalled 330,646, down -3.6% (343,168 at June 2017).

Claims that present at least a Debtor Card claims handling numbered 193,206, down by -3.5% compared to the same period in the previous year.

Handler Card claims totalled 255,021 (including 56,025 Natural Card claims, between policyholders at the same company), down by -2.6%. The settlement rate for the first half of 2018 was 68.2% as compared to 66.1% recorded in the same period last year.

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 2018 came to 84.6% (84.9% in June 2017).

The **expense ratio** for Non-Life direct business was 26.8% (27.2% at 30/6/2017).

The **combined ratio**, based on direct business, was 93% at 30 June 2018 (95.3% at 30/6/2017).

<sup>3</sup> CARD - Convenzione tra Assicuratori per il Risarcimento Diretto - Agreement between Insurers for Direct Compensation: MV TPL claims may be classified as one of three cases of claims managed:

- Non-Card claims: claims governed by the ordinary regime, to which CARD is not applied;

- Debtor Card claims: claims governed by CARD where "our" policyholder is fully or partially liable, which are settled by the counterparty's insurance companies, to which "our" insurance company must pay a flat rate pay-out ("Debtor Flat Rate");

- Handler Card claims: claims governed by CARD where "our" policyholder is fully or partially not liable, which are settled by "our" insurance company, to which the counterparty's insurance companies must pay a flat rate pay-out ("Handler Flat Rate").

However, it must be noted that this classification is a simplified representation because, in reality, each individual claim may contain damages included in each of the three above-indicated cases.

## Non-Life premiums of the main Group insurance companies

The direct premiums of only **UnipolSai**, the Group's main company, stood at €3,464m (-1.2%), of which €2,033m in the MV classes (-1%) and €1,431m in the Non-MV classes (-1.5%).

### UnipolSai Assicurazioni Spa - Non-Life business direct premiums

	<i>Amounts in €m</i>				
	<b>30/6/2018</b>	% comp.	30/6/2017	% comp.	% var.
Land, sea, lake and river motor vehicles TPL (classes 10 and 12)	1,692		1,734		(2.4)
Land Vehicle Hulls (class 3)	341		319		6.7
<b>Total premiums - Motor Vehicles</b>	<b>2,033</b>	<b>58.7</b>	<b>2,053</b>	<b>58.6</b>	<b>(1.0)</b>
Accident and Health (classes 1 and 2)	372		418		(10.9)
Fire and Other damage to property (classes 8 and 9)	550		525		4.7
General TPL (class 13)	330		333		(0.8)
Other classes	180		178		1.0
<b>Total premiums - Non-M-V</b>	<b>1,431</b>	<b>41.3</b>	<b>1,453</b>	<b>41.4</b>	<b>(1.5)</b>
<b>Total Non-Life premiums</b>	<b>3,464</b>	<b>100.0</b>	<b>3,506</b>	<b>100.0</b>	<b>(1.2)</b>

In the MV classes, €1,692m related to premiums in the MV TPL class and Sea, Lake and River Vessels TPL class (€1,734m at 30/6/2017, -2.4%).

The decrease in premiums was the results of the significant decline in the number of insured vehicles in certain major fleets. The number of individual policies increased compared to that recorded at year end, and the average premium is gradually stabilising.

With reference to the **Land Vehicle Hulls business**, premiums recorded a positive trend in line with the good results of the automotive industry.

In the **Non-MV** classes there was a decline in premiums, mainly caused by the Accident and Health coverage. In particular, for the latter class the decrease was attributable to the collection time offset for significant policies after leaving following the tender for a high-premium collective policy.

As regards the Other Damage to Property class, the growth was largely attributable to the Hail sector which was affected by various aspects: the increase in average coverage rates following the negative performance of 2017, the higher ministerial prices for agricultural products and, lastly, a portfolio increase designed to improve risk diversification from a geographical point of view. The Theft component and the accessory guarantees for Fire, particularly in the homes segment, also recorded a growth.

The company **SIAT**, focusing on the Sea Vehicles segment, achieved direct premiums amounting to €68m (+3.1%).

**Arca Assicurazioni** recorded direct premiums of €61m (+8.7%), with an increase in the Non-MV classes (+10.7%) and in the MV segment (+4.6%).

At 30 June 2018, **UniSalute** recorded direct premiums for €226m, up 7.8% on 30 June 2017 (€210m). The first half of 2018 recorded a profit of around €19m, compared to €18m at 30 June 2017. More specifically, in the first half of the year, new policies acquired in the portfolio included Banca 5 and Banca Apulia from the Supplementary Healthcare Fund of the Intesa Sanpaolo Group. Lastly, note that the service level (calls handled out of the total received) was 80.7%, stable compared to the first half of 2017, whilst the calls managed in the first half of 2018 rose by 1.9%, achieving a volume exceeding 1.5 million telephone calls.

In the first six months of 2018, **Linear** issued direct premiums for €93m, up 6.2% on the same period of the previous year (€87m at 30/6/2017), mainly concentrated in the MV classes, recording an increase in profit at 30 June 2018 of €4m (€3m at 30/6/2017). Contracts in the portfolio were close to 579k units (+10% on June 2017). Also note that the combined ratio stood at 97.0%, a decrease of 1.8 percentage points on the first half of 2017 and 2.1 percentage points on year end 2017.

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## New products

With reference to the MV TPL and Land Vehicle Hulls segments of UnipolSai, the first half of 2018 was affected mainly by tariff adjustments. The Vehicle “Dynamic Pricing” project also continued for the KM&Servizi product, which from February 2018 envisages the application of discounts differentiated by individual map reference and not just by province.

From 1 January 2018, the minimum legal limits for MV TPL were increased to €30m for personal injuries and €2m for damage to property, due to the combined provisions of the Ministry for Economic Development Decree of 9 June 2017 and Italian Law no. 124 of 4 August 2017.

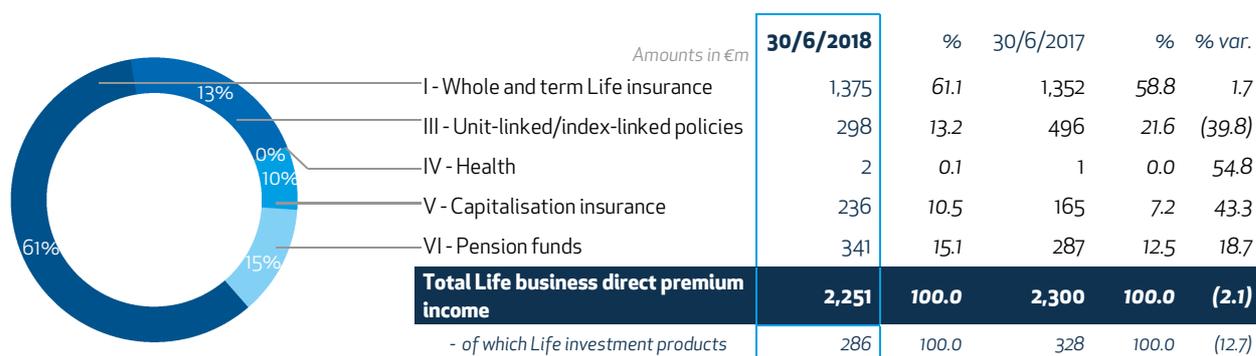
As regards the Non-MV Non-Life price list of UnipolSai, the following new products were marketed from the first half of 2018:

- *UnipolSai Albergo&Servizi*, suited to the insurance needs of a wide range of accommodation types, from the more traditional hotels to the more numerous non-hotel accommodation, and among the main new elements, in addition to special guarantee packages also dedicated to beach facilities, is a “SalvaStagione” (Season Saver) guarantee that indemnifies any loss of earnings caused by rain.
- *Copertura Rivalsa Colpa Grave Esercenti Professioni Sanitarie* (Italian Law no. 24 of 8 March 2017 - Gelli-Bianco Law), offering coverage against professional TPL for health professionals pending completion of the implementing regulations for the Gelli Law.  
Specifically, the main new aspects introduced are:
  - guarantees for health professionals in relation to charges or subrogated action that could be taken against them by the healthcare facility or its insurer claiming damages caused due to serious misconduct;
  - decennial liability envisaged in the event of cessation of professional activities.
- *UnipolSai Condominio&Servizi*, which offers a simple and innovative response to the need for protection of the product’s different reference targets, combining insurance guarantees, services and assistance.

## Life business

Life business **direct premiums**, representing nearly all of the premium income, amounted to a total of €2,251m (€2,300m at 30/6/2017, -2.1%), of which €286m in investment products primarily relating to class III (€328m at 30/6/2017), broken down as follows:

### Life business direct premiums



New business in terms of **APE**, net of non-controlling interests, amounted to €196m at 30 June 2018 (€160m at 30/6/2017, +22.3% on a like-for-like basis), of which €38m contributed by bancassurance companies and €158m by traditional companies.

The **expense ratio** for Life direct business stood at 5.4% (6.1% at 30/6/2017).

## Pension Funds

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

UnipolSai Assicurazioni manages a total of 24 **occupational pension fund** mandates at 30 June 2018 (18 of them for accounts "with guaranteed capital and/or minimum return").

On the same date resources under management totalled €3,668m (€3,052m with guaranteed capital). At 31 December 2017, a total of 23 occupational pension funds were managed (17 of them for accounts "with guaranteed capital and/or minimum return") and resources came to €3,509m (of which €2,897m with guaranteed capital).

At 30 June 2018, the assets of the **Open Pension Funds** managed by Unipol Gruppo through UnipolSai and BIM (UnipolSai Previdenza FPA and Fondo Pensione Aperto BIM Vita) reached a total of around €900m with 44,288 members. At 31 December 2017, the assets of the Open Pension Funds amounted to €908m, with 44,442 members.

## Life premiums of the main Group insurance companies

Direct premiums for **UnipolSai** alone were equal to €1,533m (€1,416m at 30/6/2017, 8.3%). Class VI Pension Funds, with premiums of €338m, rose by 19.2%, while class I Traditional Policies, which with €851m accounted for 55.5% of total premiums, declined by 6.5%. Class V Capitalisation policies were up (53.9%).

### UnipolSai Assicurazioni Spa - Life business direct premiums

	<i>Amounts in €m</i>	<b>30/6/2018</b>	% comp.	30/6/2017	% comp.	% var.
I Whole and term life insurance		851	55.5	910	64.3	(6.5)
III Unit-linked/index-linked policies		115	7.5	73	5.1	57.7
- of which investment products		115	7.5	73	5.1	57.8
IV Health		2	0.1	1	0.1	54.8
V Capitalisation insurance		227	14.8	147	10.4	53.9
VI Pension funds		338	22.1	284	20.1	19.2
- of which investment products		14	0.9	13	0.9	5.8
<b>Total Life business</b>		<b>1,533</b>	<b>100.0</b>	<b>1,416</b>	<b>100.0</b>	<b>8.3</b>
- of which investment products		128	8.4	86	6.0	50.0

Individual policies recorded a 9.1% increase, mainly attributable to the good performance of the Unit and Multisegment products (class III) which saw a significant growth of +57.7%. Among the Multisegment products, also note the excellent performance of the new Pip UnipolSai Previdenza Futura, marketed from 9 October 2017.

The incidence of class III and class VI premiums on the total individual business is therefore increasing constantly (14% in the first half of 2018 compared to 10% in the same period of 2017).

The good result achieved by class V business (88.1%) was conditioned by issue of the FUN-linked capitalisation policy (Fondo Unico Nazionale LTC) for a value of around €45m.

Again in the individual sector, class IV premiums continued to increase (+75.7%). This increase, albeit not significant in absolute terms, shows a growing interest in products with long-term care coverage.

Premiums on collective policies increased slightly relative to the figure for the first half of 2017 (+7.1%) as a result in particular to growth in class VI (19.5%).

In the bancassurance channel, the **Arca Vita Group** (Arca Vita and Arca Vita International) recorded direct premiums of €570m (+54.3%).

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## Reinsurance

### Unipol Group reinsurance policy

As regards the risks underwritten in the Non-Life classes, the reinsurance strategy adopted in recent years has remained constant, geared to developing synergies and economies of scale by acquiring standardised insurance coverage for all companies of the Group, obtaining not only the optimisation of overall capacities, but also improved cost efficiency.

The main reinsurance policies taken out by the Group in 2018 were the following:

- Renewal of the "Multipol" *Multiline Aggregate Excess of Loss* treaty, which maximises the efficiency and effectiveness of the most operational part of the main non proportional treaties, assuring a greater and/or new protection on the flood and atmospheric event risks for Land Vehicle Hulls as well;
- excess of loss treaties for the protection of MV TPL, General TPL, Atmospheric Events, Fire (by risk and by event), Accident, Aircraft TPL, Transport and Bonds portfolios;
- stop loss treaty for Hail risk;
- 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" TPL and hulls and freight transport.

The risks underwritten in the Life business in 2018 were 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.

To minimise counterparty risk, reinsurance coverage continued to be spread out and placed with leading professional reinsurers that have been given a high credit rating by major rating agencies, in order to provide a comprehensive and competitive service.

## Banking Sector performance

As already illustrated in the Information on significant events during the first six months, in the first half of 2018 the action continued as envisaged in the Restructuring Plan for the Banking sector, launched on 29 June 2017 and significantly impacting the profit for the first half of 2017. The following table shows the main items in the **income statement of the Banking sector**, set out in the layout specified for banks:

### Income Statement - Banking business

	Amounts in €m	<b>30/6/2018</b>	30/6/2017	% var.
Net interest income		103	110	(6.7)
Net commission income		79	63	26.0
Other net financial income		(2)	1	(258.1)
<b>Gross operating income</b>		<b>181</b>	<b>174</b>	3.6
Net reversals due to impairment of financial assets		(19)	(962)	
<b>Net financial income</b>		<b>162</b>	<b>(787)</b>	
Operating expenses		144	152	
<b>Pre-tax profit (loss)</b>		<b>18</b>	<b>(940)</b>	

The **pre-tax result** of the Banking Sector at 30 June 2018 was a profit of €18m (loss of €940m at 30/6/2017), after making net value adjustments on financial assets of €19m (€962m at 30/6/2017).

At 30 June 2018, **Investments and cash and cash equivalents** of the Banking sector totalled €11,288m (€13,292m at 31/12/2017), of which €7,644m in Loans and receivables from bank customers (€8,635m at 31/12/2017).

**Bank direct customer deposits** amounted to €10,257m (€12,008m at 31/12/2017), of which:

- €323m in subordinated loans (€324m at 31/12/2017);
- €1,886m in debt securities issued (€2,165m at 31/12/2017);
- €8,047m in payables to customers (€9,519m at 31/12/2017).

Interbank payables totalled €456m (€439m at 31/12/2017).

## Operating performance of Unipol Banca

1 February 2018 was the effective date of the proportional partial spin-off of Unipol Banca S.p.A. to the newco UnipolReC S.p.A., a subsidiary of Unipol Gruppo S.p.A. As a result of the spin-off, gross bad and doubtful loans for a total of €2,901m were transferred to UnipolReC S.p.A., backed by valuation reserves for €2,348m. The complex involved in the division also included 28 resources to manage these receivables. The Shareholders' Equity components transferred to the newco UnipolReC S.p.A. as a result of the proportional spin-off, as envisaged in the Spin-off Plan approved by the extraordinary Shareholders' Meeting of 13 December 2017, include the share capital of €290,122,715 and €23,031,201 as part of the capital account payment of €900,000,000 received by the bank for the purpose of the plan.

Completion of the aforementioned restructuring of Unipol Banca allowed it to focus on developing its core banking activities, in the first six months after the restructuring already achieving good results both in commercial and economic terms.

In the first half of 2018, the Bank expanded its customer base to reach 512,129 customers at 30 June 2018 (+0.3% compared to the end of 2017).

**Direct funding** at 30 June 2018 was down by €1.8bn (-14.7%) as a result of the decrease in Group deposit volumes (-€770m) and deposits by key customers (institutional and large cooperatives, for €579m), as well as the redemption of securitisation notes for €336m. private deposits remained stable at €3.5bn.

# 1 Management Report

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**Indirect funding** at 30 June 2018 totalled €48.9bn, down by €0.6bn (-1.1% compared to the end of 2017), divided between the Group (-1.0% for €421m, almost all funds under custody) and ordinary customers (-€114m, -8.7%). For the latter, the funds under custody figure was negative (-8.7% for €257m), but the result achieved in terms of Asset Management products was positive (+5.1%, €143m) with growth in all the schemes.

At 30 June 2018, **gross loans** fell below €8bn, down by €394m (-4.7%) compared to the start of the year as a result of the liquidity performance of the securitisation SPVs (-€403m), as well as the decrease in the Non-Performing Loans division which mainly manages bad and doubtful loans and unlikely to pay loans, reducing its volumes by €120m (-12.3% to €854m) following the factoring transactions and the restatement as losses of extensively hedged positions. The commercial bank, on the other hand, increased its loans by 1.7%, equal to €91m, most of which in the Business division (+3.0%, €87m).

The total valuation reserves (divided among the three credit rating stages envisaged on introduction of IFRS 9) were €426m (-8.2%) and lead to a net loans value of €7.6bn (-4.5%).

The loans stage 3, corresponding to **"impaired loans"** amounted to €806m, down 11.4% on the start of the year (a total of €103m). At 30 June 2018, this stage had an average hedging level of 47%, up on the 45.5% of the start of the year (the figure refers only to impaired loans not included in the Spin-off), whilst the impact on total loans reduces both in terms of gross values (from 10.8% to 10.1%) and net values (from 6.3% to 5.6%).

The income statement performance at 30 June 2018 shows a gross profit of €18m (-713 at 30 June 2017, when consistent value adjustments were made on implementation of the banking segment restructuring plan). **Gross operating income** reached €165m at 30 June 2018, up €22m compared to the same period of 2017 (+15.8%).

The improved gross operating income was achieved despite the falling interest margin (-8.3%), partly caused by the reference rates curve which remained negative and by the surplus funding which, since it is deposited with the Bank of Italy on demand and remunerated at negative rates, results in a €3m decrease when comparing the two half-years. The opposite was seen, however, in the performance of net commissions (+32.1%, +€20m), which on the one hand was able to benefit from removal of two significant cost items (the MEF guarantee and the indemnity agreement, which together generate a saving of €12.6m) and on the other to benefit from the good results achieved by the Bank in the sale of third-party products (+19.2%, €1.2m), asset management product placement (+14.9%, €2.1m) and in settlement fees and commissions (+17.8%, €2.5m).

## Real Estate Sector performance

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

### Income Statement - Real Estate Sector

	Amounts in €m	30/6/2018	30/6/2017	% var.
Gains on other financial instruments and investment property		13	15	(18.9)
Other revenue		18	14	26.9
<b>Total revenue and income</b>		<b>31</b>	<b>30</b>	<b>3.2</b>
Losses on other financial instruments and investment property		(50)	(18)	175.1
Operating expenses		(11)	(6)	81.3
Other costs		(17)	(22)	(22.4)
<b>Total costs and expenses</b>		<b>(78)</b>	<b>(46)</b>	<b>68.6</b>
<b>Pre-tax profit (loss) for the year</b>		<b>(48)</b>	<b>(17)</b>	<b>186.5</b>

The **pre-tax result** at 30 June 2018 was a loss of €48m (-€17m at 30/6/2017), after having effected property write-downs and depreciation of €55m (€18m at 30/6/2017).

**Investments and cash and cash equivalents** of the Real Estate sector (including instrumental properties for own use) totalled €1,155m at 30 June 2018 (€1,274m at 31/12/2017), mainly consisting of investment property amounting to €442m (€554m at 31/12/2017) and properties for own use totalling €607m (€611m at 31/12/2017).

**Financial liabilities** amounted to €328m at 30 June 2018 (unchanged from 31/12/2017).

### Main property transactions

The Group's real estate operations continued to focus on the renovation of some of the portfolio's properties, particularly in Milan and Florence, in order to make them profitable, seek out opportunities to increase value or use them for business purposes. Some of the main projects in progress were:

- the construction of a new multi-storey building for business use in piazza Gae Aulenti (Porta Nuova Garibaldi area). The work site is set to open in the second half of the year;
- completion and requalification of a headquarters building for business use in via De Castilia (Porta Nuova-Garibaldi area);
- the refurbishment - now nearing completion - of Torre Galfa, Via Fara 41, for which lease agreements have already been entered into for almost all the leasable surface area;
- the renovation activities on the office complexes located in Milan, Via Dei Missaglia 97 and Via Crespi 57, in order to arrange leasing of the vacant office space;
- the commencement of upgrading works on a number of hotels, the main works referring to the hotels in Via De Cristoforis, Milan, and in Giardini Naxos, Messina.

As regards property sales, in the first half of the year deeds of sale were signed for the disposal of more than 500 property units owned by Group companies located in various parts of Italy, the process having begun in 2017 and expected to end this year. In addition, a number of properties were sold for a total sale value of around €53m.

The preliminary contract was finalised in the first half of the year for the disposal by a Group company to Toscana Aeroporti S.p.A. of a piece of land in the Castello Area of the Municipality of Florence covering around 128 hectares. The sale price was €75m plus taxes. The preliminary contract is subject to two conditions precedent, one of which arose on 26 June 2018.

Lastly, note that purchases were made during the first half of the year of a number of residential properties for a total of €2.2m. In addition, one of the Group companies was awarded a property for industrial use located in Bologna for around €3.1m.

# 1 Management Report

## Holding and Other Businesses Sector Performance

From 1 February 2018 the Holding and Other Businesses sector includes UnipolReC S.p.A., the newco established, as already described, at the time of the spin-off of Unipol Banca S.p.A..

The main **income statement figures of the Holding and Other Businesses sector** are shown below:

### Income Statement - Holding and Other Businesses Sector

	Amounts in €m	30/6/2018	30/6/2017	% var.
Commission income		4	13	(69.9)
Gains (losses) on financial instruments at fair value through profit or loss		(2)		n.s.
Gains on other financial instruments and investment property		27	4	n.s.
Other revenue		107	105	2.0
<b>Total revenue and income</b>		<b>136</b>	<b>122</b>	<b>11.1</b>
Losses on other financial instruments and investment property		(56)	(29)	92.4
Operating expenses		(61)	(56)	8.0
Other costs		(72)	(177)	(59.1)
<b>Total costs and expenses</b>		<b>(189)</b>	<b>(262)</b>	<b>(27.8)</b>
<b>Pre-tax profit (loss) for the year</b>		<b>(53)</b>	<b>(139)</b>	<b>(62.0)</b>

The **pre-tax result** at 30 June 2018 was a loss of €53m (-€139m at 30/6/2017).

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

At 30 June 2018 the **investments and the cash and cash equivalents** of the Holding and Other Businesses sector (including properties for own use for €170m) were €2,165m (€1,763m at 31/12/2017).

**Financial liabilities** were €2,238m (€2,121m at 31/12/2017) and mainly consist of the following:

- for €1,793m by three senior bond loans issued by Unipol with a total nominal value of €1,817m (€1,802m at 31/12/2017);
- for €396m by loans payable in place with UnipolSai by Unipol and UnipolReC (€268m at 31/12/2017).

Diversified segment operations in the first half of 2018 were characterised by a focus on sales development as well as constant efficiency improvement action on the various operating platforms.

With reference to the **hotel sector**, through implementation of the company's new brand identity, consolidation continues of the UNA Group's market positioning with revenues for the first half recording a 3% increase, from around €58m in the first half of 2017 (adjusted to take into account the two hotels closed at the end of 2017) to approximately €61m at 30 June 2018.

As regards the **hub of medical clinics** in Florence, at 30 June 2018 the company Villa Donatello recorded revenues of €13m, compared to €11m in the same period of 2017, marking an improvement of around 15%. 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). Note that in June 2018 a number of the company's health clinic activities were transferred to the property at Via Ragionieri 101, Florence (Villa Ragionieri).

As regards **agricultural activities**, the sales of the company Tenute del Cerro rose by around 10% compared to 30 June 2017 (from around €3.2m to €3.5m).

The profit of the **holding company Unipol** at 30 June 2018 was €269m (€175m at 30/6/2017) and included dividends collected from Group companies, eliminated in the consolidation process, of €330m (€280m at 31/12/2017).

Interest expense on the bond loans issued was €30m at 30 June 2018 (€22m at 30/6/2017).

## Asset and financial performance

### Investments and cash and cash equivalents

At 30 June 2018, Group **Investments and cash and cash equivalents** totalled €70,279m (€71,647m at 31/12/2017), after reclassifying €138m pursuant to IFRS 5, with the following breakdown by business segment:

#### Investments and cash and cash equivalents - Breakdown by business segment

	Amounts in €m	30/6/2018	% comp.	31/12/2017	% comp.	% var.
Insurance sector		58,748	83.6	59,098	82.5	(0.6)
Banking sector		11,288	16.1	13,292	18.6	(15.1)
Holding and other businesses sector		2,165	3.1	1,763	2.5	22.8
Real Estate sector		1,155	1.6	1,274	1.8	(9.4)
Intersegment eliminations		(3,077)	(4.4)	(3,780)	(5.3)	(18.6)
<b>Total Investments and cash and cash equivalents</b>		<b>70,279</b>	<b>100.0</b>	<b>71,647</b>	<b>100.0</b>	<b>(1.9)</b>

The breakdown for investment category is the following:

	Amounts in €m	30/6/2018	% comp.	31/12/2017	% comp.	% var.
<b>Property (*)</b>		<b>3,713</b>	<b>5.3</b>	<b>3,817</b>	<b>5.3</b>	<b>(2.7)</b>
<b>Investments in subsidiaries, associates and interests in joint ventures</b>		<b>83</b>	<b>0.1</b>	<b>90</b>	<b>0.1</b>	<b>(7.7)</b>
<b>Held-to-maturity investments</b>		<b>488</b>	<b>0.7</b>	<b>864</b>	<b>1.2</b>	<b>(43.5)</b>
<b>Loans and receivables</b>		<b>4,061</b>	<b>5.8</b>	<b>15,518</b>	<b>21.7</b>	<b>(73.8)</b>
<i>Debt securities</i>		3,523	5.0	3,886	5.4	(9.3)
<i>Loans and receivables from bank customers</i>				7,728	10.8	(100.0)
<i>Interbank loans and receivables</i>				3,405	4.8	(100.0)
<i>Deposits with ceding companies</i>		27	0.0	19	0.0	40.8
<i>Other loans and receivables</i>		510	0.7	480	0.7	6.4
<b>Financial assets at at amortised cost</b>		<b>9,621</b>	<b>13.7</b>			
<i>Loans and receivables from bank customers</i>		7,252	10.3			
<i>Interbank loans and receivables</i>		2,370	3.4			
<b>Available-for-sale financial assets</b>		<b>43,470</b>	<b>61.9</b>	<b>44,482</b>	<b>62.1</b>	<b>(2.3)</b>
<b>Financial assets at fair value through OCI</b>		<b>1,814</b>	<b>2.6</b>			
<b>Financial assets at fair value through profit or loss</b>		<b>6,539</b>	<b>9.3</b>	<b>6,244</b>	<b>8.7</b>	<b>4.7</b>
<i>of which held for trading</i>		311	0.4	334	0.5	(6.7)
<i>of which at fair value through profit or loss</i>		6,153	8.8	5,911	8.2	4.1
<i>of which mandatorily at fair value</i>		74	0.1			
<b>Cash and cash equivalents</b>		<b>489</b>	<b>0.7</b>	<b>631</b>	<b>0.9</b>	<b>(22.6)</b>
<b>Total investments and cash and cash equivalents</b>		<b>70,279</b>	<b>100.0</b>	<b>71,647</b>	<b>100.0</b>	<b>(1.9)</b>

(\*) Including properties for own use

# 1 Management Report

From 1 January 2018, for a portion of its investments relating primarily to the banking segment and the Parent, the Unipol Group adopted IFRS 9. The new financial asset classes envisaged in IFRS 9 were therefore applied to these investments and to the economic components they generated. Reference is made to the section "Application of IFRS 9 by the Unipol Group" in the Notes to the financial statements for further details of the transition effects.

## Transactions carried out in the first half of the year

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

Again in the first half of 2018, the investment policies implemented in the finance area pursued, in terms of medium/long-term investments, the general criteria of prudence and of preserving asset quality in accordance with the Guidelines defined in the Group Investment Policy.

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

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

The exposure to government bonds during the half year recorded an increase of around €667m. The increase in assets described above concerned primarily government bonds and securities issued by European supranational entities, aiming to increase the diversification and credit ratings of government issuers present in the portfolio, particularly the Parent's portfolio. Vice versa, the same period saw a reduced exposure to Italian government securities in the insurance sector for €616m.

Asset portfolio simplification activities continued during the first half of 2018. There was a €47.8m overall reduction in exposure to Level 2 and 3 structured bonds.

Amounts in €m	30/06/2018			31/12/2017			variation	
	Carrying amount	Market value	Implied +/-	Carrying amount	Market value	Implied +/-	Carrying amount	Market value
Structured securities - Level 1	43	42	(1)	76	76		(32)	(34)
Structured securities - Level 2	676	614	(62)	673	632	(41)	3	(18)
Structured securities - Level 3	232	194	(38)	283	269	(14)	(51)	(75)
<b>Total structured securities</b>	<b>951</b>	<b>850</b>	<b>(101)</b>	<b>1,032</b>	<b>977</b>	<b>(54)</b>	<b>(80)</b>	<b>(127)</b>

**Share exposure** increased during the first half of 2018 by around €285m (carrying amounts). A total value of around €119m referred to the purchase of 5.194% of Banca BPER share capital. Almost all equity instruments belong to the main European share indexes. The hedges on options on the Eurostoxx50 index were also revalued on the equity portfolio, by maturity and value for the year, in order to mitigate volatility and preserve the value of the portfolio.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €993m at IAS carrying amounts, recording a net increase of €254m in the first half of 2018.

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

The overall duration was 5.83 years for the Group, up on the 5.35 years recorded at the end of 2017. The Non-Life duration was 2.86 years (3.01 years at the end of 2017); the Life duration was 7.02 years (6.28 years at the end of 2017). The Holding duration was 2.41 years, up compared to the end of last year (0.14 years) due to securities lending carried out during the first half. The fixed rate and floating rate components of the bond portfolio were respectively 85.7% and 14.3%. The

government component accounted for approximately 69.4% of the bond portfolio whilst the corporate component accounted for the remaining 30.6%, split into 24% financial and 6.6% industrial credit.

87.6% of the bond portfolio was invested in securities with ratings above BBB-.

## Net gains on investments and financial income

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

### Net investment income

	Amounts in €	30/6/2018	30/6/2017	% var.
Gains/losses on investment property		(30)	8	(479.8)
Gains/losses on investments in subsidiaries and associates and interests in joint ventures		312	3	n.s.
Net gains on held-to-maturity investments		11	26	(56.8)
Net gains on loans and receivables		92	(856)	n.s.
Net gains on financial assets recognised at amortised cost		59		
Net gains on available-for-sale financial assets		962	914	5.3
Net gains on financial assets at fair value through OCI		16		
Net gains on financial assets at fair value through profit or loss (*)		(57)	35	(263.5)
<b>Total net gains on financial assets, cash and cash equivalents</b>		<b>1,366</b>	<b>129</b>	<b>n.s.</b>
Net losses on held-for-trading financial liabilities and at fair value through profit or loss (*)			(1)	(100.0)
Net losses on other financial liabilities		(113)	(101)	12.0
<b>Total net losses on financial liabilities</b>		<b>(113)</b>	<b>(102)</b>	<b>10.9</b>
<b>Total net gains (*)</b>		<b>1,253</b>	<b>27</b>	<b>n.s.</b>
Net gains on financial assets at fair value (**)		(87)	121	
Net losses on financial liabilities at fair value (**)		28	(39)	
<b>Total net gains on financial instruments at fair value (**)</b>		<b>(60)</b>	<b>82</b>	
<b>Total net gains on investments and net financial income</b>		<b>1,193</b>	<b>109</b>	<b>n.s.</b>

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

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

Net income at 30 June 2018 totalled €1,253m, compared to €27m at 30 June 2017. The value differences between the two periods is partly due to write-downs on the Unipol Banca loans portfolio for €1,025m at 30 June 2017 as part of the previously mentioned restructuring plan for the Group's banking segment, and partly to the sale of the subsidiary Popolare Vita in March 2018 which led to a capital gain of €309m recognised under Gains/losses on investments in subsidiaries and associates and interests in joint ventures.

Impairment losses on financial instruments classified in the Available-for-sale asset category amounted to €4m (€64m at 30/6/2017). Gains/losses on investment property included €16m in depreciation and €38m in write-downs (respectively €17m and €1m at 30/6/2017).

# 1 Management Report

## Shareholders' equity

At 30 June 2018, shareholders' equity amounted to €6,692m (€7,453m at 31/12/2017). **Group's shareholders' equity** amounted to €5,352m (€5,486m at 31/12/2017) and was broken down as follows:

	<i>Amounts in €m</i>	<b>30/06/2018</b>	31/12/2017	<i>variation in amount</i>
Share capital		3,365	3,365	
Capital reserves		1,729	1,729	
Income-related and other equity reserves		(489)	79	(568)
(Treasury shares)		(17)	(26)	9
Reserve for foreign currency translation differences		4	4	
Gains/losses on available-for-sale financial assets		304	696	(391)
Gains/losses on financial assets at fair value through OCI		(4)		(4)
Other gains or losses recognised directly in equity		(22)	(15)	(7)
Profit (loss) for the year		482	(346)	827
<b>Total shareholders' equity attributable to the owners of the Parent</b>		<b>5,352</b>	<b>5,486</b>	(134)

The main changes over the year were as follows:

- a decrease of €128m due to dividend distribution;
- a decrease of reserves of €28m due to the first-time adoption of IFRS 9;
- a decrease of €395m compared to the opening balance at 1 January 2018, as a result of the negative change in the provision for gains and losses on available-for-sale financial assets;
- €482m increase due to Group profit at 30 June 2018.

Shareholders' equity attributable to non-controlling interests was €1,339m (€1,967m at 31/12/2017). The decrease in the first half of the year is mainly due to dividends paid for €115m, disposal of the subsidiary Popolare Vita and the change in Unipol's interest in the subsidiary UnipolSai (which increased from 74.6% at 31 December 2017 to 80.1% at the end of June 2018).

## Treasury shares

At 30 June 2018 treasury shares held by Unipol and its subsidiaries were equal to 5,286,506 (7,543,238 at 31/12/2017), of which 2,753,466 held directly. The changes in the first half of the year referred to the following transactions:

- the disposal by Unipolpart in February of 2,259,773 Unipol shares;
- the disposal in March of the equity investment held by UnipolSai in Popolare Vita, which held 24,728 Unipol shares;
- the purchase of a total of 22,769 Unipol shares by Unisalute, Arca Vita and UnipolSai Servizi Consortili, in the service of compensation plans based on financial instruments (performance share type), intended for the managers of the subsidiaries.

On 2 July 2018 the second tranche was allocated in implementation of the compensation plan based on financial instruments for the period 2013-2015 (3,208,066 Unipol shares).

## Technical provisions and financial liabilities

At 30 June 2018, technical provisions amounted to €52,713m (€53,427m at 31/12/2017) and financial liabilities amounted to €15,823m (€16,400m at 31/12/2017).

### Technical provisions and financial liabilities

	Amounts in €m	<b>30/6/2018</b>	31/12/2017	% var.
Non-Life technical provisions		15,314	15,461	(0.9)
Life technical provisions		37,398	37,966	(1.5)
<b>Total technical provisions</b>		<b>52,713</b>	<b>53,427</b>	<b>(1.3)</b>
<b>Financial liabilities at fair value</b>		<b>2,706</b>	<b>2,489</b>	<b>8.7</b>
<i>Investment contracts - insurance companies</i>		2,341	2,210	5.9
<i>Other</i>		365	278	31.0
<b>Financial liabilities at amortised cost</b>		<b>13,118</b>	<b>13,911</b>	<b>(5.7)</b>
<i>Subordinated liabilities</i>		2,538	2,353	7.9
<i>Payables to bank customers</i>		6,105	6,821	(10.5)
<i>Interbank payables</i>		456	439	4.1
<i>Other</i>		4,018	4,298	(6.5)
<b>Total financial liabilities</b>		<b>15,823</b>	<b>16,400</b>	<b>(3.5)</b>
<b>Total</b>		<b>68,536</b>	<b>69,827</b>	<b>(1.8)</b>

## Unipol Group Debt

For a correct representation of the accounts under examination, information is provided below of financial debt only, which is the total amount of the financial liabilities not strictly associated with normal business operations. Therefore, liabilities constituting operating debt, i.e. liabilities directly or indirectly associated with assets, are excluded.

### Group debt structure (excluding net interbank business)

	Amounts in €m	<b>30/6/2018</b>	31/12/2017	variation in amount
Subordinated liabilities issued by UnipolSai		2,215	2,028	187
Subordinated liabilities issued by Unipol Banca		323	324	(1)
Debt securities issued by Unipol Banca		1,885	2,165	(279)
Debt securities issued by Unipol		1,787	1,796	(9)
Other loans		165	164	
<b>Total debt</b>		<b>6,375</b>	<b>6,477</b>	<b>(102)</b>

With reference to the **Subordinated Liabilities** issued by UnipolSai, the change is mainly due to:

- the issue on 1 March 2018 of a 10-year non-convertible, subordinated and non-guaranteed bond loan with a 3.875% coupon, exclusively targeted to qualified investors, for €500m. The bond loan characteristics make it eligible for inclusion among Tier 2 own funds for Solvency II purposes;
- the early redemption on 3 May 2018 of the Tier 2 loans for a total principal of €300m maturing 2025 and 2026, disbursed to the Company by Mediobanca - Banca di Credito Finanziario S.p.A.

With respect to **Other loans**, equal to €165m (€164m at 31/12/2017), €159m related to the loan obtained by the Athens Real Estate Fund 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, eliminated during the consolidation process).

## Transactions with related parties

The “Procedure for related party transactions” (the “Related Parties Procedure”), prepared in accordance with Art. 4 of Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments, was most recently approved by Unipol’s Board of Directors on 8 February 2018 with effect from that date. The Procedure - published on Unipol’s web site ([www.unipol.it](http://www.unipol.it)) in the Governance/Related Party Transactions section - defines the rules, methods and principles that ensure the transparency and substantive and procedural fairness of the transactions with related parties executed by Unipol, either directly or through its subsidiaries.

On 22 March 2018, the Boards of Directors of Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. (“UnipolSai”), assisted by their respective financial advisors Mediobanca - Banca di Credito Finanziario S.p.A. and JP Morgan Limited, approved the disposal to UnipolSai of the equity investment held by Unipol in Arca Vita S.p.A., equal to 63.39% of the share capital, and - indirectly - of the interests held by the latter in the share capital of Arca Assicurazioni S.p.A., Arca Vita International DAC and a number of auxiliary companies (the “Disposal”).

Considering that Unipol controls UnipolSai, the Disposal was qualified:

- by both parties as a transaction with a related party “of major significance” pursuant to Consob Regulation no. 17221 of 12 March 2010 and the Procedure for transactions with related parties adopted, respectively, by Unipol and UnipolSai;
- by Unipol, also as a transaction with an associated party “of major significance” pursuant to Bank of Italy Circular no. 263 of 27 December 2006, Title V, Chapter 5 and the “Procedure for the management of transactions with Unipol Banking Group associated parties” (the “Associated Parties Procedure”) applicable to Unipol in its capacity as Parent of the Unipol Banking Group.

Given the characteristics of the Disposal, to further guarantee the substantive and procedural fairness of the entire decision-making process, Unipol decided to apply, on a voluntary basis, the corporate and procedural oversight mechanisms established for transactions with related parties and with associated parties “of major significance”, although the exemptions of Art. 13 of the Related Parties Procedure and Art. 5.4.3 of the Associated Parties Procedure apply, respectively, since the Disposal was arranged with a subsidiary of Unipol in the absence of significant interest of other related parties or associated parties.

The Disposal was therefore submitted by Unipol and by UnipolSai to the respective Committees for Transactions with Related Parties for approval. Both parties were respectively supported, for valuation aspects, by Towers Watson Italia S.r.l. and by Deloitte Financial Advisory S.r.l., and for legal aspects by Studio Legale Chiomenti and Studio BonelliErede. In addition, as regards verification of the fairness of the principles and estimation methods applied to the transaction by the financial advisors appointed by the Board of Directors and the Committee for Transactions with Related Parties compared to the standards commonly adopted for similar transactions, Unipol obtained the independent opinion of Colombo & Associati S.r.l. and UnipolSai from Studio Laghi S.r.l.

The Unipol Committee for Transactions with Related Parties expressed on a voluntary basis its favourable opinion on Unipol’s interest in carrying out the Disposal, as well as on the cost effectiveness and substantial fairness of the conditions applied.

In turn, the UnipolSai Committee for Transactions with Related Parties expressed its favourable opinion on the Company’s interest in acquiring Unipol’s investment in Arca Vita S.p.A., as well as on the cost effectiveness and substantial fairness of the relative conditions. For further information, please refer to the Information Document on Related Party Transactions of Major Significance required by Art. 5 of Consob Regulation no. 17221/2010, published on 29 March 2018 on the website [www.unipolsai.com](http://www.unipolsai.com) in the Governance/Related Party Transactions section.

The Disposal was finalised on 7 August 2018 after obtaining the necessary legal authorisations.

In the first half of 2018, Unipol carried out no transactions with related parties “of minor relevance”.

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

## Other Information

### Tax audits in progress

The Bologna Tax Police began a tax audit on the 2016 tax year on 22 February 2018 in relation to Direct Taxes, VAT and other taxes of Unipol Gruppo S.p.A.

On the same date, the Bologna Tax Police also began a tax audit on the 2015 tax year in relation to Direct Taxes, VAT and other taxes of UnipolSai Assicurazioni S.p.A.

At the reporting date, both audits were still in progress.

### MF Innovation Award 2017

As part of the MF Innovation Award, the award promoted by the financial newspaper MF in partnership with Accenture for innovation, everyday customer service, simplicity and usability, the product "UnipolSai Km&Servizi 2Ruote" won the Innovation award in the "Motor Vehicles and Mobility" category and the product "Monitor Salute", the remote monitoring service of chronic diseases promoted by UniSalute, was winner in the "Health&Prevention" category. It also received a mention in the "Home and Family" category for the product "UnipolSai Cane&Gatto".

### MotoGP 2018 Championship: UnipolSai still in the saddle with Ducati

After a truly amazing 2017 championship in terms of results achieved by the Ducati Team and brand visibility, UnipolSai renewed its partnership with Ducati Corse for the 2018 MotoGP championship.

### Loyalty Magazine Award

At a ceremony held in London on 19 June, UnipolSai Assicurazioni and Advice Group, Italy's first *progress marketing* company, were winners of the *Loyalty Magazine Award* - the highest award in the sector at international level - in the "Loyalty without a name" category.

Specifically, the "Ghost Loyalty" campaign managed for UnipolSai Assicurazioni by Advice Group, was recognised for its ability of "having best known how to develop loyalty mechanisms, without a real programme in the traditional sense of the term".

The strategy used, studied to improve the bond between brand and user, involved customers through frequent co-marketing initiatives, thereby increasing the opportunities for interaction with their agents and steering customers through a personalised engagement and loyalty path throughout the entire relationship.

### UnipolSai Official Partner at the 2018 Rimini Meeting

For the fourth consecutive year, UnipolSai Assicurazioni will be the Official Partner of the Meeting for Friendship among Peoples, to be held in Rimini from 19 to 25 August 2018, this year's 39th edition being entitled "The forces that move history are the same that make man happy".

A great international event that has always brought to the fore the knowledge and the encounter of man with different cultures, religions, and experiences that will be debated and shared during the Meeting.

For UnipolSai, being Official Partner of the Rimini Meeting represents the continuation of a consistent path towards closeness to people and social responsibility.

## Significant events after the reporting period and business outlook

### Significant events after the reporting period

#### Project for streamlining the Group's insurance sector

On 7 August 2018, the sale to the subsidiary UnipolSai of the controlling interest, equal to 63.39% of the share capital, held by Unipol in Arca Vita S.p.A., was finalised for the price of €475m.

### Business outlook

After 30 June 2018 there were no significant changes in the international macroeconomic scenario which continues to see an economic recovery, even though uncertainties triggered by the escalation on tariffs imposed by the USA and, in Italy, the Government's decisions regarding public debt are worrying.

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 Non-Life business, in a market context that remains strongly competitive, the Group is carrying out sales initiatives and settlement policies aimed at maintaining positive technical margins.

For Life business, the sales policies adopted allow our customers the opportunity to enjoy a complete range of products and, at the same time, guarantee future prospects of a balance in returns from segregated funds.

The performance recorded in 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 2016-2018 Business Plan.

Bologna, 9 August 2018

**The Board of Directors**

## **2. Condensed Consolidated Half-Yearly Financial Statements at 30 June 2018**

### **Tables of Consolidated Financial Statements**

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

## 2 Consolidated Financial Statements

### Statement of Financial Position

#### Assets

		Amounts in €m	30/6/2018	31/12/2017
<b>1</b>	<b>INTANGIBLE ASSETS</b>		<b>1,946.7</b>	<b>1,976.9</b>
1.1	Goodwill		1,581.7	1,581.7
1.2	Other intangible assets		364.9	395.1
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		<b>1,891.1</b>	<b>1,872.1</b>
2.1	Property		1,639.9	1,617.7
2.2	Other tangible assets		251.2	254.3
<b>3</b>	<b>TECHNICAL PROVISIONS - REINSURERS' SHARE</b>		<b>903.7</b>	<b>874.5</b>
<b>4</b>	<b>INVESTMENTS</b>		<b>68,149.7</b>	<b>69,397.7</b>
4.1	Investment property		2,072.8	2,199.1
4.2	Investments in subsidiaries, associates and interests in joint ventures		83.3	90.3
4.3	Held-to-maturity investments		488.2	864.2
4.4	Loans and receivables		4,060.6	15,517.5
4.4bis	Financial assets at amortised cost		9,621.5	
4.5	Available-for-sale financial assets		43,470.4	44,482.3
4.5bis	Financial assets at fair value through OCI		1,813.6	
4.6	Financial assets at fair value through profit or loss		6,539.2	6,244.3
4.6.1	<i>Held-for-trading financial assets</i>		311.3	333.5
4.6.2	<i>Financial assets at fair value</i>		6,153.5	5,910.8
4.6.3	<i>Other financial assets mandatorily at fair value</i>		74.4	
<b>5</b>	<b>SUNDRY RECEIVABLES</b>		<b>2,418.8</b>	<b>2,854.3</b>
5.1	Receivables relating to direct insurance business		1,024.7	1,426.2
5.2	Receivables relating to reinsurance business		139.8	105.6
5.3	Other receivables		1,254.2	1,322.5
<b>6</b>	<b>OTHER ASSETS</b>		<b>2,338.2</b>	<b>12,366.0</b>
6.1	Non-current assets or assets of a disposal group held for sale		138.2	10,569.0
6.2	Deferred acquisition costs		96.2	85.0
6.3	Deferred tax assets		1,071.4	1,001.2
6.4	Current tax assets		74.5	14.0
6.5	Other assets		957.9	696.8
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>		<b>489.0</b>	<b>631.5</b>
	<b>TOTAL ASSETS</b>		<b>78,137.2</b>	<b>89,972.9</b>

## Statement of Financial Position

### Shareholders' equity and liabilities

		Amounts in €m	<b>30/6/2018</b>	31/12/2017
<b>1</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>6,691.6</b>	<b>7,453.0</b>
1.1	<b>attributable to the owners of the Parent</b>		<b>5,352.2</b>	<b>5,486.1</b>
1.1.1	Share capital		3,365.3	3,365.3
1.1.2	Other equity instruments			
1.1.3	Capital reserves		1,729.4	1,729.4
1.1.4	Income-related and other equity reserves		(489.4)	78.5
1.1.5	(Treasury shares)		(16.9)	(25.7)
1.1.6	Reserve for foreign currency translation differences		3.9	3.5
1.1.7	Gains or losses on available-for-sale financial assets		304.5	695.5
1.1.7bis	Gains or losses on financial assets at fair value through OCI		(4.1)	
1.1.8	Other gains or losses recognised directly in equity		(22.1)	(14.6)
1.1.9	Profit (loss) for the year attributable to the owners of the Parent		481.7	(345.8)
1.2	<b>attributable to non-controlling interests</b>		<b>1,339.4</b>	<b>1,966.9</b>
1.2.1	Share capital and reserves attributable to non-controlling interests		1,101.6	1,522.6
1.2.2	Gains or losses recognised directly in equity		75.4	267.6
1.2.3	Profit (loss) for the year attributable to non-controlling interests		162.4	176.8
<b>2</b>	<b>PROVISIONS</b>		<b>454.5</b>	<b>460.3</b>
<b>3</b>	<b>TECHNICAL PROVISIONS</b>		<b>52,712.6</b>	<b>53,426.8</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>		<b>15,823.4</b>	<b>16,399.7</b>
4.1	Financial liabilities at fair value through profit or loss		2,705.6	2,488.7
4.1.1	<i>Financial liabilities held-for trading</i>		364.6	278.4
4.1.2	<i>Financial liabilities at fair value</i>		2,341.0	2,210.3
4.2	Other financial liabilities		13,117.8	13,911.0
<b>5</b>	<b>PAYABLES</b>		<b>1,038.4</b>	<b>908.4</b>
5.1	Payables arising from direct insurance business		105.6	148.1
5.2	Payables arising from reinsurance business		109.9	96.6
5.3	Other payables		823.0	663.7
<b>6</b>	<b>OTHER LIABILITIES</b>		<b>1,416.6</b>	<b>11,324.6</b>
6.1	Liabilities associated with disposal groups held for sale			10,016.5
6.2	Deferred tax liabilities		12.5	29.4
6.3	Current tax liabilities		29.0	37.9
6.4	Other liabilities		1,375.1	1,240.8
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>			<b>78,137.2</b>	<b>89,972.9</b>

## 2 Consolidated Financial Statements

### Income Statement

		<i>Amounts in €m</i>	
		<b>30/6/2018</b>	30/6/2017
1.1	Net premiums	5,705.4	5,689.4
1.1.1	<i>Gross premiums earned</i>	5,914.1	5,892.7
1.1.2	<i>Earned premiums ceded to reinsurers</i>	(208.7)	(203.3)
1.2	Commission income	84.1	83.1
1.3	Gains and losses on financial instruments at fair value through profit or loss	(116.8)	115.6
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	312.5	3.0
1.5	Gains on other financial instruments and investment property	1,292.7	1,366.1
1.5.1	<i>Interest income</i>	890.8	1,005.1
1.5.2	<i>Other income</i>	89.3	98.9
1.5.3	<i>Realised gains</i>	279.3	247.5
1.5.4	<i>Unrealised gains</i>	33.3	14.7
1.6	Other revenue	314.3	270.4
<b>1</b>	<b>TOTAL REVENUE AND INCOME</b>	<b>7,592.2</b>	<b>7,527.6</b>
2.1	Net charges relating to claims	(4,723.1)	(4,860.1)
2.1.1	<i>Amounts paid and changes in technical provisions</i>	(4,804.6)	(4,954.7)
2.1.2	<i>Reinsurers' share</i>	81.5	94.5
2.2	Commission expense	(20.4)	(22.0)
2.3	Losses on investments in subsidiaries, associates and interests in joint ventures	(0.5)	(0.5)
2.4	Losses on other financial instruments and investment property	(295.0)	(1,375.0)
2.4.1	<i>Interest expense</i>	(113.7)	(98.9)
2.4.2	<i>Other charges</i>	(21.5)	(25.9)
2.4.3	<i>Realised losses</i>	(50.1)	(66.9)
2.4.4	<i>Unrealised losses</i>	(109.7)	(1,183.3)
2.5	Operating expenses	(1,345.1)	(1,351.7)
2.5.1	<i>Commissions and other acquisition costs</i>	(852.3)	(864.9)
2.5.2	<i>Investment management expenses</i>	(43.7)	(45.1)
2.5.3	<i>Other administrative expenses</i>	(449.1)	(441.7)
2.6	Other costs	(439.1)	(434.3)
<b>2</b>	<b>TOTAL COSTS AND EXPENSES</b>	<b>(6,823.2)</b>	<b>(8,043.6)</b>
	<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>769.0</b>	<b>(516.0)</b>
3	Income taxes	(124.9)	125.6
	<b>PROFIT (LOSS) FOR THE YEAR AFTER TAXES</b>	<b>644.1</b>	<b>(390.4)</b>
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		
	<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>644.1</b>	<b>(390.4)</b>
	<i>of which attributable to the owners of the Parent</i>	481.7	(488.6)
	<i>of which attributable to non-controlling interests</i>	162.4	98.3

## Comprehensive Income Statement

	Amounts in €m	<b>30/6/2018</b>	30/6/2017
<b>CONSOLIDATED PROFIT (LOSS)</b>		<b>644.1</b>	<b>(390.4)</b>
<b>Other income items net of taxes not reclassified to profit or loss</b>		<b>(9.4)</b>	<b>(17.7)</b>
Change in the shareholders' equity of the investees		(6.1)	3.7
Change in the revaluation reserve for intangible assets			
Change in the revaluation reserve for property, plant and equipment			(20.7)
Gains and losses on non-current assets or disposal groups held for sale			
Actuarial gains and losses and adjustments relating to defined benefit plans		(1.7)	(0.7)
Gains or losses on equity instruments at fair value through OCI		(1.5)	
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss			
Other items		(0.0)	
<b>Other income items net of taxes reclassified to profit or loss</b>		<b>(585.1)</b>	<b>(16.2)</b>
Change in the reserve for foreign currency translation differences		0.1	0.9
Gains or losses on available-for-sale financial assets		(581.6)	(24.0)
Gains or losses on financial assets (other than equity instruments) at fair value through OCI		(2.8)	
Gains or losses on cash flow hedges		(0.8)	6.9
Gains or losses on hedges of a net investment in foreign operations			
Change in the shareholders' equity of the investees			
Gains and losses on non-current assets or disposal groups held for sale			
Other items			
<b>TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)</b>		<b>(594.5)</b>	<b>(33.9)</b>
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME (EXPENSE)</b>		<b>49.6</b>	<b>(424.3)</b>
<i>of which attributable to the owners of the Parent</i>		79.3	(486.1)
<i>of which attributable to non-controlling interests</i>		(29.8)	61.8

## 2 Consolidated Financial Statements

### Statement of Changes in Shareholders' equity

		Balance at 31/12/2016	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	Balance at 30/06/2017
		<i>Amounts in €m</i>						
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,724.6		4.8				1,729.4
	Income-related and other equity reserves (Treasury shares)	(281.7)		306.9		(106.7)	14.0	(67.6)
	Profit (loss) for the year	329.6		(690.6)		(127.6)		(488.6)
	Other comprehensive income (expense)	538.8	(0.0)	114.2	(60.3)	(20.9)	(30.4)	541.3
	<b>Total attributable to the owners of the Parent</b>	<b>5,648.8</b>	<b>(0.0)</b>	<b>(264.8)</b>	<b>(60.3)</b>	<b>(255.2)</b>	<b>(16.4)</b>	<b>5,052.0</b>
	Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	2,004.8		15.2			(226.5)
Profit (loss) for the year		205.4		83.1		(190.2)		98.3
Other comprehensive income (expense)		274.6	(0.0)	(40.2)	(26.7)	(0.0)	30.4	238.1
<b>Total attributable to non-controlling interests</b>		<b>2,484.8</b>	<b>(0.0)</b>	<b>58.1</b>	<b>(26.7)</b>	<b>(190.2)</b>	<b>(196.1)</b>	<b>2,129.8</b>
<b>Total</b>	<b>8,133.6</b>	<b>(0.0)</b>	<b>(206.8)</b>	<b>(87.0)</b>	<b>(445.5)</b>	<b>(212.6)</b>	<b>7,181.8</b>	

		Balance at 31/12/2017	Changes to closing balances	Amounts allocated	Adjustments from reclassificati on to profit or loss	Transfers	Changes in investments	Balance at 30/06/2018
		<i>Amounts in €m</i>						
Equity attributable to the owners of the Parent	Share capital	3,365.3						3,365.3
	Other equity instruments							
	Capital reserves	1,729.4						1,729.4
	Income-related and other equity reserves (Treasury shares)	78.5	(47.3)	(419.4)			(101.3)	(489.4)
	Profit (loss) for the year	(345.8)		955.7		(128.2)		481.7
	Other comprehensive income (expense)	684.4	18.9	(340.5)	(130.0)		49.3	282.1
	<b>Total attributable to the owners of the Parent</b>	<b>5,486.1</b>	<b>(28.4)</b>	<b>204.6</b>	<b>(130.0)</b>	<b>(128.2)</b>	<b>(52.0)</b>	<b>5,352.2</b>
	Equity attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	1,522.6	(1.8)	15.1		(226.9)	(207.4)
Profit (loss) for the year		176.8		100.9		(115.3)		162.4
Other comprehensive income (expense)		267.6	0.7	(68.2)	(75.3)		(49.3)	75.4
<b>Total attributable to non-controlling interests</b>		<b>1,966.9</b>	<b>(1.1)</b>	<b>47.8</b>	<b>(75.3)</b>	<b>(342.1)</b>	<b>(256.7)</b>	<b>1,339.4</b>
<b>Total</b>	<b>7,453.0</b>	<b>(29.6)</b>	<b>252.4</b>	<b>(205.3)</b>	<b>(470.3)</b>	<b>(308.7)</b>	<b>6,691.6</b>	

## Statement of Cash Flows (indirect method)

	Amounts in €m	30/06/2018	30/06/2017
<b>Pre-tax profit (loss) for the year</b>		<b>769.0</b>	<b>(516.0)</b>
<b>Change in non-monetary items</b>		<b>(112.4)</b>	<b>1,164.2</b>
Change in Non-Life premium provision		160.4	120.1
Change in claims provision and other Non-Life technical provisions		(335.8)	(171.8)
Change in mathematical provisions and other Life technical provisions		(568.0)	(200.3)
Change in deferred acquisition costs		(11.2)	2.3
Change in provisions		(5.4)	(43.9)
Non-monetary gains and losses on financial instruments, investment property and investments		542.3	896.1
Other changes		105.2	561.7
<b>Change in receivables and payables generated by operating activities</b>		<b>195.5</b>	<b>988.8</b>
Change in receivables and payables relating to direct insurance and reinsurance		274.3	432.6
Change in other receivables and payables		(78.8)	556.3
<b>Paid taxes</b>		<b>(111.0)</b>	<b>(72.2)</b>
<b>Net cash flows generated by/used for monetary items from investing and financing activities</b>		<b>237.3</b>	<b>(547.8)</b>
Liabilities from financial contracts issued by insurance companies		141.1	157.7
Payables to bank and interbank customers		(697.9)	(211.7)
Loans and receivables from banks and interbank customers		1,112.7	(215.4)
Other financial instruments at fair value through profit or loss		(318.6)	(278.5)
<b>TOTAL NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>978.4</b>	<b>1,017.0</b>
Net cash flow generated by/used for investment property		(31.6)	(21.9)
Net cash flow generated by/used for investments in subsidiaries, associates and interests in joint ventures		10.2	(0.6)
Net cash flow generated by/used for loans and receivables		(69.5)	(111.2)
Net cash flow generated by/used for financial assets at amortised cost			
Net cash flow generated by/used for held-to-maturity investments		44.1	116.5
Net cash flow generated by/used for available-for-sale financial assets		(1,053.1)	320.0
Net cash flow generated by/used for financial assets at fair value through OCI		(658.7)	
Net cash flow generated by/used for property, plant and equipment and intangible assets		(22.5)	(84.6)
Other net cash flows generated by/used for investing activities		572.1	145.2
<b>TOTAL NET CASH FLOW GENERATED BY/USED FOR INVESTING ACTIVITIES</b>		<b>(1,209.0)</b>	<b>363.5</b>
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		9.3	(0.1)
Dividends distributed attributable to the owners of the Parent		(128.2)	(127.6)
Net cash flow generated by/used for share capital and reserves attributable to non-controlling interests		(115.3)	(426.1)
Net cash flow generated by/used for subordinated liabilities and equity instruments		198.6	(97.1)
Net cash flow generated by/used for financial liabilities at amortised cost		71.9	(686.8)
<b>TOTAL NET CASH FLOW GENERATED BY/USED FOR FINANCING ACTIVITIES</b>		<b>36.3</b>	<b>(1,337.7)</b>
<b>Effect of exchange rate gains/losses on cash and cash equivalents</b>			
CASH AND CASH EQUIVALENTS AT 1 JANUARY		683.2	503.1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (*)		(194.3)	42.9
CASH AND CASH EQUIVALENTS AT 30 JUNE (**)		489.0	545.9

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

(\*\*) Cash and cash equivalents at June 30th 2017 include the cash and cash equivalents of non-current assets or assets of a disposal group held for sale (€47.3M)



## **3. Notes to the Financial Statements**



## 1. Basis of presentation

The condensed consolidated half-yearly financial statements of the Unipol Group at 30 June 2018 are drawn up in application of IAS 34 and in compliance with the provisions of Art.154-ter of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and with ISVAP Regulation no. 7 of 13 July 2007. They do not comprise all the information required for the annual financial statements and must be read together with the supplemented financial statements at 31 December 2017.

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

Specifically, with IVASS Measure no. 74 of 8 May 2018 that amended, inter alia, the Regulation, the formats were adjusted to include the introduction of the new international accounting standard IFRS 9.

The Unipol Group applied the option envisaged in Art.4 paragraph 2 *quarter* of the Regulation<sup>4</sup> and therefore supplemented the consolidated financial statements with the special items envisaged for the reporting of financial instruments measured in compliance with IFRS 9, as set out by the Regulation in relation to the insurance companies that opted for a deferral in the application of IFRS 9. For further information, reference is made to paragraph "Application of IFRS 9 by the UnipolSai Group", included herein.

The condensed consolidated half-yearly financial statements at 30 June 2018 of the Unipol 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 that are expressly referred to and that form an integral part herein, classification and measurement criteria, as well as the consolidation principles applied when drafting the condensed consolidated half-yearly financial statements at 30 June 2018, are consistent with those used for the consolidated financial statements at 31 December 2017, 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 2018, 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.

<sup>4</sup> Article 4, paragraph 2, quarter of the Regulation envisages that "Companies as per Article 3, paragraph 1, letter c-bis of this Regulation, that decide not to apply, as regards the financial years beginning before 1 January 2021, the IFRS 9 standard to entities operating in the insurance sector within the financial conglomerate, pursuant to Article 2 of the EU Regulation 2017/1988 of the Commission of 3 November 2017, shall supplement the statements as per attachments 5 and 7 with differential items inferred from statements 5 bis and 7 bis, respectively, while clarifying the accounting standard applied to each single item".

## 3 Notes to the Financial Statements

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The condensed consolidated half-yearly financial statements at 30 June 2018 are subject to a limited audit by the company PricewaterhouseCoopers SpA, charged to audit the accounts for the years 2012 to 2020.

### 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 2017 and other transactions

During the first quarter of the year, the company UnipolPart S.p.A. sold on the market 2,259,773 shares of Unipol Gruppo S.p.A., that were held following the Finsoe spin-off. After selling the total amount of its assets, on 14 June the company's Extraordinary Shareholders' Meeting resolved on the start-up of the liquidation process.

On 1 February 2018, the proportional spin-off of Unipol Banca S.p.A. took effect in favour of the newco UnipolReC S.p.A. The share capital of UnipolReC (equal to €290,122,715) is divided in 290,122,715 shares without nominal value, 57.75% of which held by Unipol and 42.25% by UnipolSai. Upon spin-off, the put/call option was extended to the stake of shares assigned to UnipolSai, equal to 27.49% of total shares of UnipolReC. This option was already in place between Unipol and UnipolSai pertaining to Unipol Banca shares.

The measurement of the spin-off complex, at the effective date, determined a cash adjustment in favour of UnipolReC. Following this transaction, the equity investment in Unipol Reoco S.p.A. was assigned to the beneficiary company.

Further to the spin-off, the share capital of Unipol Banca was reduced to €290,122,715, without cancellation of shares as they were without nominal value.

The company Assicoop Grosseto S.p.A. was cancelled from the Register of Companies on 8 February 2018.

On 29 March 2018, the entire equity investment held by UnipolSai (21,960,001 shares, equal to 50%+1 share of the share capital), in Popolare Vita S.p.A. was sold to the banking partner Banco BPM. As a result of this sale, also the subsidiary The Lawrence Life Assurance Company Dac, 100% investee of Popolare Vita S.p.A., was excluded from the Group consolidation scope.

The company Sai Mercati Mobiliari S.p.A. in liquidazione was cancelled from the Register of Companies on 5 April 2018.

The company UnipolPart I S.p.A. was established on 14 June, with share capital of €50,000, wholly owned by Unipol Gruppo S.p.A.. The corporate purpose of the company is to acquire equity investments. On 22 June 2018, UnipolPart I received a payment for a future capital increase of €75m. The company then acquired 11,000,000 shares of UnipolSai Assicurazioni S.p.A. for a total amount of €20.6m.

## 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;
- Banking business;
- Real estate business;
- Holding and Other Businesses.

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

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

## New Accounting Standards

The newly issued accounting standards and amendments to previous ones, effective from 1 January 2018, are listed below. The most important provisions to the Unipol Group are the standard "IFRS 9 - Financial instruments" and provisions regarding the "Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts", whose effects are described in special paragraphs.

As regards the other regulatory developments, no impact is worth reporting.

### IFRS 15 - Revenue from contracts with customers

IFRS 15, endorsed through the EU Regulation 2016/1905 of 22 September 2016 and effective on 1 January 2018, replaced IAS 18 "Revenue", IAS 11 "Construction contracts", SIC 31 "Revenue - Barter transactions involving advertising services", IFRIC 13 "Customer loyalty programmes", and IFRIC 15 "Agreements for the construction of real estate".

Amendments to IFRS 15 "Revenue from Contracts with Customers - Clarifications to IFRS 15", adopted with EU Regulation 2017/1987, which aim to specify several requirements and provide a further transitional provision for companies that apply the standard, were also effective as from the year 2018.

### Amendments to IFRS 1 and IAS 28 - Annual Improvements to IFRSs - 2014-2016 Cycle

The aforementioned Regulation 2018/182 of 7 February 2018 adopted number of amendments forming part of the Annual Improvements to IFRSs - 2014-2016 Cycle in reference to the following standards:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards": removes the short-term exemptions prescribed by Appendix E for First Time Adopters with regard to the supplemental disclosure to be provided on financial instruments;
- IAS 28 "Investments in Associates and Joint Ventures": specifies that measurement of the investees at fair value to profit and loss is a decision that must be made for each individual investment (not for categories or classes of investment).

### Amendments to IFRS 2 - Share-based payments

The Regulation EU 2018/289 of 26 February 2018 endorsed the amendments of IFRS 2 "Share-based payments", issued by IASB on 21 June 2016, to clarify the recognition of certain types of specific transactions, especially on the terms and conditions of the share-based payment.

### Amendments to IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The Interpretation to IFRIC 22 "Foreign Currency Transactions and Advance Consideration" was adopted with Regulation EU 2018/519, to clarify the recognition of certain transactions, which include the reception or payment of advance consideration in foreign currency.

### Amendments to IAS 40 - Investment Property

On 15 March 2018, Regulation 2018/400 was published in the EU Official Journal, which adopted the Amendments to IAS 40 "Investment Property - Changes in use of investment property".

## 3 Notes to the Financial Statements

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### IFRS 9 - Financial instruments

The standard IFRS 9 - Financial Instrument was effective at the beginning of 2018. This standard was issued by IASB at end July 2014 and was endorsed by the EU Regulation 2016/2067, which reformed provisions envisaged by IAS 39 on the following main issues:

- a. *Classification and Measurement*: classification categories were envisaged for financial assets, based on a business model and the characteristics of the contractual cash flows;
- b. *Impairment*: an incurred loss model is replaced by an expected loss model, with the introduction of a new concept of staging allocation;
- c. *Hedge Accounting*: thanks to this new model, hedge accounting is further aligned to risk management processes.

In particular, as regards Classification and Measurement, unlike in the IAS 39, which requires mainly the analysis of the type of financial asset or liability, as well as the related holding period, the IFRS 9 standard introduced classification criteria of financial instruments based on the measurement of the related business model, as well as the analysis of the characteristics of the contractual cash flows resulting from the instruments themselves, with the application of the so-called SPPI test, aimed at verifying the position of Solely Payments of Principal and Interest. Moreover, in view of measuring what Business model should be assigned to the financial instrument, the IFRS 9 envisages more objective parameters, based on various requirements such as: performance, risk, remuneration and turnover.

The new regulations also revised some guidelines on the possible reassignment of the business model that must however be very uncommon and shall meet special conditions involving significant changes, both "internal" with respect to the company and "demonstrable" (basic condition) with respect to external parties.

### Applying IFRS 9 - Financial instruments with IFRS 4 - Insurance contracts

On 12 September 2016, the IASB published the official version of the amendment document of IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4", to definitively solve the critical issues resulting from the application of IFRS 9 - Financial Instruments, before the entry into force of the new IFRS 17 standard<sup>5</sup> on insurance contracts.

In detail, the IASB provided two transitional solutions for the insurance sector, both optional (hereinafter also "**IASB Deferral**"): the "deferral approach", which provides for a deferral in implementing IFRS 9, to no later than 1 January 2021, for entities or groups exercising a "predominant" insurance activity, and the "overlay approach", which requires the application of IFRS 9 from 1 January 2018 and allows the reclassification, from income statement to OCI "Other Comprehensive Income", of the difference between the amount of some financial instruments measured in accordance with IFRS 9 and recorded in the income statement and the amount that would have been recognised in the income statement for the same financial instruments on the basis of IAS 39. As regards the *deferral approach*, the IASB specifies that the exercise or non-exercise of this option, with subsequent adoption of IFRS 9, for consolidated financial statements, must be standardised across all the entities that are consolidated<sup>6</sup> on a line-by-line basis and hold financial instruments.

The EU Regulation 2017/1988, published on the EU Official Journal on 9 November 2017, adopted the amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" but extended the possible deferral for the application of IFRS 9 (hereinafter also "**EU Deferral**") to further cases that were not envisaged in the amendments to IFRS 4 approved by the IASB. In particular, Art. 2 of the above-mentioned Regulation, allows the parent companies of the financial conglomerate (as defined by Directive 2002/87/EC) to prepare consolidated financial statements while deferring the application of IFRS 9 for entities operating in the insurance sector, provided that:

- no financial assets are transferred (other than financial instruments measured at fair value with changes recognised in the income statement) between the insurance sector and the other sectors of the financial conglomerate itself (except for transactions subject to intragroup netting);
- the group's entities that apply IAS 39 are specified in the consolidated financial statements;
- the additional information requested by IFRS 7 is provided separately for the insurance sector, which applies IAS 39, and for the rest of the group, which applies IFRS 9.

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<sup>5</sup> As envisaged by the IASB, the IFRS 17 standard will be effective on 1 January 2021. The effective date will depend on the result of the European Union endorsement process, which is still underway.

<sup>6</sup> A non-standardisation of accounting principles is however permitted for equity investments in associates or *joint ventures*, measured at equity, which might apply the IFRS 9 standard also in the event the group avails of the IASB Deferral.

Unlike provisions envisaged by the IASB Deferral, the application of the EU Deferral, therefore substantially allows the parent company of a financial conglomerate to prepare consolidated financial statements by applying non-uniform accounting criteria, with reference to the classification and measurement of financial instruments held by the entities consolidated on a line-by-line basis. More specifically, as regards the financial instruments held by the insurance entities, it is still possible to apply IAS 39, while as regards the financial instruments held by other entities, the application of IFRS 9 is required.

The amendments to IFRS 4, as supplemented by the above-mentioned EU Regulation 2017/1988, are applicable as from 1 January 2018, for both insurance groups and financial conglomerates.

## Application of IFRS 9 by the Unipol Group

Based on the quantity and quality analyses specified in the reference regulations, as from 1 January 2018, the Unipol Group can avail from the IASB Deferral option or the EU Deferral option. In particular:

- the activities of the Unipol Group are predominantly related to insurance;
- Unipol Gruppo is a mixed financial services company, which heads a financial, mainly insurance, conglomerate;
- no transfers of financial assets occur between the insurance and the financial sectors, except for transactions subject to intragroup netting.

Within this context, for the purpose of the drawing up of its consolidated financial statements and for the insurance sector only (EU Deferral), the Unipol Group decided to avail from the deferral option for the application of IFRS 9. The IFRS 9 standard was instead adopted by all the other entities, especially those included in the Banking Group, which, for their own purposes or for supervisory activities on banking groups, shall draw up their financial reports according to the new standard. The above was deemed as the best solution as it permits not to modify the measurement criteria applicable according to the various consolidated accounting positions that the Unipol Gruppo is bound to prepare as insurance and banking parent company and, therefore, to guarantee a standardisation of disclosures related to the Group's state of affairs, either considering the Group in overall or in its single components.

Specifically, it should be noted that, in these condensed consolidated half-yearly financial statements, the IAS 39 standard was applied, with reference to the financial instruments held in the following entities:

- Arca Vita S.p.A.;
- Arca Assicurazioni S.p.A.;
- Arca Vita International Dac;
- UnipolSai and its subsidiaries<sup>7</sup>.

As regards the financial instruments held by the remaining entities included in the consolidation scope (mainly consisting of the Parent Company and the other entities included in the Unipol Banking Group), the IFRS 9 standard was applied instead.

Moreover, by reason of the application of the EU Deferral, and consistently with provisions set out by Art. 4 of Reg. ISVAP 7/2007, the Unipol Group supplemented the financial statements already used in the previous years (effective for insurance groups that opted for the application deferral of IFRS 9) with the items required to reflect balance-sheet and income statement items connected with the application of IFRS 9 to a portion of financial assets and liabilities.

The following items/sub-items in the Assets of the Statement of financial position were therefore included:

- 4.4 *bis* - Financial liabilities measured at amortised cost;
- 4.5 *bis* - Financial assets measured at fair value through other comprehensive income (FVOCI);
- 4.6.3 - Financial assets mandatorily measured at fair value through profit or loss (FVTPL).

It is noted that sub-items 4.6.1. Held-for-trading financial assets and 4.6.2 Financial assets at fair value are intended to include both assets measured based on IAS 39 and assets measured based on IFRS 9, given the substantial treatment uniformity envisaged by the two accounting standards.

The classification and measurement criteria of newly introduced items/sub-items are described hereunder.

<sup>7</sup> The UnipolSai Group is considered, as a whole, an insurance entity by reason of the absolute predominance of the insurance activities, which therefore result in the preparation of public consolidated financial statements based on the so-called IASB Deferral.

### 3 Notes to the Financial Statements

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#### 4.4 bis - Financial liabilities measured at amortised cost

This financial statements item includes financial assets that meet both the following conditions:

- the financial asset is held within the context of a new business model that has the objective to collect contractual cash flows (HTC - Held to Collect);
- contractual terms of financial assets generate, at predetermined maturity, cash flows representing only principal and interests on the residual capital that meet the Solely Payments of Principal and Interest (SPPI) condition.

The initial recognition of these financial assets is carried out when the Group becomes a party in the contractual terms of the financial instrument, which usually coincides with the date of settlement. The value of the initial recognition is equal to the fair value of the financial instrument, which generally corresponds to the related purchase cost, including directly chargeable transaction costs or income.

After the initial recognition, assets under evaluation are measured at amortised cost by using the effective interest method, as well as net of impairment loss.

For the purpose of quantifying impairment, financial assets are classified in three stages (credit rating).

- Stage 1: financial assets qualified as “performing”, for which a significant increase in credit risk has not been recognised with respect to the initial recognition date. As permitted by IFRS 9, with reference to debt securities, regardless of the identification of a significant increase in credit risk, in Stage 1 the Unipol Group includes also financial assets that, at the measurement date, were in any case qualified as “at low credit risk” (i.e. “*Low credit risk exemption*”);
- Stage 2: financial assets qualified as “performing”, for which a significant increase in credit risk has been recognised with respect to the initial recognition date;
- Stage 3: impaired financial assets.

Impairment loss is determined, with reference to Stage 1, by reason of the loss expected over a twelve-month period; as regards Stage 2 and Stage 3, it is determined by reason of the loss expected over the entire residual useful life of the financial instrument (i.e. “*Expected Credit Loss Lifetime*” o “*ECL Lifetime*”). For further indications on the ways to determine impairment losses, reference is made to the following paragraph “Transition to IFRS 9 - main choices of the Unipol Group”.

#### 4.5bis - Financial assets measured at fair value through other comprehensive income (FVOCI)

Debt securities or loans, fulfilling both conditions, are recognised in this category:

- the financial assets are held within the context of a new business model that has the objective to both collect contractual cash flows and sell financial assets (HTCS - Held to Collect & Sell), and;
- contractual terms of financial assets generate, at predetermined maturity, cash flows representing only principal and interests on the residual capital that meet the SPPI condition.

The initial recognition of these financial assets is carried out at the date in which the Group becomes a party in the contractual terms of the financial instrument, which usually coincides with the date of settlement. The value of the initial recognition is equal to the fair value of the instrument, which generally corresponds to the related purchase cost, including transaction costs or income that are directly chargeable to the same.

After the initial recognition, the assets under evaluation continue to be measured at fair value. The interest component resulting from the application of the amortised cost method, as well as impairment losses resulting from the measurement of credit risk, are included in the income statement, while gains and losses resulting from changes in fair value are recognised directly in Shareholders’ equity under “Gains or losses on financial assets (other than equity instruments) measured at fair value through other comprehensive income”.

In the event the asset be cancelled, cumulated gains and losses due to changes in fair value are recognised through profit or loss.

As regards details on determining of impairment losses, reference is made to the previous item.

Equity instruments that meet the following conditions are also classified under category Financial assets measured at fair value through other comprehensive income:

- they are not equity investments in subsidiaries, associates or jointly controlled entities;
- they are not held for trading nor represent a potential consideration for a business combination, pursuant to IFRS 3;
- an irrevocable option was exercised for their designation at fair value through other comprehensive income.

Any gains or losses consequent to the change in fair value are disclosed directly in Shareholders' equity under item "Gains or losses on equity instruments measured at fair value through other comprehensive income".

Specifically, the accounting of equity instruments, classified under category FVOCI, is different from the one applicable to debt securities classified under the same category, for the following reasons:

- the impairment requirements of IFRS 9 are not applicable to equity instruments;
- all exchange differences are recognised in the OCI reserve;
- the values recorded in OCI (Other Comprehensive Income) are never reclassified to income statement (not even for cancellation/netting);
- only dividends are recognised through profit or loss.

#### 4.6.3 - Financial assets mandatorily measured at fair value through profit or loss (FVTPL)

This category includes all financial assets that do not meet the classification criteria at amortised cost or fair value, with changes recognised in comprehensive income statement (FVOCI), that are not financial assets designated at fair value or held-for-trading financial assets<sup>8</sup>.

Similarly to other financial assets measured at fair value and recognised through profit or loss, the initial recognition of those financial assets is carried out at the date in which the entity becomes a party of the contractual terms related to the financial instruments, usually coinciding with the settlement date for the debt securities and equity instruments, and at the subscription date for derivatives, for a value equal to the fair value of the financial instrument, without considering transaction costs or income that are directly recognised in the income statement.

After the initial recognition, assets under evaluation are measured at fair value and changes in value are recognised in the income statement.

### **The main choices of the Unipol Group**

A brief analysis is provided hereunder of activities carried out in relation to the main impact areas, divided by the three above-mentioned macro-contexts ("Classification and measurement", "Impairment", "Hedge Accounting").

#### a) Classification and measurement of financial instruments

Classification and measurement of financial assets (credits and debt securities) was defined by the Unipol Group based on the following elements:

1. detailed exam of cash flow characteristics;
2. definition of the business model;

As regards the first classification element of financial assets, initiatives and procedures have been performed aimed at evaluating whether the contractual cash flows of debt securities in portfolio, at the date of transition to the standard, exclusively reflect the payment of principal and interests accrued on the amount of capital to be returned (i.e. SPPI Test – Solely Payment of Principle and Interest, supplemented by the Benchmark Test in the absence of a perfect correspondence between the periodical redefinition of the interest rate and the related tenor).

As regards the securities portfolio at the date of transition (1 January 2018), the following is worth noting:

- a marginal percentage of debt securities, classified under categories Available-for-sale financial assets and Loans and Receivables did not pass the SPPI test and was therefore classified in the category Financial assets measured at fair value, recognised through profit or loss. Securities under this classification feature characteristics other than the measurement of credit risk and of time value of money;
- it has been deemed that the management model of the overall bond portfolio, performed by Group entities for which IFRS 9 is applied, can be included within the HTCS "Held to Collect & Sell" business model. This model, in

<sup>8</sup> Definitions and accounting modalities envisaged in IFRS 9 for financial assets at fair value and held-for-trading financial assets (sub-items 4.6.1 and 4.6.2 in the Consolidated Statement of Financial Position) are substantially consistent with those already envisaged in IAS 39.

### 3 Notes to the Financial Statements

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fact, has the target to collect both cash flows that are contractually envisaged by financial assets and those resulting from the sale of financial assets themselves. In light of both the changes in the regulatory context and of contractual terms related to financial assets under evaluation, which generate cash flows, at predetermined dates, representing only the repayment of the principal and the payment of interest accrued, all debt securities already in the IAS 39 portfolio at the date of transition (previously classified as IAS 39 Available-for-sale financial assets, Loans and Receivables and Held-to-maturity investments), with the only exception of securities that did not pass the SPPI test, were classified as Financial assets measured at fair value through other comprehensive income (FVOCI);

- equity instruments that, by their nature, did not pass the SPPI test, were recognised under the FVTPL category, unless the irrevocable option was exercised to measure them under the FVOCI category, as previously described;
- the UCITS units, the closed and open funds, whose cash flows did not pass the SPPI test and could not be classified as equity instruments, were therefore recognised under the FVTPL category.

As regards the Receivables portfolio, analyses were conducted on the typical characteristics of standard contracts, attributable to ordinary customers, as well as on characteristics included in customized contracts, mainly attributable to larger Corporate customers. To this purpose, it is noted that a limited number of relations, being part of the latter group, did not pass the SPPI test due to special covenants, and were therefore classified as financial assets at fair value recognised through profit or loss. The residual portion of loans resulting from banking services, corresponding to nearly the entire doubtful loan portfolio, and whose management is included in the HTC business model, was therefore classified as Financial assets at amortised cost.

#### b) Impairment model

##### *Receivables from banking services*

The IFRS 9 impairment model is based on objective and quantity criteria to determine the significant increase of credit risk used to classify the credit lines in Stage 1 or Stage 2.

Specifically, the Unipol Group defined the following objective criteria for the classification of credit lines in Stage 2:

- relations that are past due for at least 30 days at the reporting date;
- relations of a counterparty in a forbore status;
- relations classified as "under control" or "being recovered" within the credit monitoring system.

As regards the quantity criteria, the classification in Stage 2 occurs for loans that, at the reporting date, recorded a "Significant Increase in Credit Risk" compared to initial recognition. It is noted that, in defining a significant increase in credit risk, the faculty was not exercised of excluding a portion of the credit portfolio which is characterised by a low credit risk (i.e. "Low credit risk exemption");

All performing loans, for which the aforesaid objective and quantity conditions were not present at the reporting date, were classified in Stage 1.

Stage 3 included all impaired loans at 31 December 2017 that could be defined as impaired loans as defined by regulations in force. It should be also noted that, within Stage 3, the classification based on the management of credit quality, as envisaged by the Bank of Italy, remained unchanged.

Different modalities to measure value adjustments were defined for each Stage, based on the concept of "Expected Loss" or "Expected credit losses" (ECL), specifically:

- on the estimated losses along the loan useful life (i.e. ECL *lifetime*), whenever the credit risk of the instrument is deemed as significantly increased after initial recognition (Stage 2) and for loans in Stage 3, or,
- on the position of ECL *lifetime* resulting from possible default events within the 12-month period, or a shorter time, following the reporting date for Stage 1.

In the risk parameters used to calculate the ECL, measurement models of expected losses include the Point-in-Time risk measures and the Forward looking risk measures on the future dynamics of macro-economic factors on which the lifetime expected loss depends.

Exposures classified in Stage 3 were measured, when given conditions were satisfied, by including quantities within a sales scenario over the 12-month period. In particular, this condition is applicable to the portfolio of positions classified as doubtful at 31 December 2017, as well as to some special positions classified as "unlikely to pay" and for which the willingness and opportunity to sell is present.

*Debt securities*

The adjustment logics applied to loans were applied, whenever possible, also to the debt securities portfolio, with the following special measures, in order to determine any significant increase in credit risk:

- adoption of the "Low credit risk exemption" for debt securities with "investment grade" rating;
- in the event the quantity of a same security results from various purchases, management of each single tranche of the principal in order to compare the credit risk at the measurement and purchase date;
- as regards quantity, it has been deemed that a significant increase in the credit risk corresponds to a determined downgrade (in terms of *notch*) of the rating attributed to the security itself.

c) Hedge Accounting

As regards Hedge Accounting, the faculty was exercised to maintain the accounting model as envisaged by IAS 39.

**The effects of the transition to the new accounting standard**

The main effects of the first application of IFRS 9 on the consolidated shareholders' equity at 1 January 2018 can be summarised as follows (figures net of the related tax effect):

1. as regards Classification and Measurement of financial instruments and definition of new categories, the allocation of assets and liabilities to new IFRS 9 portfolios generated an increase in shareholders' equity, at the date of transition, equal to around €20m. This was mainly due to the positive difference between the market value and the amortised cost of debt securities recognised in the FVOCI category, pursuant to IFRS 9, and which, pursuant to IAS 39, were recognised at amortised cost;
2. as regards *Impairment*:
  - with respect to loans classified in Stage 1 and 2, the higher net allocation amounted to €14m, due both to the application of ECL Lifetime to loans included in Stage 1, and a widened basis for the calculation of ECLs classified in Stage 1 (e.g. Receivables from banks);
  - as regards loans classified in Stage 3, the changed impairment model, which considers the impact of sales scenarios, resulted in added value adjustments amounting to around €34m.

The application of these changes, involved the redetermination of opening balances for the year, whose effect was therefore recorded directly as changes in shareholders' equity items (reported in the column Changes to closing balances in the Statement of changes in shareholders' equity), generating an overall reduction of -€30m net of tax effect.

**Reconciliation between the statement of financial position at 31 December 2017 and the statement of financial position at 1 January 2018, after the application of the IFRS 9 standard.**

The following tables show the effects of transition to IFRS 9 applied, as previously described, to financial instruments held by entities not operating in the insurance sector.

More precisely:

- the values related to the statement of financial position of the consolidated financial statements for the year 2017 are recorded in the "31/12/2017" column;
- the effects of reclassifications made further to transition to IFRS 9, based on classification rules envisaged by the new standard, at constant values, are stated in the "IFRS 9 Reclassifications" column;
- the effects of the different measurement, at 1 January 2018, of financial instruments subject to the application of the new accounting standard, are disclosed in the "IFRS 9 Adjustments" column;
- the equity opening balances at 1 January 2018, disclosed based on accounting statements and measurement criteria adopted as from this date, are disclosed in the "1/1/2018" column.

### 3 Notes to the Financial Statements

#### Consolidated Statement of Financial Position - Assets

	Amounts in €m	31/12/2017	Reclassification IFRS9	Adjustments IFRS9	1/1/2018
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>1,976.9</b>			<b>1,976.9</b>
1.1	Goodwill	1,581.7			1,581.7
1.2	Other intangible assets	395.1			395.1
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,872.1</b>			<b>1,872.1</b>
2.1	Property	1,617.7			1,617.7
2.2	Other tangible assets	254.3			254.3
<b>3</b>	<b>TECHNICAL PROVISIONS - REINSURERS' SHARE</b>	<b>874.5</b>			<b>874.5</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>69,397.7</b>		<b>(42.3)</b>	<b>69,355.4</b>
4.1	Investment property	2,199.1			2,199.1
4.2	Investments in subsidiaries, associates and interests in joint ventures	90.3			90.3
4.3	Held-to-maturity investments	864.2	(324.7)		539.6
4.4	Loans and receivables	15,517.5	(12,074.9)		3,442.6
4.4bis	Financial assets at amortised cost		12,013.7	(69.0)	11,944.7
4.5	Available-for-sale financial assets	44,482.3	(813.2)		43,669.1
4.5bis	Financial assets at fair value through OCI		1,144.2	27.0	1,171.2
4.6	Financial assets at fair value through profit or loss	6,244.3	54.9	(0.2)	6,299.0
4.6.1	Held-for-trading financial assets	333.5	0.4		333.9
4.6.2	Financial assets at fair value	5,910.8			5,910.8
4.6.3	Other financial assets mandatorily at fair value		54.5	(0.2)	54.3
<b>5</b>	<b>SUNDRY RECEIVABLES</b>	<b>2,854.3</b>			<b>2,854.3</b>
5.1	Receivables relating to direct insurance business	1,426.2			1,426.2
5.2	Receivables relating to reinsurance business	105.6			105.6
5.3	Other receivables	1,322.5			1,322.5
<b>6</b>	<b>OTHER ASSETS</b>	<b>12,366.0</b>		<b>12.3</b>	<b>12,378.3</b>
6.1	Non-current assets or assets of a disposal group held for sale	10,569.0			10,569.0
6.2	Deferred acquisition costs	85.0			85.0
6.3	Deferred tax assets	1,001.2		15.9	1,017.1
6.4	Current tax assets	14.0		(3.7)	10.3
6.5	Other assets	696.8			696.8
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>631.5</b>			<b>631.5</b>
	<b>TOTAL ASSETS</b>	<b>89,972.9</b>		<b>(30.0)</b>	<b>89,942.9</b>

## Consolidated Statement of Financial Position - Shareholders' Equity and Liabilities

	Amounts in €m	31/12/2017	Reclassification IFRS9	Adjustments IFRS9	1/1/2018
<b>1</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>7,453.0</b>		<b>(29.6)</b>	<b>7,423.5</b>
1.1	attributable to the owners of the Parent	5,486.1		(28.4)	5,457.7
1.1.1	Share capital	3,365.3			3,365.3
1.1.2	Other equity instruments				
1.1.3	Capital reserves	1,729.4			1,729.4
1.1.4	Income-related and other equity reserves	78.5		(47.3)	31.2
1.1.5	(Treasury shares)	(25.7)			(25.7)
1.1.6	Reserve for foreign currency translation differences	3.5			3.5
1.1.7	Gains or losses on available-for-sale financial assets	695.5	(1.8)	5.3	699.1
1.1.7bis	Gains or losses on financial assets at fair value through OCI		1.8	13.6	15.3
1.1.8	Other gains or losses recognised directly in equity	(14.6)			(14.6)
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	(345.8)			(345.8)
1.2	attributable to non-controlling interests	1,966.9		(1.1)	1,965.8
1.2.1	Share capital and reserves attributable to non-controlling interests	1,522.6		(1.8)	1,520.8
1.2.2	Gains or losses recognised directly in equity	267.6		0.7	268.3
1.2.3	Profit (loss) for the year attributable to non-controlling interests	176.8			176.8
<b>2</b>	<b>PROVISIONS</b>	<b>460.3</b>		<b>(0.4)</b>	<b>459.9</b>
<b>3</b>	<b>TECHNICAL PROVISIONS</b>	<b>53,426.8</b>			<b>53,426.8</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>16,399.7</b>			<b>16,399.7</b>
4.1	Financial liabilities at fair value through profit or loss	2,488.7			2,488.7
4.1.1	Financial liabilities held-for trading	278.4			278.4
4.1.2	Financial liabilities at fair value	2,210.3			2,210.3
4.2	Other financial liabilities	13,911.0			13,911.0
<b>5</b>	<b>PAYABLES</b>	<b>908.4</b>			<b>908.4</b>
5.1	Payables arising from direct insurance business	148.1			148.1
5.2	Payables arising from reinsurance business	96.6			96.6
5.3	Other payables	663.7			663.7
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>11,324.6</b>			<b>11,324.6</b>
6.1	Liabilities associated with disposal groups held for sale	10,016.5			10,016.5
6.2	Deferred tax liabilities	29.4			29.4
6.3	Current tax liabilities	37.9			37.9
6.4	Other liabilities	1,240.8			1,240.8
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>89,972.9</b>		<b>(30.0)</b>	<b>89,942.9</b>

## 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).

#### ASSETS

##### 1 Intangible assets

	Amounts in €m	30/06/2018	31/12/2017	variation in amount
<b>Goodwill</b>		<b>1,581.7</b>	<b>1,581.7</b>	
resulting from business combinations		1,581.6	1,581.6	
other		0.2	0.2	
<b>Other intangible assets</b>		<b>364.9</b>	<b>395.1</b>	<b>(30.2)</b>
portfolios acquired under business combinations		150.9	174.0	(23.1)
software and user licences		192.0	197.1	(5.0)
other intangible assets		22.0	24.0	(2.1)
<b>Total intangible assets</b>		<b>1,946.7</b>	<b>1,976.9</b>	<b>(30.2)</b>

The item **Portfolios acquired as a result of business combinations**, equal to €150.9m (€174m in 2017), decreased by €23.1m due to amortisation for the year on the values related to the acquired Non-Life (€12.5m) and Life portfolios (€10.6m).

##### 2. Property, plant and equipment

At 30 June 2018, Property, plant and equipment, net of accumulated depreciation, amounted to €1,891.1m (€1,872m in 2017), €1,639.9m of which was property for own use (€1,617.7m in 2017) and €251.2m was Other tangible assets (€254.3m in 2017).

##### 3. Technical provisions - Reinsurers' share

The reinsurers' share of technical provisions, at 30 June 2018, amounted to €903.7m (€874.5m in 2017), and it is broken down as follows:

- Non-Life provisions, in the amount of €842.5m (€813.9m at 31/12/2017), of which €263.3m related to premium provisions (€220.9m at 31/12/2017), and €579.2m related to claims provisions (€593m at 31/12/2017);
- Life provisions, in the amount of €61.2m (€60.6m at 31/12/2017), of which €56.3m related to mathematical provisions (€55.9m at 31/12/2017), and €5m related to provisions for amounts payable (€4.7m at 31/12/2017).

## 4. Investments

At 30 June 2018, total investments (investment property, equity investments and financial assets) amounted to €68,149.7m (€69,397.7m in 2017), broken down, by type, in the following table. For a better comparison of data, the percentage change was calculated by comparing the figure at 30 June 2018 with the figure of 1 January 2018, determined at the date of the first-time application of IFRS 9. For further information on the main effects of transition, reference is made to cases referred to in paragraph Application of IFRS 9 by the Unipol Group.

	<i>Amounts in €m</i>				
	<b>30/6/2018</b>	31/12/2017	1/1/2018	+AM109	
<b>Investment property</b>	<b>2,072.8</b>	<b>2,199.1</b>	<b>2,199.1</b>		<b>(5.7)</b>
<b>Investments in subsidiaries, associates and interests in joint ventures</b>	<b>83.3</b>	<b>90.3</b>	<b>90.3</b>		<b>(7.7)</b>
<b>Financial assets (excl. those at fair value through profit or loss)</b>	<b>59,840.1</b>	<b>61,197.5</b>	<b>61,155.3</b>		<b>(2.2)</b>
<i>Held-to-maturity investments</i>	488.2	864.2	539.6		(9.5)
<i>Loans and receivables</i>	4,060.6	15,517.5	3,442.6		18.0
<i>Debt securities</i>	3,523.4	3,886.2	3,886.2		(9.3)
<i>Financial assets at amortised cost</i>	9,621.5		11,944.7		(19.4)
<i>Available-for-sale financial assets</i>	43,470.4	44,482.3	43,669.1		(0.5)
<i>Financial assets at fair value through OCI</i>	1,813.6		1,171.2		54.8
<i>Held-for-trading financial assets</i>	311.3	333.5	333.9		(6.8)
<i>Financial assets mandatorily at fair value</i>	74.4		54.3		37.1
<b>Financial assets at fair value through profit or loss</b>	<b>6,153.5</b>	<b>5,910.8</b>	<b>5,910.8</b>		<b>4.1</b>
<b>Total Investments</b>	<b>68,149.7</b>	<b>69,397.7</b>	<b>69,355.5</b>		<b>(1.7)</b>

### 3 Notes to the Financial Statements

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

	Amounts in €m				
	<b>30/6/2018</b>	% comp.	31/12/2017	% comp.	% var.
<b>Held-to-maturity investments</b>	<b>488.2</b>	<b>0.8</b>	<b>864.2</b>	<b>1.4</b>	<b>(43.5)</b>
Listed debt securities	456.2		832.2		(45.2)
Unlisted debt securities	32.0		32.0		0.0
<b>Loans and receivables</b>	<b>4,060.6</b>	<b>6.8</b>	<b>15,517.5</b>	<b>25.4</b>	<b>(73.8)</b>
Unlisted debt securities	3,523.4		3,886.2		(9.3)
Loans and receivables from bank customers			7,727.6		(100.0)
Interbank loans and receivables			3,405.1		(100.0)
Deposits with ceding companies	26.8		19.1		40.8
Other loans and receivables	510.4		479.6		6.4
<b>Financial assets at amortised cost</b>	<b>9,621.5</b>	<b>16.1</b>			
Loans and receivables from bank customers	7,251.5				
Interbank loans and receivables	2,370.0				
<b>Available-for-sale financial assets</b>	<b>43,470.4</b>	<b>72.6</b>	<b>44,482.3</b>	<b>72.7</b>	<b>(2.3)</b>
Equity instruments at cost	8.9		29.3		(69.7)
Listed equity instruments at fair value	701.1		700.2		0.1
Unlisted equity instruments at fair value	197.5		197.1		0.2
Listed debt securities	39,162.1		40,590.2		(3.5)
Unlisted debt securities	674.2		649.7		3.8
UCITS units	2,726.7		2,315.7		17.7
<b>Financial assets at fair value through OCI</b>	<b>1,813.6</b>	<b>3.0</b>			
Listed equity instruments at fair value	117.7				
Unlisted equity instruments at fair value	7.9				
Listed debt securities	1,647.5				
Unlisted debt securities	40.5				
<b>Held-for-trading financial assets</b>	<b>311.3</b>	<b>0.5</b>	<b>333.5</b>	<b>0.5</b>	<b>(6.7)</b>
Listed equity instruments at fair value	9.3		16.3		(43.2)
Listed debt securities	90.0		80.0		12.5
Unlisted debt securities	34.7		60.5		(42.6)
UCITS units	23.6		14.1		66.6
Derivatives	153.9		162.7		(5.4)
<b>Financial assets at fair value through profit or loss</b>	<b>74.4</b>	<b>0.1</b>			
Listed equity instruments at fair value	19.0				
Unlisted equity instruments at fair value	11.9				
Listed debt securities	4.5				
Unlisted debt securities	0.1				
UCITS units	13.2				
Loans and receivables from bank customers	1.1				
Other financial investments	24.8				
<b>Total financial assets</b>	<b>59,840.1</b>	<b>100.0</b>	<b>61,197.5</b>	<b>100.0</b>	<b>(2.2)</b>

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

	Amounts in €m				
	<b>30/6/2018</b>	% comp.	31/12/2017	% comp.	% var.
<b>Financial assets at fair value through profit or loss</b>	<b>6,153.5</b>	<b>100.0</b>	<b>5,910.8</b>	<b>100.0</b>	<b>4.1</b>
Listed equity instruments at fair value	215.5	3.5	185.6	3.1	16.1
Listed debt securities	3,280.3	53.3	2,998.4	50.7	9.4
Unlisted debt securities	2.1	0.0	2.5	0.0	(18.1)
UCITS units	2,294.7	37.3	2,222.8	37.6	3.2
Derivatives			2.8	0.0	(100.0)
Other financial assets	361.0	5.9	498.6	8.4	(27.6)

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

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

## 5. Sundry receivables

	Amounts in €m		
	<b>30/6/2018</b>	31/12/2017	% var.
Receivables relating to direct insurance business	1,024.7	1,426.2	(28.1)
Receivables relating to reinsurance business	139.8	105.6	32.4
Other receivables	1,254.2	1,322.5	(5.2)
<b>Total sundry receivables</b>	<b>2,418.8</b>	<b>2,854.3</b>	<b>(15.3)</b>

The item Other receivables included:

- tax receivables amounting to €289.8m (€485.4m at 31/12/2017);
- payments made as cash collateral to guarantee derivatives exposure totalling €278m (€206.6m at 31/12/2017);
- trade receivables amounting to €151.8m (€144.3m at 31/12/2017);
- substitute tax receivables on the mathematical provisions totalling €317.5m (€283.8m at 31/12/2017).

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 €73.8m. As a result of the write-downs carried out, the net value of this receivable recognised in the financial statements at 30 June 2018 amounted to €29.4m.

## 6. Other assets

	Amounts in €m		
	<b>30/6/2018</b>	31/12/2017	% var.
Non-current assets or assets of a disposal group held for sale	138.2	10,569.0	(98.7)
Deferred acquisition costs	96.2	85.0	13.2
Deferred tax assets	1,071.4	1,001.2	7.0
Current tax assets	74.5	14.0	432.3
Other assets	957.9	696.8	37.5
<b>Total other assets</b>	<b>2,338.2</b>	<b>12,366.0</b>	<b>(81.1)</b>

As regards Non-current assets or assets of a disposal group held for sale, please refer to chapter "Other Information", paragraph 4.4, for more information on their composition.

## 3 Notes to the Financial Statements

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The item Deferred tax assets is shown net of the compensation carried out, pursuant to IAS 12, with the corresponding taxes (IRES or IRAP) recorded in deferred tax liabilities, as described in chapter "2. Main accounting standards" for the consolidated financial statements as 31 December 2017.

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 2018, Cash and cash equivalents amounted to €489m (€631.5m at 31/12/2017).

## LIABILITIES

### 1. Shareholders' equity

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

	<i>Amounts in €m</i>	<b>30/06/2018</b>	31/12/2017	<i>variation in amount</i>
Share capital		3,365.3	3,365.3	
Capital reserves		1,729.4	1,729.4	
Income-related and other equity reserves		(489.4)	78.5	(567.9)
(Treasury shares)		(16.9)	(25.7)	8.8
Reserve for foreign currency translation differences		3.9	3.5	0.4
Gains/losses on available-for-sale financial assets		304.5	695.5	(391.1)
Gains/losses on financial assets at fair value through OCI		(4.1)		(4.1)
Other gains or losses recognised directly in equity		(22.1)	(14.6)	(7.5)
Profit (loss) for the year		481.7	(345.8)	827.5
<b>Total shareholders' equity attributable to the owners of the Parent</b>		<b>5,352.2</b>	<b>5,486.1</b>	<b>(133.9)</b>

At 30 June 2018, the Parent Unipol's share capital amounted to €3,365.3m, fully paid-up, and was made up of 717,473,508 ordinary shares (unchanged compared with 31/12/2017).

The main changes over the period in the Shareholders' equity pertaining to the Group were as follows:

- a decrease of €128.2m due to dividend distribution;
- a reduction of total assets at 1 January 2018, in the amount of €28.4m, due to the first-time application of IFRS 9;
- a decrease, compared to the opening balance at 1 January 2018, of €394.6m as a result of the decrease in the provision for Gains and losses on available-for-sale financial assets;
- €481.7m increase due to Group profit at 30 June 2018.

Shareholders' equity attributable to non-controlling interests was €1,339.4m (€1,966.9m at 31/12/2017). The main changes occurred over the period are due to the payment of dividends (€115.3m), the disposal of the subsidiary Popolare Vita and the change in the equity investments of Unipol in the subsidiary UnipolSai, from 74.6% at 31 December 2017, to 80.1% at end June 2018). The profit for the period attributable to non-controlling interests amounted to €162.4m.

### Treasury shares or quotas

At 30 June 2018, the ordinary treasury shares held by Unipol and its subsidiaries totalled 5,286,506 (7,543,238 at 31/12/2017), of which 2,753,466 shares were held directly and 2,533,040 held by the following subsidiaries:

- UnipolSai Assicurazioni held 2,374,398;
- Unisalute held 16,838;
- Linear Assicurazioni held 14,743;
- Arca Vita held 27,970;
- Arca Assicurazioni held 18,566;
- SIAT held 31,384;
- Auto Presto & Bene held 5,462;
- UnipolSai Servizi Consortili held 24,871;
- Finitalia held 18,808.

On 2 July 2018, to implement the 2013-2015 Compensation Plan based on financial instruments, 3,208,066 of Unipol shares were assigned.

## 3 Notes to the Financial Statements

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### 2. Provisions

The item "Provisions" totalled €454.5m at 30 June 2018 (€460.3m at 31/12/2017) 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 the proceedings whose developments in the first six months of 2018 are worth reporting herein. For exhaustive information on the ongoing causes and contingent liabilities, reference is made to information given in the 2017 Consolidated Financial Statements.

#### Proceedings initiated by the Antitrust Authority

In the initial months of 2017, the proceeding initiated by the Antitrust Authority ended with a positive outcome, with the Decision of 14 November 2012, relating to preliminary proceedings no. I/744 against UnipolSai for alleged violations of Art. 2, Law 287/1990 and/or Art. 101 of the Treaty on the Functioning of the European Union ("TFUE"). The State Council rejected the Antitrust Authority's appeal before the Regional Administrative Court and, by decision dated 1 December 2016 published on 7 March 2017, confirmed cancellation of the penalty previously inflicted. In June 2018, the competent Ministry repaid the amount paid at the time by the Company.

#### Ongoing disputes with investors

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

The criminal proceeding Gen. Criminal Records Reg. no. 14442/14, with the defendants Gioacchino Paolo Ligresti, Pier Giorgio Bedogni and Fulvio Gismondi accused of false corporate communications (Art. 2622 of the Civil Code) and market manipulation (Art. 185 of the Consolidated Law on Finance) for Mr. Fulvio Gismondi only, in which proceeding UnipolSai was cited for civil liability, false official statement in certificates (Art. 481 of the Criminal Code), ended in the first instance, at the end of the shortened and simplified proceedings, with the decision of 16 December 2015 acquitting the defendants because the fact does not exist. The decision was appealed by the General Prosecutor's Office at the Court of Appeal of Milan and by the civil claimant Consob. On 10 July 2018, the Milan Court of Appeal confirmed the first instance absolving ruling and upheld the similar acquittal request by the Public Prosecutor's Office.

### 3. Technical provisions

	<i>Amounts in €m</i>	<b>30/6/2018</b>	31/12/2017	% var.
Non-Life premium provisions		3,177.0	2,974.2	
Non-Life claims provisions		12,091.7	12,434.6	
Other Non-Life technical provisions		45.5	52.3	
<b>Total Non-life provisions</b>		<b>15,314.2</b>	<b>15,461.0</b>	<b>(0.9)</b>
Life mathematical provisions		31,512.4	31,165.5	
Provisions for amounts payable (Life business)		321.8	396.5	
Technical provisions where the investment risk is borne by policyholders and arising from pension fund management		3,832.6	3,715.9	
Other Life technical provisions		1,731.6	2,687.8	
<b>Total life provisions</b>		<b>37,398.4</b>	<b>37,965.8</b>	<b>(1.5)</b>
<b>Total technical provisions</b>		<b>52,712.6</b>	<b>53,426.8</b>	<b>(1.3)</b>

### 4. Financial liabilities

Financial liabilities were, at 30 June 2018, €15,823.4m (€16,399.7m at 31/12/2017).

#### 4.1 Financial liabilities at fair value through profit or loss

The item, which amounted to €2,705.6m (€2,488.7m at 31/12/2017), is broken down as follows:

- Held-for-trading financial liabilities totalled €364.6m (€278.4m at 31/12/2017);
- Financial liabilities designated at fair value totalled €2,341m (€2,210.3m at 31/12/2017). This category included investment contracts issued by insurance companies where the investment risk was borne by the policyholders, which do not contain a significant insurance risk borne by the Group (some types of class III, class V and class VI contracts).

#### 4.2 Other financial liabilities

	<i>Amounts in €m</i>	<b>30/6/2018</b>	31/12/2017	% var.
Subordinated liabilities		2,538.2	2,352.6	7.9
Liabilities from financial contracts issued by insurance companies		0.0	0.1	(43.9)
Deposits received from reinsurers		180.9	173.6	4.2
Debt securities issued		3,672.1	3,960.2	(7.3)
Payables to bank customers		6,105.5	6,821.3	(10.5)
Interbank payables		456.5	438.6	4.1
Other loans obtained		164.1	159.3	3.0
Sundry financial liabilities		0.5	5.4	(90.4)
<b>Total other financial liabilities</b>		<b>13,117.8</b>	<b>13,911.0</b>	<b>(5.7)</b>

### 3 Notes to the Financial Statements

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

Issuer	Nominal amount outstanding	Subord. level	Year of maturity	call	Rate	L/NL
UnipolSai	€300.0m	tier II	2021	every 3 months	3M Euribor + 250 b.p.	Q
UnipolSai	€261.7m	tier II	2023	every 3 months	3M Euribor + 250 b.p.	Q
UnipolSai	€400.0m	tier I	2023	every 6 months	6M Euribor + 251,5 b.p. (*)	NQ
UnipolSai	€500.0m	tier II	2028		fixed rate 3,875%	Q
UnipolSai	€750.0m	tier I	in perpetuity	every 3 months from 18/06/2024	fixed rate 5,75% (**)	Q
Unipol Banca	€23.4m	tier II	2019		fixed rate 4,5%	NQ
Unipol Banca	€47.0m	tier II	2019		fixed rate 4,5%	NQ
Unipol Banca	€253.0m	tier II	2019		quarterly average 3M Euribor + 640 b.p.	NQ

(\*) 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.

The Subordinated liabilities of the UnipolSai Group amounted to €2,215.1m at 30 June 2018 (€2,028.1m at 31/12/2017), whilst Unipol Banca outstanding subordinated liabilities totalled €323.1m (€324.5m at 31/12/2017).

#### Debt securities issued - Other loans obtained - Sundry financial liabilities

At 30 June 2018, **Debt securities issued by Unipol**, net of intragroup subscriptions, totalling €1,786.6m (€1,795.6m at 31/12/2017) were related to three *senior unsecured* bonds listed on the Luxembourg Stock Exchange, with a total nominal value of €1,817m (unchanged compared to 31/12/2017):

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

The **Outstanding debt securities issued by Unipol Banca** amounted to €1,885.5m (€2,164.7m at 31/12/2017).

**Other loans obtained and Sundry financial liabilities**, totalling €164.6m, remained unchanged compared to 31 December 2017.

### 5. Payables

	Amounts in €m	30/6/2018	31/12/2017	% var.
Payables arising from direct insurance business		105.6	148.1	(28.7)
Payables arising from reinsurance business		109.9	96.6	13.7
<b>Other payables</b>		<b>823.0</b>	<b>663.7</b>	<b>24.0</b>
Policyholders' tax due		132.9	157.7	(15.8)
Sundry tax payables		256.7	61.5	317.4
Trade payables		179.8	190.5	(5.6)
Post-employment benefits		76.7	78.1	(1.9)
Social security charges payable		37.2	44.0	(15.3)
Sundry payables		139.7	131.8	6.0
<b>Total payables</b>		<b>1,038.4</b>	<b>908.4</b>	<b>14.3</b>

## 6. Other liabilities

	<i>Amounts in €m</i>	<b>30/6/2018</b>	31/12/2017	% var.
Current tax liabilities		29.0	37.9	(23.6)
Deferred tax liabilities		12.5	29.4	(57.4)
Liabilities associated with disposal groups held for sale			10,016.5	(100.0)
Commissions on premiums under collection		88.5	106.0	(16.4)
Deferred commission income		2.8	2.2	26.4
Accrued expense and deferred income		58.2	54.2	7.4
Other liabilities		1,225.6	1,078.4	13.6
<b>Total other liabilities</b>		<b>1,416.6</b>	<b>11,324.6</b>	<b>(87.5)</b>

The most significant change over the half year was the cancellation of Liabilities associated with disposal groups, following the completion of the sale of the equity investment in Popolare Vita.

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

## 3 Notes to the Financial Statements

### 3. Notes to the Income Statements

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

To make comparisons with the first half of 2017 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>	<b>30/6/2018</b>	30/6/2017	% var.
<b>Non-life earned premiums</b>		<b>3,948.7</b>	<b>3,920.1</b>	<b>0.7</b>
Non-Life written premiums		4,141.0	4,088.2	1.3
Changes in Non-Life premium provision		(192.3)	(168.0)	14.5
<b>Life written premiums</b>		<b>1,965.4</b>	<b>1,972.6</b>	<b>(0.4)</b>
<b>Non-life and life gross earned premiums</b>		<b>5,914.1</b>	<b>5,892.7</b>	<b>0.4</b>
<b>Non-life earned premiums ceded to reinsurers</b>		<b>(198.0)</b>	<b>(192.8)</b>	<b>2.7</b>
Non-Life premiums ceded to reinsurers		(241.1)	(239.9)	0.5
Changes in Non-Life premium provision - reinsurers' share		43.1	47.1	(8.4)
<b>Life premiums ceded to reinsurers</b>		<b>(10.8)</b>	<b>(10.5)</b>	<b>2.2</b>
<b>Non-life and life earned premiums ceded to reinsurers</b>		<b>(208.7)</b>	<b>(203.3)</b>	<b>2.7</b>
<b>Total net premiums</b>		<b>5,705.4</b>	<b>5,689.4</b>	<b>0.3</b>

On a like-for-like basis, the variation of Net Premiums was equal to +6.7% (unchanged Non-Life business and +21.7% Life business).

##### 1.2 Commission income

	<i>Amounts in €m</i>	<b>30/6/2018</b>	30/6/2017	% var.
Commission income from banking business		65.5	59.4	10.4
Commission income from investment contracts		17.2	21.2	(19.0)
Other commission income		1.4	2.5	(44.8)
<b>Total commission income</b>		<b>84.1</b>	<b>83.1</b>	<b>1.2</b>

On a like-for-like basis the variation of Commissions was +10.1%.

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

	Amounts in €m	30/6/2018	30/6/2017	% var.
Net gains/losses:				
on held-for trading financial assets		(51.5)	34.9	
on held-for trading financial liabilities			(1.0)	
on other financial assets mandatorily at fair value		(5.5)		
on financial assets/liabilities at fair value through profit or loss		(59.8)	81.7	
<b>Total net gains/losses</b>		<b>(116.8)</b>	<b>115.6</b>	

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

At 30 June 2018, they amounted to €312.5m (€3m at 30/6/2017), mainly attributable to the capital gain from the sale of the equity interest in Popolare Vita.

### 1.5 Gains on other financial instruments and investment property

	Amounts in €m	30/6/2018	30/6/2017	% var.
<b>Interests</b>		<b>890.8</b>	<b>1,005.1</b>	<b>(11.4)</b>
on held-to-maturity investments		11.3	26.0	(56.8)
on loans and receivables		67.8	191.6	(64.6)
on financial assets recognised at amortised cost		96.5		
on available-for-sale financial assets		705.1	783.0	(9.9)
on financial assets at fair value through OCI		8.6		
on sundry receivables		1.2	4.1	(71.0)
on cash and cash equivalents		0.4	0.3	13.4
<b>Other income</b>		<b>89.3</b>	<b>98.9</b>	<b>(9.7)</b>
from investment property		28.5	37.8	(24.7)
from available-for-sale financial assets		58.5	61.1	(4.1)
from financial assets at fair value through OCI		2.3		
<b>Realised gains</b>		<b>279.3</b>	<b>247.5</b>	<b>12.8</b>
on investment property		12.2	7.6	61.1
on loans and receivables		0.7	1.2	(46.6)
on financial assets recognised at amortised cost		19.6		
on available-for-sale financial assets		239.0	238.5	0.2
on financial assets at fair value through OCI		7.7		
on other financial liabilities		0.1	0.2	(34.4)
<b>Unrealised gains and reversals of impairment losses</b>		<b>33.3</b>	<b>14.7</b>	<b>127.3</b>
on loans and receivables		28.8	14.6	97.7
on financial assets recognised at amortised cost		4.5		
on available-for-sale financial assets			0.0	(100.0)
on other financial liabilities		0.0	0.1	(99.7)
<b>Total item 1.5</b>		<b>1,292.7</b>	<b>1,366.1</b>	<b>(5.4)</b>

### 3 Notes to the Financial Statements

#### 1.6 Other revenue

	<i>Amounts in €m</i>	<b>30/6/2018</b>	30/6/2017	% var.
Sundry technical income		42.9	47.7	(10.2)
Exchange rate differences		1.5	6.1	(74.8)
Extraordinary gains		7.3	20.0	(63.4)
Other income		262.6	196.5	33.6
<b>Total other revenue</b>		<b>314.3</b>	<b>270.4</b>	<b>16.3</b>

On a like-for-like basis the overall variation of Other revenue was +15.1%.

#### COSTS

##### 2.1 Net charges relating to claims

	<i>Amounts in €m</i>	<b>30/6/2018</b>	30/6/2017	% var.
<b>Net charges relating to claims - direct and indirect business</b>		<b>4,804.6</b>	<b>4,954.7</b>	<b>(3.0)</b>
<b>Non-life business</b>		<b>2,525.1</b>	<b>2,571.4</b>	<b>(1.8)</b>
Non-Life amounts paid		2,898.7	2,773.5	
changes in Non-Life claims provision		(335.9)	(150.6)	
changes in Non-Life recoveries		(38.5)	(52.3)	
changes in other Non-Life technical provisions		0.8	0.8	
<b>life business</b>		<b>2,279.5</b>	<b>2,383.3</b>	<b>(4.4)</b>
Life amounts paid		2,223.3	2,497.0	
changes in Life amounts payable		(61.0)	(94.6)	
changes in mathematical provisions		238.4	(19.0)	
changes in other Life technical provisions		58.5	6.0	
changes in provisions where the investment risk is borne by policyholders and arising from pension fund management		(179.7)	(6.2)	
<b>Charges relating to claims - reinsurers' share</b>		<b>(81.5)</b>	<b>(94.5)</b>	<b>(13.8)</b>
<b>Non-life business</b>		<b>(73.8)</b>	<b>(84.4)</b>	<b>(12.6)</b>
Non-Life amounts paid		(93.5)	(65.3)	
changes in Non-Life claims provision		12.8	(23.7)	
changes in Non-Life recoveries		6.9	4.6	
<b>life business</b>		<b>(7.7)</b>	<b>(10.1)</b>	<b>(23.9)</b>
Life amounts paid		(7.1)	(9.3)	
changes in Life amounts payable		(0.2)	(1.0)	
changes in mathematical provisions		(0.0)	0.6	
changes in other Life technical provisions		(0.4)	(0.4)	
<b>Total net charges relating to claims</b>		<b>4,723.1</b>	<b>4,860.1</b>	<b>(2.8)</b>

On a like-for-like basis the variation of Other costs was +6.6%.

## 2.2 Commission expense

	<i>Amounts in €m</i>	<b>30/6/2018</b>	30/6/2017	% var.
Commission expense from banking business		6.7	7.3	(8.9)
Commission expense from investment contracts		8.1	10.4	(22.0)
Other commission expense		5.6	4.2	32.4
<b>Total commission expense</b>		<b>20.4</b>	<b>22.0</b>	<b>(7.2)</b>

On a like-for-like basis the overall variation of Commission expense was +7.4%.

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

At 30 June 2018, these totalled €0.5 m (unchanged at 30/6/2017).

## 2.4 Losses on other financial instruments and investment property

	<i>Amounts in €m</i>	<b>30/6/2018</b>	30/6/2017	% var.
<b>Interests:</b>		<b>113.7</b>	<b>98.9</b>	<b>15.0</b>
on other financial liabilities		107.5	96.0	12.0
on payables		6.2	2.9	115.0
<b>Other charges:</b>		<b>21.5</b>	<b>25.9</b>	<b>(17.1)</b>
from investment property		13.6	19.5	(30.6)
from available-for-sale financial assets		2.8	1.5	83.6
from cash and cash equivalents		0.0	0.1	(96.4)
from other financial liabilities		5.1	4.7	7.5
from sundry payables		0.1	0.0	38.4
<b>Realised losses:</b>		<b>50.1</b>	<b>66.9</b>	<b>(25.1)</b>
on investment property		2.9	0.2	1146.5
on loans and receivables		0.0	0.9	(97.0)
on financial assets at amortised cost		12.1		
on available-for-sale financial assets		33.6	65.6	(48.8)
on financial assets at fair value through OCI		1.1		
on other financial liabilities		0.4	0.2	98.6
<b>Unrealised losses and impairment losses:</b>		<b>109.7</b>	<b>1,183.3</b>	<b>(90.7)</b>
on investment property		54.6	17.6	209.3
on loans and receivables			1,063.5	(100.0)
on financial assets at amortised cost		49.9		
on available-for-sale financial assets		4.0	102.0	(96.1)
on financial assets at fair value through OCI		1.2		
on other financial liabilities		0.0	0.1	(90.9)
<b>Total item 2.4</b>		<b>295.0</b>	<b>1,375.0</b>	<b>(78.5)</b>

The Unrealised losses and impairment losses relating to investment property included amortisation that totalled €16.2m (€16.6m at 30/06/2017) and write-downs amounting to €38.4m (€1.1m at 30/6/2017).

### 3 Notes to the Financial Statements

#### 2.5 Operating expenses

	Amounts in €m	30/6/2018	% comp.	30/6/2017	% comp.	% var.
Insurance sector		1,185.5	88.1	1,206.7	89.3	(1.8)
Banking sector		154.8	11.5	153.1	11.3	1.1
Holding and Other Businesses Sector		60.6	4.5	56.1	4.1	8.0
Real Estate Sector		10.8	0.8	6.0	0.4	81.3
Intersegment eliminations		(66.5)	(4.9)	(70.1)	(5.2)	(5.1)
<b>Total operating expenses</b>		<b>1,345.1</b>	<b>100.0</b>	<b>1,351.7</b>	<b>100.0</b>	<b>(0.5)</b>

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

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

Amounts in €m	Non-Life			Life			Total		
	Jun-18	Jun-17	% var.	Jun-18	Jun-17	% var.	Jun-18	Jun-17	% var.
Acquisition commissions	633.5	660.5	(4.1)	30.3	35.5	(14.5)	663.8	695.9	(4.6)
Other acquisition costs	180.4	173.4	4.0	21.4	24.5	(13.0)	201.7	197.9	1.9
Changes in deferred acquisition costs	(2.7)	(3.0)	(9.4)	1.3	(1.4)	(195.3)	(1.4)	(4.3)	(67.6)
Collection commissions	83.0	79.8	4.1	3.4	3.7	(9.4)	86.4	83.5	3.5
Profit sharing and other commissions from reinsurers	(66.7)	(77.9)	(14.3)	(2.2)	(1.0)	115.9	(68.9)	(78.9)	(12.7)
Investment management expenses	34.2	37.3	(8.2)	23.7	23.8	(0.3)	57.9	61.1	(5.2)
Other administrative expenses	196.4	194.6	0.9	49.6	57.0	(13.0)	246.0	251.6	(2.2)
<b>Total operating expenses</b>	<b>1,058.0</b>	<b>1,064.6</b>	<b>(0.6)</b>	<b>127.4</b>	<b>142.2</b>	<b>(10.4)</b>	<b>1,185.5</b>	<b>1,206.7</b>	<b>(1.8)</b>

#### 2.6 Other costs

	Amounts in €m	30/6/2018	30/6/2017	% var.
Other technical charges		164.8	183.9	(10.4)
Impairment losses on receivables		4.8	6.4	(24.3)
Other charges		269.5	244.0	10.5
<b>Total other costs</b>		<b>439.1</b>	<b>434.3</b>	<b>1.1</b>

On a like-for-like basis the variation of Other costs was +2.1%.

### 3. Income taxes

Against a pre-tax profit of €769m, taxes pertaining to the year and amounting to €124.9m were recorded, corresponding to a tax rate of 16.2% (24.3% at 30/6/2017), which was positively affected by the exempt capital gains on the sale of the equity investment in Popolare Vita.

## 4. Other Information

### 4.1 Hedge Accounting

#### Fair value hedges

During the first half of 2018, no new transactions were carried out concerning fair value hedging and at 30/6/2018 no open positions were reported.

#### 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 €1,013.5m (unchanged at 31/12/2017).

The cumulative negative effect on Shareholders' Equity in the Hedging reserve for gains or losses on cash flow hedges was €10.1m (€8.8m at 31/12/2017): net of tax, the impact was -€7m (-€6.1m at 31/12/2017).

UnipolSai Assicurazioni: cash flow hedges on bond securities recorded in the Loans and Receivables portfolio through IRSs for a notional value of €250m (€250m at 31/12/2017).

The cumulative negative effect on Shareholders' Equity in the Hedging reserve for gains or losses on cash flow hedges was €2.9m (-€3m at 31/12/2017): net of tax, the impact was -€2m (unchanged at 31/12/2017).

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 (€30m at 31/12/2017).

The cumulative negative effect on Shareholders' Equity amounted to €0.9m, including shadow accounting; net of shadow accounting, the effect is irrelevant.

### 4.2 Earnings/Loss per share

<i>Amounts in €m</i>	<b>30/6/2018</b>	30/6/2017
Profit/loss allocated to ordinary shares (€m)	481.7	(488.6)
Weighted average of shares outstanding during the year (no./m)	711.6	708.7
<b>Basic earnings (loss) per share (€ per share)</b>	<b>0.68</b>	<b>(0.69)</b>

### 4.3 Dividends

In view of the profit for the year made by the Parent Unipol at 31/12/2017 of €213.4m (as shown in the financial statements drawn up in accordance with Italian GAAP), the Shareholders' Meeting of Unipol held on 24 April 2018, resolved on the distribution of dividends totalling €128.6m (€0.5m paid to Group companies), corresponding to €0.18 per Ordinary Share, taking account of treasury shares.

The Shareholders' Meeting also set the dividend payment date for 23 May 2018 (ex-dividend date 21/05/2018).

## 3 Notes to the Financial Statements

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

Reclassifications made in application of IFRS 5, totalling €138.2m, concern only properties for which the relative preliminary sales contracts have already been signed (€103.9m at 31/12/2017, net of reclassification effects of assets and liabilities pertaining to Popolare Vita and The Lawrence Life, sold during 2018).

### 4.5 Transactions with related parties

Group companies that render services of various types to other Group companies are as follows: UnipolSai, Unisalute, Siat, Auto Presto & Bene, UnipolSai Servizi Previdenziali, UnipolRe, UnipolSai Investimenti Sgr, Pronto Assistance Servizi, UnipolSai Servizi Consortili, Arca Vita, Arca Inlinea, Arca Sistemi, Leithà 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.).

The costs for financing activities are calculated by applying a fee on managed volumes.

The services provided by Unisalute (except operating services provided to UniSalute Servizi), Auto Presto & Bene and UnipolRe involve fixed prices.

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

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

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

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

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

From 2015, Unipol opted, as consolidating company, for the Group tax regime governed by Title II, Chapter II, Section II of the Consolidated Income Tax Act (Articles 117-129). The tax consolidation was joined by all eligible companies of the Unipol Group, as consolidated companies, pursuant to regulations in force. This regime was extended for the 2018-2020 period.

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The following table shows transactions with related parties (associates and other companies) carried out during the first half of 2018, 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 ("Regulation"), also includes some counterparties that are included, on a voluntary basis,

pursuant to Art. 4 thereof. The above also includes (as shown, together with other items, in the following table under item "Other"), not only OICs, in which the Company, or one of its related parties, holds more than 20% of the equity rights, but also the company Coop Alleanza 3.0 Società Cooperativa and its subsidiary Alleanza 3.0 2 S.p.A.

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

### Information on transactions with related parties

	Amounts in €m	Associates	Others	Total	% inc. (1)	% inc. (2)
Loans and receivables		15.8		15.8	0.0	1.6
Financial assets at amortised cost		12.6	94.2	106.8	0.1	10.9
Available-for-sale financial assets			11.2	11.2	0.0	1.1
Financial assets at fair value through profit or loss			11.2	11.2	0.0	1.1
Sundry receivables		23.1	0.1	23.2	0.0	2.4
<b>Total assets</b>		<b>51.4</b>	<b>116.7</b>	<b>168.1</b>	<b>0.2</b>	<b>17.2</b>
Provisions		1.0		1.0	0.0	0.1
Other financial liabilities		25.4	131.7	157.1	0.2	16.1
Sundry payables		0.1		0.1	0.0	0.0
Other liabilities		0.2		0.2	0.0	0.0
<b>Total liabilities</b>		<b>26.6</b>	<b>131.7</b>	<b>158.4</b>	<b>0.2</b>	<b>16.2</b>
Net premiums		0.1		0.1	0.0	0.0
Commission income		0.0	0.1	0.2	0.0	0.0
Gains on other financial instruments and investment property		3.0	1.0	3.9	0.5	0.4
Other revenue		0.7		0.7	0.1	0.1
<b>Total revenue and income</b>		<b>3.8</b>	<b>1.1</b>	<b>4.9</b>	<b>0.6</b>	<b>0.5</b>
Losses on other financial instruments and investment property		0.0	6.1	6.1	0.8	0.6
Operating expenses		60.2	0.3	60.5	7.9	6.2
Other costs		0.9		0.9	0.1	0.1
<b>Total costs and expenses</b>		<b>61.1</b>	<b>6.4</b>	<b>67.5</b>	<b>8.8</b>	<b>6.9</b>

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

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

Loans and receivables, for €15.8m, entirely referred to loans granted to associates by UnipolSai.

Financial assets, measured at amortised cost and amounting to €106.8m, referred, in the amount of €12.6m, to loans granted to associates by Unipol Banca. The above item also included, under item "Other", loans granted by Unipol Banca to the Goethe Fund (Mutual Real Estate Investment Fund), in the amount of €51.3m, and loans granted by Unipol Banca to Coop Alleanza 3.0 Società Cooperativa, in the amount of €42.2m.

The item Available-for-sale financial assets amounted to €11.2m and referred entirely to unit of funds Alpha Amber Equity Ucits and Core Italian Properties, subscribed by companies of the Arca Group.

The item Financial assets at fair value through profit or loss comprised units of Uni Hs Abitare A-PT and Uno Fondo Sviluppato funds, subscribed by Unipol Banca.

The item Sundry receivables from associates, totalling €23.1m, included €22.7m in receivables due from insurance brokerage agencies for commissions.

### 3 Notes to the Financial Statements

Financial liabilities measured at amortised cost, equal to €157.1m referred, in the amount of €25.4m, to bank deposits held by associates in Unipol Banca. The “Other” category also included debt securities issued by Unipol Banca and held by the company Coop Alleanza 3.0 (€113m).

Operating expenses for €60.5m included €60.2m in costs on commissions payable to insurance brokerage agencies.

#### 4.6 Fair value measurements – IFRS 13

For the disclosure of fair value measurement criteria and criteria to determine the fair value adopted by the Unipol Group, reference is made to Chapter 2, Accounting Standards adopted in the 2017 Consolidated Financial Statements.

##### Fair value measurement on a recurring basis

The table below shows a comparison between the assets and liabilities measured at fair value at 30 June 2018 and 31 December 2017, broken down based on fair value hierarchy level.

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

Amounts in €m	Level 1		Level 2		Level 3		Total	
	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17
<b>Assets and liabilities at fair value on a recurring basis</b>								
Available-for-sale financial assets	41,721.3	42,901.4	580.8	517.4	1,168.3	1,063.5	43,470.4	44,482.3
Financial assets at fair value through OCI	1,771.4		15.0		27.2		1,813.6	
Financial assets at fair value through profit or loss:								
- held for trading	137.5	106.9	149.9	157.1	23.9	69.6	311.3	333.5
- at fair value through profit or loss	6,148.7	5,896.8	2.8	11.5	2.0	2.4	6,153.5	5,910.8
- mandatorily at fair value	23.4				51.1		74.4	
<b>Total assets at fair value on a recurring basis</b>	<b>49,802.2</b>	<b>48,905.0</b>	<b>748.5</b>	<b>686.0</b>	<b>1,272.5</b>	<b>1,135.6</b>	<b>51,823.2</b>	<b>50,726.6</b>
Financial liabilities at fair value through profit or loss:								
- held for trading	27.5	17.6	275.4	254.1	61.8	6.7	364.6	278.4
- at fair value through profit or loss					2,341.0	2,210.3	2,341.0	2,210.3
<b>Total liabilities at fair value on a recurring basis</b>	<b>27.5</b>	<b>17.6</b>	<b>275.4</b>	<b>254.1</b>	<b>2,402.7</b>	<b>2,217.0</b>	<b>2,705.6</b>	<b>2,488.7</b>

The amount of financial instruments classified in Level 3 at 30 June 2017 stood at €1,272.5m. 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 OCI	Financial assets at fair value through profit or loss			Investment property	Property, plant and equipment	Intangible assets held for trading	Financial liabilities at fair value through profit or loss	
			held for trading	at fair value through profit or loss	mandatorily at fair value				at fair value through profit or loss	
<i>Amounts in €m</i>										
<b>Opening balance</b>	<b>1,063.5</b>		<b>69.6</b>	<b>2.4</b>					<b>6.7</b>	<b>2,210.3</b>
Acquisitions/Issues	154.0	19.0								
Sales/Repurchases	(78.4)		(0.4)							
Repayments	(1.0)		(1.7)							
Gains or losses recognised through profit or loss			(0.4)	(0.3)						
- of which unrealised gains/losses			(0.4)	(0.3)						
Gains or losses recognised in the statement of other comprehensive income	62.4									
Transfers to level 3										
Transfers to other levels			(21.8)							
Other changes	(32.1)	8.2	(21.4)	(0.1)	51.1				55.1	130.7
<b>Closing balance</b>	<b>1,168.3</b>	<b>27.2</b>	<b>23.9</b>	<b>2.0</b>	<b>51.1</b>				<b>61.8</b>	<b>2,341.0</b>

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

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

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

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

The portion of securities subject to analysis has a market value of €94.6m at 30 June 2018.

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

The following table shows the results of the shocks:

Fair Value	<i>Amounts in €m</i>				
	Shock	+10 bps	-10 bps	+50 bps	-50 bps
	<b>Fair Value delta</b>	<b>(0.50)</b>	<b>0.54</b>	<b>(2.51)</b>	<b>2.68</b>
	<i>Fair Value delta %</i>	<i>(0.01)</i>	<i>0.01</i>	<i>(0.03)</i>	<i>0.03</i>

### 3 Notes to the Financial Statements

#### Fair value measurement on a non-recurring basis

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

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

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

	Carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17	Jun-18	Dec-17
<i>Amounts in €m</i>										
<b>Assets</b>										
Held-to-maturity investments	488.2	864.2	534.2	956.7	33.0	32.8			567.3	989.5
Loans and receivables	4,060.6	15,517.5			2,801.5	3,372.4	1,216.5	12,807.6	4,018.0	16,180.0
Financial assets at amortised cost	9,621.5						10,167.6		10,167.6	
Investments in subsidiaries, associates and interests in joint ventures	83.3	90.3					83.3	90.3	83.3	90.3
Investment property	2,072.8	2,199.1					2,173.2	2,317.1	2,173.2	2,317.1
Property, plant and equipment	1,891.1	1,872.1					2,054.9	2,023.2	2,054.9	2,023.2
<b>Total assets</b>	<b>18,217.6</b>	<b>20,543.2</b>	<b>534.2</b>	<b>956.7</b>	<b>2,834.6</b>	<b>3,405.2</b>	<b>15,695.5</b>	<b>17,238.2</b>	<b>19,064.3</b>	<b>21,600.1</b>
<b>Liabilities</b>										
<b>Other financial liabilities</b>	<b>13,117.8</b>	<b>13,911.0</b>	<b>3,537.1</b>	<b>3,290.9</b>			<b>9,893.9</b>	<b>11,345.9</b>	<b>13,431.0</b>	<b>14,636.8</b>

#### 4.7 Information on personnel

	30/6/2018	31/12/2017	variation
<b>Total number of Unipol Group employees</b>	<b>14,641</b>	<b>14,188</b>	<b>453</b>
<i>of which on a fixed-term contract</i>	<i>979</i>	<i>555</i>	<i>424</i>
Full Time Equivalent - FTE	13,950	13,505	446

The foreign company employees (1,446) include 578 insurance agents.

The increase in the Group employees compared with 31/12/2017 (+453) is due to:

- increase of 819 employees for new hirings;
- decrease of 366 employees for retirement, resignation and other reasons for termination of office.

#### Share-based compensation plans

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

The compensation plan based on financial instruments (Unipol shares) for the period 2013-2015 ended on 31 December 2015. The first tranche was paid to those entitled on 1 July 2016, the second tranche, comprising 3,328,591 shares was paid on 3 July 2017 and the third tranche, comprising 3,208,066 shares, will be paid on 2 July 2018.

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

#### **4.8 Non-recurring significant transactions and events**

In the first half of 2018, it is worth noting the sale of the equity investment held in Popolare Vita, completed on 29 March 2018.

#### **4.9 Atypical and/or unusual positions or transactions**

In the first half of 2018, there were no atypical and/or unusual transactions that, because of their significance, importance, nature of the counterparties involved in the transaction, transfer pricing procedures, or occurrence close to the end of the year, could give rise to doubts relating to: the accuracy and completeness of the information in these condensed consolidated half-yearly financial statements, a conflict of interest, the safeguarding of the company's assets or the protection of non-controlling shareholders.

### 3 Notes to the Financial Statements

#### 4.10 Risk Report

The purpose of the Risk Report is to provide additional supporting information to allow stakeholders to make an assessment of the Group's equity and financial situation in the perspective of a Risk Management that operates in accordance with the general principles contained in ISVAP Regulation no. 20/2008 and in the Solvency II regulation, which entered into force from 1 January 2016 onwards.

It is worth noting that, in April 2018 the IVASS, following the application for authorisation submitted by Unipol Gruppo S.p.A., authorised the use of a partial internal model for calculating the individual solvency Capital Requirement at 31 December 2017. Activities by the competent corporate organisations of the Group were carried out in the first half in compliance with Solvency II regulations and the supervisory provisions issued by IVASS.

As regards the Internal control and risk management system adopted by the Company, as well as monitoring procedures (company internal committees) and capital allocation policies, reference is expressly made to paragraph 5.14 of the Notes to the 2017 Consolidated Financial Statements.

As regards the financial risks at 30 June 2018, the level of sensitivity of the Unipol Group's portfolios of financial assets to the main market risk factors is shown below. Sensitivity is calculated as a variation in the market value of the assets further to the shocks resulting from a:

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

<i>Amounts in €m</i>	Insurance Business	
	Impact on Income Statement	Impact on Statement of financial position
<b>Unipol Group</b>		
Interest rate sensitivity (+10 bps)	22.7	(284.0)
Credit spread sensitivity (+10 bps)	(1.2)	(304.3)
Equity sensitivity (-20%)	55.1	(682.0)

<i>Amounts in €m</i>	Banking Business	
	Impact on Income Statement	Impact on Statement of financial position
<b>Unipol Group</b>		
Interest rate sensitivity (+10 bps)	0.0	(4.0)
Credit spread sensitivity (+10 bps)	0.0	(4.8)
Equity sensitivity (-20%)	(4.4)	(1.4)

<i>Amounts in €m</i>	Holding and other business	
	Impact on Income Statement	Impact on Statement of financial position
<b>Unipol Group</b>		
Interest rate sensitivity (+10 bps)		(2.9)
Credit spread sensitivity (+10 bps)	0.0	(4.3)
Equity sensitivity (-20%)	(0.0)	(7.1)

The values include the hedging derivatives, including tax effects.

## Information relating to exposure to sovereign debt securities

The following table shows details of Sovereign exposures (i.e. bonds issued by central and local governments and by government organisations and loans granted to them) held by the Unipol Group at 30 June 2018.

	Balance at 30 June 2018			
	Amounts in €m	Nominal value	Carrying amount	Market value
<b>Italy</b>		<b>25,303.2</b>	<b>24,830.4</b>	<b>24,841.5</b>
Available-for-sale financial assets		22,328.0	21,985.3	21,985.3
Financial assets at fair value through OCI		831.0	833.4	833.4
Financial assets at fair value through profit or loss		132.9	34.8	34.8
Held-to-maturity investments		365.6	351.0	426.8
Loans and receivables		1,645.7	1,625.8	1,561.1
<b>Spain</b>		<b>4,645.0</b>	<b>4,755.1</b>	<b>4,771.6</b>
Available-for-sale financial assets		4,064.9	4,159.1	4,159.1
Financial assets at fair value through OCI		194.8	199.3	199.3
Financial assets at fair value through profit or loss		20.0	23.4	23.4
Held-to-maturity investments		31.0	32.2	32.3
Loans and receivables		334.3	341.1	357.4
<b>Portugal</b>		<b>655.1</b>	<b>723.9</b>	<b>723.6</b>
Available-for-sale financial assets		637.8	707.6	707.6
Loans and receivables		17.4	16.3	16.0
<b>Great Britain</b>		<b>3.4</b>	<b>3.5</b>	<b>3.5</b>
Available-for-sale financial assets		3.4	3.5	3.5
<b>Ireland</b>		<b>319.3</b>	<b>352.0</b>	<b>352.0</b>
Available-for-sale financial assets		284.3	312.0	312.0
Financial assets at fair value through OCI		35.0	40.0	40.0
<b>Germany</b>		<b>126.3</b>	<b>134.0</b>	<b>134.0</b>
Available-for-sale financial assets		126.3	134.0	134.0
<b>Canada</b>		<b>17.8</b>	<b>18.6</b>	<b>18.6</b>
Available-for-sale financial assets		17.8	18.6	18.6
<b>Belgium</b>		<b>194.1</b>	<b>199.3</b>	<b>199.3</b>
Available-for-sale financial assets		107.6	110.5	110.5
Financial assets at fair value through OCI		86.5	88.8	88.8
<b>Slovenia</b>		<b>229.8</b>	<b>248.0</b>	<b>248.0</b>
Available-for-sale financial assets		229.8	248.0	248.0
<b>Serbia</b>		<b>71.7</b>	<b>73.5</b>	<b>76.6</b>
Available-for-sale financial assets		0.3	0.3	0.3
Held-to-maturity investments		71.3	73.2	76.3
<b>Israel</b>		<b>65.6</b>	<b>68.3</b>	<b>68.3</b>
Available-for-sale financial assets		65.6	68.3	68.3
<b>Mexico</b>		<b>15.0</b>	<b>16.8</b>	<b>16.8</b>
Available-for-sale financial assets		15.0	16.8	16.8
<b>Poland</b>		<b>8.3</b>	<b>8.6</b>	<b>8.6</b>
Available-for-sale financial assets		8.3	8.6	8.6
<b>Latvia</b>		<b>56.5</b>	<b>60.7</b>	<b>60.7</b>
Available-for-sale financial assets		56.5	60.7	60.7
<b>Chile</b>		<b>14.1</b>	<b>14.8</b>	<b>14.8</b>
Available-for-sale financial assets		14.1	14.8	14.8

### 3 Notes to the Financial Statements

*cont. from previous page*

	<i>Amounts in €m</i>	<b>Balance at 30 June 2018</b>		
		<b>Nominal value</b>	<b>Carrying amount</b>	<b>Market value</b>
<b>Cyprus</b>		<b>62.0</b>	<b>68.7</b>	<b>68.7</b>
Available-for-sale financial assets		62.0	68.7	68.7
<b>France</b>		<b>350.1</b>	<b>324.9</b>	<b>324.9</b>
Available-for-sale financial assets		310.1	282.0	282.0
Financial assets at fair value through OCI		40.0	42.9	42.9
<b>Austria</b>		<b>117.0</b>	<b>118.8</b>	<b>118.8</b>
Available-for-sale financial assets		19.5	20.7	20.7
Financial assets at fair value through OCI		97.5	98.1	98.1
<b>Finland</b>		<b>6.0</b>	<b>6.2</b>	<b>6.2</b>
Available-for-sale financial assets		6.0	6.2	6.2
<b>Netherlands</b>		<b>15.0</b>	<b>15.8</b>	<b>15.8</b>
Available-for-sale financial assets		5.0	5.6	5.6
Financial assets at fair value through OCI		10.0	10.1	10.1
<b>Switzerland</b>		<b>3.5</b>	<b>3.7</b>	<b>3.7</b>
Available-for-sale financial assets		3.5	3.7	3.7
<b>USA</b>		<b>2.2</b>	<b>2.7</b>	<b>2.7</b>
Available-for-sale financial assets		2.2	2.7	2.7
<b>Sweden</b>		<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
Available-for-sale financial assets		2.0	2.0	2.0
<b>Slovakia</b>		<b>98.1</b>	<b>104.3</b>	<b>104.3</b>
Available-for-sale financial assets		98.1	104.3	104.3
<b>Lithuania</b>		<b>10.0</b>	<b>10.5</b>	<b>10.5</b>
Available-for-sale financial assets		10.0	10.5	10.5
<b>China</b>		<b>15.5</b>	<b>15.6</b>	<b>15.6</b>
Available-for-sale financial assets		15.5	15.6	15.6
<b>TOTAL</b>		<b>32,406.5</b>	<b>32,180.7</b>	<b>32,211.0</b>

The carrying amount of the sovereign exposures, represented by debt securities at 30 June 2018 and issued by the Italian government, were 45% of the total investments of the Unipol Group; the percentage decreased by 5% with respect to 31 December 2017.

Bologna, 9 August 2018

The Board of Director

## **4. Tables appended to the Notes to the Financial Statements**

## 4 Tables appended to the Notes to the Financial Statements

### Consolidation scope

Name	Country of registered office	Registered office	Country of operations (5)	Method (1)	Business activity (2)
Unipol Gruppo Spa	086 Italy	Bologna		G	4
Compagnia Assicuratrice Linear Spa	086 Italy	Bologna		G	1
UniSalute Spa	086 Italy	Bologna		G	1
Midi Srl	086 Italy	Bologna		G	10
Unipol Banca Spa	086 Italy	Bologna		G	7
Unisalute Servizi Srl	086 Italy	Bologna		G	11
UnipolSai Finance Spa	086 Italy	Bologna		G	9
Grecale Abs Srl (*)	086 Italy	Bologna		G	11
Unipol Investment Spa	086 Italy	Bologna		G	9
Castoro Rmbs Srl (*)	086 Italy	Milan		G	11
Atlante Finance Srl (*)	086 Italy	Milan		G	11
Ambra Property Srl	086 Italy	Bologna		G	11
Arca Vita Spa	086 Italy	Verona		G	1
Arca Assicurazioni Spa	086 Italy	Verona		G	1
Arca Vita International Dac	040 Ireland	Dublin (Ireland)		G	2
Arca Direct Assicurazioni Srl	086 Italy	Verona		G	11
Arca Inlinea Scarl	086 Italy	Verona		G	11
Arca Sistemi Scarl	086 Italy	Verona		G	11
Grecale RMBS 2011 srl (*)	086 Italy	Bologna		G	11
SME Grecale 2017 Srl (*)	086 Italy	Bologna		G	11
UnipolSai Assicurazioni Spa	086 Italy	Bologna		G	1
BIM Vita Spa	086 Italy	Turin		G	1
Incontra Assicurazioni Spa	086 Italy	Milan		G	1
Pronto Assistance Spa	086 Italy	Turin		G	1
Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni	086 Italy	Genoa		G	1
Ddor Novi Sad	289 Serbia	Novi Sad (Serbia)		G	3
Ddor Re	289 Serbia	Novi Sad (Serbia)		G	6

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
				100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	98.53% UnipolSai Assicurazioni Spa	78.88%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
57.75%		91.57%		100.00%
	42.25% UnipolSai Assicurazioni Spa			
	100.00% UniSalute Spa	78.88%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	Unipol Banca Spa	8.01%		100.00%
	10.00% UnipolSai Finance Spa			
100.00%		100.00%		100.00%
	Unipol Banca Spa			100.00%
	Unipol Banca Spa			100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
63.39%		63.39%		100.00%
	98.12% Arca Vita Spa	62.20%		100.00%
	100.00% Arca Vita Spa	63.39%		100.00%
	100.00% Arca Vita Spa	63.39%		100.00%
	60.22% Arca Vita Spa	62.92%		100.00%
	39.78% Arca Assicurazioni Spa			
	82.03% Arca Vita Spa	63.19%		100.00%
	16.97% Arca Assicurazioni Spa			
	1.00% Arca Inlinea Scarl			
	Unipol Banca Spa			100.00%
	Unipol Banca Spa			100.00%
58.29%		80.05%		100.00%
	1.36% UnipolSai Finance Spa			
	10.01% Unipol Investment Spa			
	0.01% Pronto Assistance Spa			
	0.33% UnipolSai Nederland Bv			
	10.00% Unipol Finance Srl			
	0.39% UnipolPart I Spa			
	50.00% UnipolSai Assicurazioni Spa	40.03%		100.00%
	51.00% UnipolSai Assicurazioni Spa	40.83%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	94.69% UnipolSai Assicurazioni Spa	75.81%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	0.002% Ddor Novi Sad	80.05%		100.00%
	100.00% UnipolRe Dac			

## 4 Tables appended to the Notes to the Financial Statements

### Consolidation scope

Name	Country of registered office	Registered office	Country of operations (5)	Method (1)	Business activity (2)
UnipolRe Dac	040 Ireland	Dublin (Ireland)		G	5
Finitalia Spa	086 Italy	Milan		G	11
UnipolSai Nederland Bv	050 Nederland	Amsterdam (NL)		G	11
Finsai International Sa	092 Luxemboug	Luxembourg		G	11
UnipolSai Investimenti Sgr Spa	086 Italy	Turin		G	8
Apb Car Service Srl	086 Italy	Turin		G	11
Auto Presto & Bene Spa	086 Italy	Turin		G	11
Casa di Cura Villa Donatello - Spa	086 Italy	Florence		G	11
Centro Oncologico Fiorentino Casa di Cura Villanova Srl in Liquidazione	086 Italy	Sesto Fiorentino (FI)		G	11
Florence Centro di Chirurgia Ambulatoriale Srl	086 Italy	Florence		G	11
UnipolSai Servizi Consortili Societa' Consortile a Responsabilita' Limitata	086 Italy	Bologna		G	11
Tenute del Cerro Spa - Societa' Agricola	086 Italy	Montepulciano (SI)		G	11
UnipolSai Servizi Previdenziali Srl	086 Italy	Florence		G	11
Sogeint Societa' a Responsabilita' Limitata	086 Italy	San Donato Milanese		G	11
Pronto Assistance Servizi Scarl	086 Italy	Turin		G	11

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	100.00% UnipolSai Nederland Bv	80.05%		100.00%
	100.00% Unipol Banca Spa	91.57%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	36.15% UnipolSai Finance Spa	80.05%		100.00%
	63.85% UnipolSai Assicurazioni Spa			
51.00%		90.23%		100.00%
	49.00% UnipolSai Assicurazioni Spa			
	70.00% Auto Presto & Bene Spa	56.04%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% Casa di Cura Villa Donatello - Spa	80.05%		100.00%
0.02%		80.01%		100.00%
	0.20% Compagnia Assicuratrice Linear Spa			
	0.20% UniSalute Spa			
	0.02% Unipol Banca Spa			
	0.20% Arca Vita Spa			
	98.23% UnipolSai Assicurazioni Spa			
	0.02% BIM Vita Spa			
	0.02% Incontra Assicurazioni Spa			
	0.90% Pronto Assistance Spa			
	0.11% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni			
	0.02% UnipolRe Dac			
	0.02% Finitalia Spa			
	0.02% Auto Presto & Bene Spa			
	0.02% Pronto Assistance Servizi Scarl			
	98.81% UnipolSai Assicurazioni Spa	80.05%		100.00%
	1.19% Pronto Assistance Spa			
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	3.00% Compagnia Assicuratrice Linear Spa	79.91%		100.00%
	0.25% UniSalute Spa			
	0.10% Arca Assicurazioni Spa			
	95.34% UnipolSai Assicurazioni Spa			
	0.15% Incontra Assicurazioni Spa			
	0.31% Pronto Assistance Spa			
	0.25% Apb Car Service Srl			
	0.25% Auto Presto & Bene Spa			
	0.10% UnipolSai Servizi Consortili Societa' Consortile a Responsabilita' Limitata			
	0.25% Alfaevolution Technology Spa			

## 4 Tables appended to the Notes to the Financial Statements

### Consolidation scope

Name	Country of registered office	Registered office	Country of operations (5)	Method (1)	Business activity (2)
Gruppo UNA Spa	086 Italy	Milan		G	11
Consorzio Castello	086 Italy	Florence		G	10
Ital H&R Srl	086 Italy	Bologna		G	11
Italresidence Srl	086 Italy	Milan		G	11
Marina di Loano Spa	086 Italy	Loano (SV)		G	10
Meridiano Secondo Srl	086 Italy	Turin		G	10
Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	086 Italy	Florence		G	10
Societa' Edilizia Immobiliare Sarda - S.E.I.S. Societa' per Azioni	086 Italy	Bologna		G	10
Villa Ragionieri Srl	086 Italy	Florence		G	10
Tikal R.E. Fund	086 Italy			G	10
Athens R.E. Fund	086 Italy			G	10
Unipol Finance Srl	086 Italy	Bologna		G	9
Grecale RMBS 2015 srl (*)	086 Italy	Bologna		G	11
Alfaevolution Technology Spa	086 Italy	Bologna		G	11
Leithà Srl	086 Italy	Bologna		G	11
UniAssiTeam Srl	086 Italy	Bologna		G	11
Unipol Reoco Spa	086 Italy	Bologna		G	11
Fondo Opportunity	086 Italy			G	10
UnipolPart Spa in Liquidazione	086 Italy	Bologna		G	9
UnipolReC Spa	086 Italy	Bologna		G	11
UnipolPart I Spa	086 Italy	Bologna		G	9

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

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

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

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

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

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

% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	% Consolidation
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	99.57% Nuove Iniziative Toscane - Societa' a Responsabilita' Limitata	79.71%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% Gruppo UNA Spa	80.05%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	51.67% UnipolSai Assicurazioni Spa	41.36%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	95.00% UnipolSai Assicurazioni Spa	76.05%		100.00%
	0.68% Unipol Banca Spa 64.72% UnipolSai Assicurazioni Spa 24.19% Tikal R.E. Fund	70.83%		100.00%
100.00%		100.00%		100.00%
	Unipol Banca Spa			100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
	65.00% UnipolSai Finance Spa	52.03%		100.00%
	100.00% UnipolReC Spa	91.57%		100.00%
	100.00% UnipolSai Assicurazioni Spa	80.05%		100.00%
100.00%		100.00%		100.00%
57.75%		91.57%		100.00%
	42.25% UnipolSai Assicurazioni Spa			
100.00%		100.00%		100.00%

## 4 Tables appended to the Notes to the Financial Statements

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

Amounts in €m

Name	% non-controlling interests	% Votes available at Ordinary General Meetings to non-controlling interests	Consolidated profit (loss) attributable to non-controlling interests	Shareholders' Equity attributable to non-controlling interests
UnipolSai Assicurazioni Spa	19.95%		68.1	1,219.0

### Details of unconsolidated investments

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

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

(2) a=subsidiaries (IFRS10); b= associates (IAS28); c=joint ventures (IFRS11). Please mark with an asterisk (\*) any companies classified as held for sale pursuant to IFRS 5 and add the key below the statement.

(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
54,460.3	48,687.5	43,124.3	3,656.7	6,111.1	346.9	92.7	4,874.6

Type (2)	% Direct holding	% Indirect holding	% Total participating interest (3)	% Votes available at ordinary General Meetings (4)	Carrying amount (€m)
b		49.00% UnipolSai Assicurazioni Spa	39.23%		
b		43.75% UnipolSai Finance Spa	35.03%		6.8
b		49.19% UnipolSai Finance Spa	39.38%		8.5
a		100.00% UnipolSai Assicurazioni Spa	80.05%		0.3
b		0.0002% Compagnia Assicuratrice Linear Spa 0.01% Arca Assicurazioni Spa 37.65% UnipolSai Assicurazioni Spa 0.002% Incontra Assicurazioni Spa 0.09% Siat-Societa' Italiana Assicurazioni e Riassicurazioni - per Azioni	30.22%		0.2
b		46.77% UnipolSai Finance Spa	37.44%		1.3
b		45.00% UnipolSai Finance Spa	36.02%		5.5
b		42.85% Unipol Banca Spa	39.24%		2.6
b		49.92% Unipol Banca Spa	45.71%		5.0
b		50.00% UnipolSai Finance Spa	40.03%		5.9
b		50.00% UnipolSai Finance Spa	40.03%		6.3
b		32.00% UnipolSai Assicurazioni Spa	25.62%		3.6
b		29.56% UnipolSai Assicurazioni Spa	23.66%		
b		28.57% UnipolSai Assicurazioni Spa	22.87%		32.9
a		100.00% Ddor Novi Sad	80.05%		0.0
b		23.55% UnipolSai Assicurazioni Spa	18.85%		2.4
b		32.46% Ddor Novi Sad 7.54% Ddor Re	32.02%		0.6
b		44.93% UnipolSai Assicurazioni Spa	35.97%		0.3
b		28.57% UnipolSai Assicurazioni Spa	22.87%		0.0
b		20.00% UnipolSai Assicurazioni Spa	16.01%		0.2
b		24.66% UnipolSai Assicurazioni Spa	19.74%		
b		40.32% Gruppo UNA Spa	32.28%		0.8

## 4 Tables appended to the Notes to the Financial Statements

### Statement of financial position by business segment

	Non-Life business		Life business		
	30/6/2018	31/12/2017	30/6/2018	31/12/2017	
<i>Amounts in €m</i>					
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>1,439.4</b>	<b>1,457.4</b>	<b>486.0</b>	<b>497.0</b>
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>984.0</b>	<b>934.8</b>	<b>75.9</b>	<b>74.9</b>
<b>3</b>	<b>TECHNICAL PROVISIONS - REINSURERS' SHARE</b>	<b>842.5</b>	<b>813.9</b>	<b>61.2</b>	<b>60.6</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>15,170.0</b>	<b>15,266.5</b>	<b>41,439.6</b>	<b>41,593.9</b>
4.1	Investment property	1,566.0	1,606.1	4.4	4.4
4.2	Investments in subsidiaries, associates and interests in joint ventures	71.2	78.5	3.6	3.7
4.3	Held-to-maturity investments	54.3	53.5	433.9	486.1
4.4	Loans and receivables	1,963.6	1,828.0	2,581.2	2,878.2
4.4bis	Financial assets at amortised cost				
4.5	Available-for-sale financial assets	11,411.7	11,569.5	32,065.3	32,108.6
4.5bis	Available-for-sale financial assets				
4.6	Financial assets at fair value through OCI	103.3	130.9	6,351.1	6,112.8
<b>5</b>	<b>SUNDRY RECEIVABLES</b>	<b>1,736.0</b>	<b>2,165.1</b>	<b>515.4</b>	<b>558.2</b>
<b>6</b>	<b>OTHER ASSETS</b>	<b>922.9</b>	<b>845.2</b>	<b>118.3</b>	<b>10,558.6</b>
6.1	Deferred acquisition costs	42.3	30.5	53.9	54.6
6.2	Other assets	880.6	814.7	64.3	10,504.0
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>336.7</b>	<b>405.3</b>	<b>939.9</b>	<b>1,022.0</b>
	<b>TOTAL ASSETS</b>	<b>21,431.6</b>	<b>21,888.3</b>	<b>43,636.4</b>	<b>54,365.3</b>
<b>1</b>	<b>SHAREHOLDERS' EQUITY</b>				
<b>2</b>	<b>PROVISIONS</b>	<b>346.7</b>	<b>352.9</b>	<b>17.6</b>	<b>18.1</b>
<b>3</b>	<b>TECHNICAL PROVISIONS</b>	<b>15,314.2</b>	<b>15,461.0</b>	<b>37,398.4</b>	<b>37,965.8</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>1,601.7</b>	<b>1,510.5</b>	<b>3,502.6</b>	<b>3,183.0</b>
4.1	Financial liabilities at fair value through profit or loss	104.9	42.5	2,600.6	2,446.3
4.2	Financial liabilities at amortised cost	1,496.8	1,468.1	902.0	736.8
<b>5</b>	<b>PAYABLES</b>	<b>688.8</b>	<b>785.5</b>	<b>100.6</b>	<b>151.5</b>
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>607.9</b>	<b>692.7</b>	<b>137.0</b>	<b>10,223.9</b>
	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>				

Banks		Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
30/6/2018	31/12/2017	30/6/2018	31/12/2017	30/6/2018	31/12/2017	30/6/2018	31/12/2017	30/6/2018	31/12/2017
6.9	7.8	14.2	14.6	0.1	0.2		(0.2)	1,946.7	1,976.9
13.4	38.5	205.8	206.9	611.9	616.8		0.2	1,891.1	1,872.1
								903.7	874.5
11,204.5	13,166.9	1,295.1	86.9	451.2	556.4	(1,410.5)	(1,272.9)	68,149.7	69,397.7
26.1	1.0	34.2	33.1	442.2	554.4			2,072.8	2,199.1
7.7	7.3	0.8	0.8					83.3	90.3
	324.7							488.2	864.2
	12,039.9	0.5	35.6	9.0	2.0	(493.6)	(1,266.2)	4,060.6	15,517.5
10,013.6		518.2				(910.3)		9,621.5	
	793.5	0.0	17.3	0.0	0.0	(6.6)	(6.7)	43,470.4	44,482.3
1,097.6		715.9						1,813.6	
59.4	0.7	25.4						6,539.2	6,244.3
103.7	85.3	225.7	270.9	16.6	15.9	(178.6)	(241.2)	2,418.8	2,854.3
835.5	587.3	565.6	563.8	127.6	42.4	(231.7)	(231.3)	2,338.2	12,366.0
								96.2	85.0
835.5	587.3	565.6	563.8	127.6	42.4	(231.7)	(231.3)	2,242.0	12,281.0
82.4	99.8	699.5	1,504.4	97.0	106.9	(1,666.6)	(2,507.0)	489.0	631.5
12,246.3	13,985.7	3,005.8	2,647.5	1,304.5	1,338.6	(3,487.4)	(4,252.4)	78,137.2	89,972.9
								6,691.6	7,453.0
75.8	74.7	9.4	9.6	5.0	5.0			454.5	460.3
								52,712.6	53,426.8
10,713.1	12,446.5	2,237.9	2,120.5	328.3	327.9	(2,560.1)	(3,188.7)	15,823.4	16,399.7
0.0	0.0							2,705.6	2,488.7
10,713.1	12,446.5	2,237.9	2,120.5	328.3	327.9	(2,560.1)	(3,188.7)	13,117.8	13,911.0
245.6	67.2	848.3	806.3	34.3	37.0	(879.2)	(939.2)	1,038.4	908.4
682.7	499.1	24.7	20.4	12.5	12.9	(48.1)	(124.5)	1,416.6	11,324.6
								78,137.2	89,972.9

## 4 Tables appended to the Notes to the Financial Statements

### Income statement by business segment

	Non-Life business		Life business	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	<i>Amounts in €m</i>			
1.1 Net premiums	3,750.7	3,727.4	1,954.7	1,962.1
<i>1.1.1 Gross premiums earned</i>	<i>3,948.7</i>	<i>3,920.1</i>	<i>1,965.4</i>	<i>1,972.6</i>
<i>1.1.2 Earned premiums ceded to reinsurers</i>	<i>(198.0)</i>	<i>(192.8)</i>	<i>(10.8)</i>	<i>(10.5)</i>
1.2 Commission income	3.1	2.9	18.6	23.9
1.3 Gains and losses on financial instruments at fair value through profit or loss	(44.8)	21.7	(66.9)	95.5
1.4 Gains on investments in subsidiaries, associates and interests in joint ventures	6.2	2.7	305.9	0.0
1.5 Gains on other financial instruments and investment property	322.4	407.9	801.1	809.8
1.6 Other revenue	188.8	166.6	30.0	30.4
<b>TOTAL REVENUE AND INCOME</b>	<b>4,226.4</b>	<b>4,329.3</b>	<b>3,043.4</b>	<b>2,921.8</b>
2.1 Net charges relating to claims	(2,451.3)	(2,487.0)	(2,271.8)	(2,373.2)
<i>2.1.1 Amounts paid and changes in technical provisions</i>	<i>(2,525.1)</i>	<i>(2,571.4)</i>	<i>(2,279.5)</i>	<i>(2,383.3)</i>
<i>2.1.2 Reinsurers' share</i>	<i>73.8</i>	<i>84.4</i>	<i>7.7</i>	<i>10.1</i>
2.2 Commission expenses	(4.4)	(3.1)	(8.4)	(10.8)
2.3 Losses on investments in subsidiaries, associates and interests in joint ventures	(0.3)	(0.5)	(0.2)	
2.4 Losses on other financial instruments and investment property	(66.9)	(107.6)	(42.7)	(105.3)
2.5 Operating expenses	(1,058.0)	(1,064.6)	(127.4)	(142.2)
2.6 Other costs	(316.4)	(298.8)	(70.4)	(78.6)
<b>2 TOTAL COSTS AND EXPENSES</b>	<b>(3,897.3)</b>	<b>(3,961.5)</b>	<b>(2,520.8)</b>	<b>(2,710.0)</b>
<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>329.1</b>	<b>367.8</b>	<b>522.6</b>	<b>211.8</b>

Banks		Holding and Other businesses		Real Estate		Intersegment eliminations		Total	
30/6/2018	30/6/2017	30/6/2018	30/6/2017	30/6/2018	30/6/2017	30/6/2018	30/6/2017	30/6/2018	30/6/2017
								5,705.4	5,689.4
								5,914.1	5,892.7
								(208.7)	(203.3)
90.2	86.8	3.8	12.5			(31.6)	(43.1)	84.1	83.1
(3.7)	(2.1)	(1.6)	0.5			0.1		(116.8)	115.6
0.5	0.2	(0.0)						312.5	3.0
177.7	165.3	26.8	4.4	12.5	15.5	(47.8)	(36.8)	1,292.7	1,366.1
19.6	14.6	107.2	105.0	18.3	14.4	(49.5)	(60.7)	314.3	270.4
<b>284.2</b>	<b>264.8</b>	<b>136.1</b>	<b>122.4</b>	<b>30.8</b>	<b>29.9</b>	<b>(128.7)</b>	<b>(140.6)</b>	<b>7,592.2</b>	<b>7,527.6</b>
								(4,723.1)	(4,860.1)
								(4,804.6)	(4,954.7)
								81.5	94.5
(10.7)	(23.7)	(0.1)	(0.0)	(0.0)	(0.0)	3.2	15.6	(20.4)	(22.0)
(0.0)	(0.0)		(0.0)					(0.5)	(0.5)
(91.1)	(1,013.7)	(56.2)	(29.2)	(50.3)	(18.3)	12.2	(100.8)	(295.0)	(1,375.0)
(154.8)	(153.1)	(60.6)	(56.1)	(10.8)	(6.0)	66.5	70.1	(1,345.1)	(1,351.7)
(9.8)	(13.9)	(72.1)	(176.5)	(17.2)	(22.2)	46.8	155.7	(439.1)	(434.3)
<b>(266.4)</b>	<b>(1,204.4)</b>	<b>(189.0)</b>	<b>(261.9)</b>	<b>(78.4)</b>	<b>(46.5)</b>	<b>128.7</b>	<b>140.6</b>	<b>(6,823.2)</b>	<b>(8,043.6)</b>
17.7	(939.6)	(52.9)	(139.5)	(47.5)	(16.6)			769.0	(516.0)

## 4 Tables appended to the Notes to the Financial Statements

### Details of technical insurance items

Amounts in €m	30/6/2018			30/6/2017		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
<b>Non-Life business</b>						
<b>NET PREMIUMS</b>	<b>3,948.7</b>	<b>(198.0)</b>	<b>3,750.7</b>	<b>3,920.1</b>	<b>(192.8)</b>	<b>3,727.4</b>
a Written premiums	4,141.0	(241.1)	3,900.0	4,088.2	(239.9)	3,848.3
b Change in premium provision	(192.3)	43.1	(149.2)	(168.0)	47.1	(120.9)
<b>NET CHARGES RELATING TO CLAIMS</b>	<b>(2,525.1)</b>	<b>73.8</b>	<b>(2,451.3)</b>	<b>(2,571.4)</b>	<b>84.4</b>	<b>(2,487.0)</b>
a Amounts paid	(2,898.7)	93.5	(2,805.2)	(2,773.5)	65.3	(2,708.3)
b Change in claims provision	335.9	(12.8)	323.0	150.6	23.7	174.3
c Change in recoveries	38.5	(6.9)	31.5	52.3	(4.6)	47.8
d Change in other technical provisions	(0.8)		(0.8)	(0.8)		(0.8)
<b>Life business</b>						
<b>NET PREMIUMS</b>	<b>1,965.4</b>	<b>(10.8)</b>	<b>1,954.7</b>	<b>1,972.6</b>	<b>(10.5)</b>	<b>1,962.1</b>
<b>NET CHARGES RELATING TO CLAIMS</b>	<b>(2,279.5)</b>	<b>7.7</b>	<b>(2,271.8)</b>	<b>(2,383.3)</b>	<b>10.1</b>	<b>(2,373.2)</b>
a Amounts paid	(2,223.3)	7.1	(2,216.2)	(2,497.0)	9.3	(2,487.7)
b Change in provision for amounts payable	61.0	0.2	61.2	94.6	1.0	95.6
c Change in mathematical provisions	(238.4)	0.0	(238.4)	19.0	(0.6)	18.4
d Change in technical provisions where the investment risk is borne by policyholders and arising from pension fund management	179.7		179.7	6.2		6.2
e Change in other technical provisions	(58.5)	0.4	(58.1)	(6.0)	0.4	(5.6)

### Investment income and charges

Amounts in €m	Interests	Other income	Other charges	Realised gains	Realised losses
	<b>Balance on investments</b>	<b>922.1</b>	<b>164.8</b>	<b>(113.9)</b>	<b>628.5</b>
a Arising from investment property		28.5	(13.6)	12.2	(2.9)
b Arising from investments in subsidiaries, associates and interests in joint ventures		3.3	(0.4)	309.3	(0.0)
c Arising from held-to-maturity investments	11.3		(0.0)		
d Arising from loans and receivables	67.8		(0.0)	0.7	(0.0)
e Arising from financial assets at amortised cost	96.5			19.6	(12.1)
f Arising from available-for-sale financial assets	705.1	58.5	(2.8)	239.0	(33.6)
g Arising from financial assets at fair value through OCI	8.6	2.3		7.7	(1.1)
h Arising from held-for-trading financial assets	2.2	45.9	(62.5)	10.1	(23.6)
i Arising from financial assets at fair value through profit or loss	30.5	25.4	(34.5)	26.9	(13.0)
l Arising from financial assets mandatorily at fair value	0.1	0.9	(0.2)	3.0	(3.8)
<b>Balance on sundry receivables</b>	<b>1.2</b>				
<b>Balance on cash and cash equivalents</b>	<b>0.4</b>		<b>(0.0)</b>		
<b>Balance on financial liabilities</b>	<b>(107.5)</b>	<b>17.2</b>	<b>(5.1)</b>	<b>0.1</b>	<b>(0.4)</b>
a Arising from held-for-trading financial liabilities					
b Arising from financial liabilities at fair value		17.2	(0.0)		
c Arising from financial liabilities at amortised cost	(107.5)		(5.1)	0.1	(0.4)
<b>Balance on payables</b>	<b>(6.2)</b>		<b>(0.1)</b>		
<b>Total</b>	<b>810.0</b>	<b>182.0</b>	<b>(119.0)</b>	<b>628.6</b>	<b>(90.5)</b>

Total realised gains and losses	Unrealised gains		Unrealised losses		Total unrealised gains and losses	Total gains and losses 30/6/2018	Total gains and losses 30/6/2017
	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment			
<b>1,511.5</b>	<b>95.5</b>	<b>4.5</b>	<b>(280.9)</b>	<b>(47.7)</b>	<b>(228.6)</b>	<b>1,282.9</b>	<b>248.8</b>
24.3			(16.2)	(38.4)	(54.6)	(30.3)	8.0
312.1				(0.0)	(0.0)	312.1	2.5
11.3						11.3	26.0
68.4	28.8	0.0			28.8	97.3	(857.0)
104.0		4.5	(45.8)	(4.1)	(45.4)	58.6	
966.3				(4.0)	(4.0)	962.2	913.5
17.4	0.0			(1.2)	(1.2)	16.2	
(27.8)	20.4		(44.1)		(23.8)	(51.5)	34.9
35.4	45.9		(168.8)		(122.9)	(87.4)	120.9
0.1	0.4		(6.0)		(5.6)	(5.5)	
<b>1.2</b>						<b>1.2</b>	<b>4.1</b>
<b>0.4</b>						<b>0.4</b>	<b>0.2</b>
<b>(95.7)</b>	<b>10.7</b>		<b>(0.2)</b>		<b>10.4</b>	<b>(85.3)</b>	<b>(140.9)</b>
							(1.0)
17.2	10.7		(0.2)		10.4	27.6	(39.1)
(112.9)	0.0		(0.0)		(0.0)	(112.9)	(100.8)
<b>(6.2)</b>						<b>(6.2)</b>	<b>(2.9)</b>
<b>1,411.1</b>	<b>106.2</b>	<b>4.5</b>	<b>(281.1)</b>	<b>(47.7)</b>	<b>(218.1)</b>	<b>1,193.0</b>	<b>109.2</b>

## 4 Tables appended to the Notes to the Financial Statements

### Details of insurance business expenses

<i>Amounts in €m</i>	Non-Life business		Life business	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
<b>Gross commissions and other acquisition costs</b>	<b>(894.2)</b>	<b>(910.6)</b>	<b>(56.3)</b>	<b>(62.4)</b>
a Acquisition commissions	(633.5)	(660.5)	(30.3)	(35.5)
b Other acquisition costs	(180.4)	(173.4)	(21.4)	(24.5)
c Change in deferred acquisition costs	2.7	3.0	(1.3)	1.4
d Collection commissions	(83.0)	(79.8)	(3.4)	(3.7)
<b>Commissions and profit-sharing received from insurers</b>	<b>66.7</b>	<b>77.9</b>	<b>2.2</b>	<b>1.0</b>
<b>Investment management expenses</b>	<b>(34.2)</b>	<b>(37.3)</b>	<b>(23.7)</b>	<b>(23.8)</b>
<b>Other administrative expenses</b>	<b>(196.4)</b>	<b>(194.6)</b>	<b>(49.6)</b>	<b>(57.0)</b>
<b>Total</b>	<b>(1,058.0)</b>	<b>(1,064.6)</b>	<b>(127.4)</b>	<b>(142.2)</b>

### Details of other consolidated comprehensive income statement

<i>Amounts in €m</i>	Amounts allocated		Adjustments from reclassification to profit or loss	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
<b>Other income items not reclassified to profit or loss</b>	<b>(9.3)</b>	<b>3.0</b>		
Reserve deriving from changes in the shareholders' equity of the investees	(6.1)	3.7		
Revaluation reserve for intangible assets				
Revaluation reserve for property, plant and equipment				
Gains and losses on non-current assets or assets of a disposal group held for sale				
Actuarial gains and losses and adjustments relating to defined benefit plans	(1.7)	(0.7)		
Gains or losses on equity instruments at fair value through OCI	(1.5)			
Reserve deriving from variation on credit risk on financial liabilities at fair value through profit or loss				
Other items	(0.0)			
<b>Other income items reclassified to profit or loss</b>	<b>(399.4)</b>	<b>71.0</b>	<b>(205.3)</b>	<b>(87.0)</b>
Reserve for foreign currency translation differences	0.1	0.9		
Gains or losses on available-for-sale financial assets	(381.8)	63.2	(203.4)	(87.0)
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	(16.9)		(1.8)	
Gains or losses on cash flow hedges	(0.8)	6.9		
Gains or losses on hedges of a net investment in foreign operations				
Reserve deriving from changes in the shareholders' equity of the investees				
Gains and losses on non-current assets or of a disposal group held for sale				
Other items				
<b>TOTAL OTHER COMPREHENSIVE INCOME (EXPENSE)</b>	<b>(408.7)</b>	<b>74.0</b>	<b>(205.3)</b>	<b>(87.0)</b>

Other changes		Total changes		Income taxes		Balance	
30/6/2018	30/6/2017	30/6/2018	30/6/2017	30/6/2018	30/6/2017	30/6/2018	31/12/2017
(0.1)	(20.7)	(9.4)	(17.7)	0.8	0.2	(18.1)	(8.7)
(0.1)		(6.1)	3.7			13.4	19.5
	(20.7)		(20.7)				
	(0.0)	(1.7)	(0.7)	0.8	0.2	(30.0)	(28.2)
		(1.5)				(1.5)	
		(0.0)					0.0
19.6	(0.2)	(585.1)	(16.2)	261.6	7.2	375.6	960.7
		0.1	0.9			4.8	4.7
3.6	(0.2)	(581.6)	(24.0)	258.8	10.3	382.6	964.1
15.9		(2.8)		2.5		(2.8)	
		(0.8)	6.9	0.4	(3.1)	(9.0)	(8.2)
19.5	(20.9)	(594.5)	(33.9)	262.4	7.4	357.5	952.0

## 4 Tables appended to the Notes to the Financial Statements

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

Categories of financial assets subject to reclassification		Type of asset	Date of reclassification (*)	Amount of assets reclassified during the semester at the reclassification date	Carrying amount at 30/6/2018 of reclassified assets		Fair value at 30/6/2018 of reclassified assets	
					Assets reclassified during the semester	Assets reclassified up to 30/6/2018	Assets reclassified during the semester	Assets reclassified up to 30/6/2018
from	to							
At FV through profit or loss	Loans and receivables	debt securities				202.1		169.5
At FV through profit or loss	Loans and receivables	other fin. instr.						
Available-for-sale	Loans and receivables	debt securities				202.5		170.3
Available-for-sale	Loans and receivables	other fin. instr.						
At FV through profit or loss	Available-for-sale	equity instruments						
At FV through profit or loss	Available-for-sale	debt securities						
At FV through profit or loss	Available-for-sale	other fin. instr.						
At FV through profit or loss	Held-to-maturity investments	debt securities						
At FV through profit or loss	Held-to-maturity investments	other fin. instr.						
Available-for-sale	Held-to-maturity investments	debt securities						
Available-for-sale	Held-to-maturity investments	other fin. instr.						
<b>Total</b>						<b>404.7</b>		<b>339.8</b>

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

Assets reclassified during the semester		Assets reclassified up to 30/6/2018		Assets reclassified during the semester		Assets reclassified up to 30/6/2018	
Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Gains or losses recognised through profit or loss	Gains or losses recognised in the statement of other comprehensive income	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in the statement of other comprehensive income if there had been no reclassification	Profit or loss that would have been recognised through profit or loss if there had been no reclassification	Profit or loss that would have been recognised in statement of other comprehensive income if there had been no reclassification
						(19.2)	
							(14.0)
						(19.2)	(14.0)



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



## Statement on the Consolidated Financial Statements



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

1. The undersigned, Carlo Cimbri, as Chief Executive Officer, and Maurizio Castellina, as Manager in charge of financial reporting of Unipol Gruppo S.p.A., hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:
  - 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 2018.
  
2. The assessment of the adequacy of the administrative and accounting procedures for preparing the condensed consolidated half-yearly financial statements at 30 June 2018 is based on a process defined by Unipol Gruppo S.p.A., inspired by the *COSO Framework (Internal Control – Integrated Framework)*, issued by the *Committee of Sponsoring Organizations of the Treadway Commission* and, as regards the IT component, by the *COBIT Framework (Control Objectives for IT and related technology)*, unanimously recognized as the reference standards for the implementation and evaluation of internal control systems.
  
3. It is also certified that:
  - 3.1. the Condensed Consolidated Half-yearly Financial Statements at 30 June 2018:
    - were drafted in compliance with the IAS/IFRS International Accounting Standards adopted by the European Union in accordance with EC Regulation no. 1606/2002, and Italian Legislative Decree no. 38/2005, Italian Legislative Decree no. 209/2005 and the applicable IVASS provisions, regulations and circulars;
    - correspond to the book results and accounting records;
    - are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer and of the consolidated companies;
  
  - 3.2. the interim Management Report includes a reliable analysis of the references to the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim Management Report also includes a reliable analysis of the information on relevant transactions with related parties.

Bologna, 9 August 2018

Chief Executive Officer  
*Carlo Cimbri*

*(signed on the original)*

The Manager in charge of  
financial reporting  
*Maurizio Castellina*



## **6. Independent Auditors' Report**





## **Review report on condensed consolidated half-yearly financial statements**

To the Shareholders of  
Unipol Gruppo SpA

### **Condensed consolidated half-yearly financial statements as of 30 June 2018**

#### **Foreword**

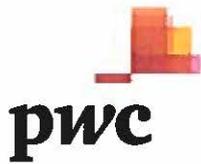
We have reviewed the accompanying condensed consolidated half-yearly financial statements of Unipol Gruppo SpA and its subsidiaries (the Unipol Group) as of 30 June 2018, comprising the statement of financial position, the income statement, the comprehensive income statement, the statement of changes 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 2018 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 Unipol Group as of 30 June 2018 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, 10 August 2018

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.**

**Unipol Gruppo S.p.A.**

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Bologna Register of Companies  
Tax and VAT No. 00284160371  
R.E.A. No. 160304

Parent of the Unipol Insurance Group  
Entered in the Register of the parent companies – No. 046

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

[unipol.it](http://unipol.it)



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