



Unipol Gruppo
Annual Report
■ 2020

Unipol GRUPPO





PROUDLY ITALIAN

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

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

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

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

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Company bodies

BOARD OF DIRECTORS	CHAIRMAN	Pierluigi Stefanini	
	VICE CHAIRMAN	Ernesto Dalle Rive	
	CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER	Carlo Cimbri	
	DIRECTORS	Gianmaria Balducci Mario Cifiello Roberta Datteri Patrizia De Luise Massimo Desiderio Daniele Ferrè Giuseppina Gualtieri Pier Luigi Morara	Antonietta Mundo Milo Pacchioni Maria Antonietta Pasquariello Roberto Pittalis Annamaria Trovò Adriano Turrini Rossana Zambelli Carlo Zini
	SECRETARY OF THE BOARD OF DIRECTORS	Fulvia Pirini	
BOARD OF STATUTORY AUDITORS	CHAIRMAN	Mario Civetta	
	STATUTORY AUDITORS	Silvia Bocci Roberto Chiusoli	
	ALTERNATE AUDITORS	Massimo Gatto Rossella Porfido	
MANAGER IN CHARGE OF FINANCIAL REPORTING	Maurizio Castellina		
INDEPENDENT AUDITORS	PricewaterhouseCoopers SpA		

Introduction

Macroeconomic background and market performance

Macroeconomic background

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

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

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

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

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

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

Financial markets

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

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

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

In 2020, the **Fed** also made its monetary policy even more expansionary in response to the pandemic crisis, returning to zero policy rates and launching a new bond purchase programme of a potentially unlimited amount and duration. These measures supported the US stock indexes, allowing the **S&P 500** to close 2020 up 16.6% compared to the end of 2019. The year 2020 also closed up for emerging market indexes: the **Morgan Stanley Emerging Markets** index rose by 15% in 2020.

Insurance Sector

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

Total premiums of the Italian direct portfolio in the **Non-Life** business (only direct business) are expected to decline in 2020 by 3.4% compared to 2019. In the **MV** sector, consisting of MV TPL, Marine Vessels TPL and Land Vehicle Hulls, premiums should be down compared to 2019 (-5.2%). In the same period, MV TPL + Marine Vessels TPL premiums should decline by 6.2%, while Land Vehicle Hulls should be down by 0.9%. According to ANIA data, in 2020 the average premium in the MV TPL business saw a decrease of 3.8% compared to 2019, to €335. The ISTAT index for MV TPL prices, the value of which reflects the price lists and not those actually applied by companies, instead recorded a 0.8% decline in 2020.

Non-MV Non-Life premiums should decline by 1.8% in 2020 compared to 2019. The Healthcare segment should fall by 4.1%, due to the strong decline in Health (-4.9%) and the more limited decrease in Accident (-3.3%). The Property class should be down slightly (-1.4%) thanks to the good stability of Other Damage to Property (+1.2%) and the Fire class (+0.5%). Other Non-Life premiums should instead rise by 2.3% thanks to the increase in Transport (+6.6%), Legal Expenses (+4.7%) and Credit (+3.6%), while General TPL is expected to decline by 0.6%.

In the **MV** sector, the negative trend for the **agency channel** should continue in 2020, with premiums down by 5.0% compared to 2019 and an overall weight of 82.7% on total premiums, against a decrease in premiums in the **Direct channel** (-4.5%), the **Brokers channel** (-6.5%) and the **banking channel** (-8.4%). For the **Non-MV** classes, premiums for the **agency channel** are expected to decline by 1.9%, whilst those from **direct sales** should increase (+4.9%) against a decline in premiums for the **banking channel** (-6.8%) and the **Brokers channel** (-1.1%).

Life segment premiums (only direct business) decreased in 2020 by 4.4% compared to 2019, due especially to the significant decline in Class I premiums (-9.4%) and Class V premiums (-24.1%). Growth continued, however, for Class III (+6.2%), Class IV (+21.7%) and Class VI (+39.2%).

In 2020, the **agency channel** in the Life segment was down by 3.2%, with an overall weight of 14.6% on total premiums. The **Consultants and Banks channels** were also down, by 4.7% and 6.6%, respectively, compared to 2019, accounting for 72.8% of total premiums, whilst the **Direct** and **Brokers** channels rose by 6.5%.

Pension funds

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

Pension asset management, with net income of roughly +€1.5bn, contributed positively for 10.5% to total net income. After an initial negative quarter (-€0.5bn), net **pension fund** income was positive throughout 2020: it made positive

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contributions in the second (+0.6bn), third (+0.7bn) and fourth (+0.8bn) quarters. Asset management referring to pension funds (pension funds and individual pension plans) therefore amounted to €108bn at the end of 2020, equal to 4.5% of total assets under management, up 7.6% on 2019.

In 2020, existing positions with pension funds increased by 236k compared to the end of 2019. The annual increase of 2.6% was however more limited than in the previous two-year period (+4.4% in 2019 and +5.3% in 2018). In December 2020, there were therefore 9.353m existing positions, of which 72.1% held by employees. As certain individuals participate simultaneously in multiple pension schemes, this number of existing positions corresponds to around 8.480m enrollees (+2.6%).

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

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

Real Estate market

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

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

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

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

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

Main regulatory developments

Relevant regulations for the insurance sector

As regards prudential insurance regulations, the **Solvency II** Directive was amended by Directive (EU) 2019/2177 of 18 December 2019 (transposed in Italy by **Decree Law no. 18 of 17 March 2020**), which introduces corrections to the function of the national component of the **Volatility Adjustment**. Specifically, the limit for triggering the national components of the volatility adjustment was lowered (from 100 to 85 basis points). As a result of this calibration, the Volatility Adjustment should trigger more frequently, allowing stronger stabilisation of insurance companies' own funds when faced with market turbulence.

On the same issue, the **EIOPA Opinion on the Solvency II review** was published on 17 December 2020, in response to the request for advice issued by the European Commission. The main amendments suggested by EIOPA refer to: (i) a review of the long-term guarantees and changes to the Volatility Adjustment, both in terms of currency and national components, with effects on the discount rates for insurance liabilities; (ii) removal of the zero lower bound from the interest rate risk module, which would call for calculation of the impact on solvency of scenarios affected by strongly negative interest rates; (iii) introduction of a macro-prudential framework with the aim of requiring additional capital buffers for the insurance sector in order to overcome systemic shocks and the introduction of crisis management tools, such as resolution mechanisms or insurance guarantee schemes.

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

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

On 27 January 2021, IVASS also issued Measure no. 108 on amendments to Regulation no. 43 of 12 February 2019, which implement the further extension of the regulation to include 2020. In detail, the option extended is that allowing businesses preparing financial statements according to Italian GAAP to apply an extraordinary exception to provisions of the Italian Civil Code regarding the measurement criteria for securities not held as long term among their assets. Entities closing 2020 with a capital loss on short-term securities held in the portfolio can use the value recognised in the 2019 financial statements or, for securities not held at 31 December 2019, can measure them at acquisition cost. However, this option does not refer to impairment losses.

Other regulations

In relation to **sustainable finance**, note the issue of **Regulation (EU) no. 2020/852 of 22 June 2020** (the "**Taxonomy Regulation**") which establishes an EU-level classification system (the first in the world) to provide the public with a common taxonomy of economic activities considered eco-sustainable. The regulatory framework is based on six

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precisely identified environmental goals and allows an economic activity to be classified as sustainable from an environmental point of view if it contributes to at least one of these goals, satisfies the technical criteria defined by the European Commission and does not significantly harm the others. The Taxonomy Regulation entered into force on 12 July 2020, whilst the Delegated Acts relating to the technical criteria for the climate change mitigation and adaptation goals (the first two of the 6 environmental goals) will apply from 1 January 2022. The Delegated Acts relating to the technical criteria for the remaining 4 goals should be adopted by 31 December 2021 and will apply from 1 January 2023.

Lastly, on 10 March 2021 **Regulation (EU) no. 2019/2088 of 27 November 2019** (the **Disclosure Regulation**) will enter into force, imposing transparency obligations on financial market operators in relation to the methods for integrating ESG (Environment, Social and Governance) factors into investment activities and internal processes. For the insurance sector, the integration of pre-contractual and periodic disclosures of insurance-based investment products (IBIPs) is envisaged in order to ensure transparency of the potential impact of environmental or social changes on product yields and of the sectors in which income relating to individual products sold is invested (separating products investing in green sectors from national products). In addition, financial market operators are required to publish on their websites the effects of decisions to make corporate investments in environmental or social matters, as well as the remuneration policies of the business in relation to the integration of sustainability risks.

Tax regulations

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

These refer in particular to the following Decrees, later converted to law:

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

The provisions of interest to the Company include:

- the Relaunch Decree, which introduced the "*110% Superbonus*" subsidy designed to stimulate energy and anti-seismic improvements to buildings by increasing the deductions on certain works to 110%, with the option of transforming the tax deductions into a discount on the price and/or tax credit transferable to other parties, including banks, insurance companies and other financial intermediaries. It is envisaged only for incentivised anti-seismic improvement works where the credit is transferred to an insurance company and a policy is simultaneously taken out to cover the risk of catastrophic events and the premium paid is 90% deductible.
- The provisions of the August Decree introduced the option for OIC adopters to revalue business assets held at 31 December 2019 in their 2020 financial statements, even separately for each asset without the restriction of standardised categories, envisaging a reduced substitute tax at the single rate of 3% if the transaction was significant for tax purposes. The option is also envisaged for OIC and IAS adopters of realigning, by paying a 3% substitute tax, the value differences existing where carrying amounts are higher than the tax values on "revaluable" assets. These are mainly misalignments referring to extraordinary transactions.

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

- extension until 30 June 2022 (in some cases up to 31 December 2022) of the "*110% Superbonus*" deduction introduced by the Relaunch Decree, extending the subsidised works, beneficiaries and provisions allowing credit transfer and a discount in the invoice;
- extension of the tax deductions on energy renovation works, recovery of building assets and those relating to the "*facades bonus*" also for 2021;
- expansion of the revaluation and realignment introduced by the Relaunch Decree, extending the option to align lower tax values of goodwill and other intangible assets by payment of a 3% substitute tax;

- introduction of a tax credit for losses deriving from specific long-term savings plans (PIR PMI) established from 1 January 2021 and usable by subscribers in 10 equal amounts per year.

In 2020, no significant changes occurred in the series of national accounting standards issued by the OIC (Italian Accounting Standards Setter) of interest to the business sectors of Unipol and its subsidiaries.





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MANAGEMENT
REPORT

Share performance

Information on share performance

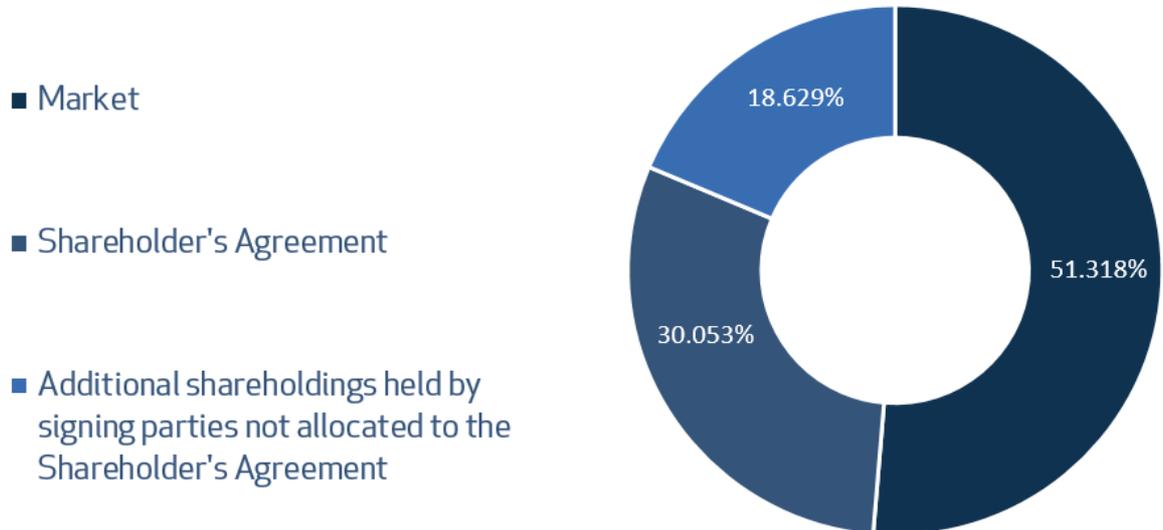
At the end of December 2020 the official price of the Unipol share was €3.91, in the last 12 months recording a decrease of 23.5% against a decrease in the FTSE Italia All-share index of 5.6%.

Capitalisation values

Total capitalisation was €2,805m at the end of December 2020 (€3,668m at 31/12/2019).

Shareholding structure

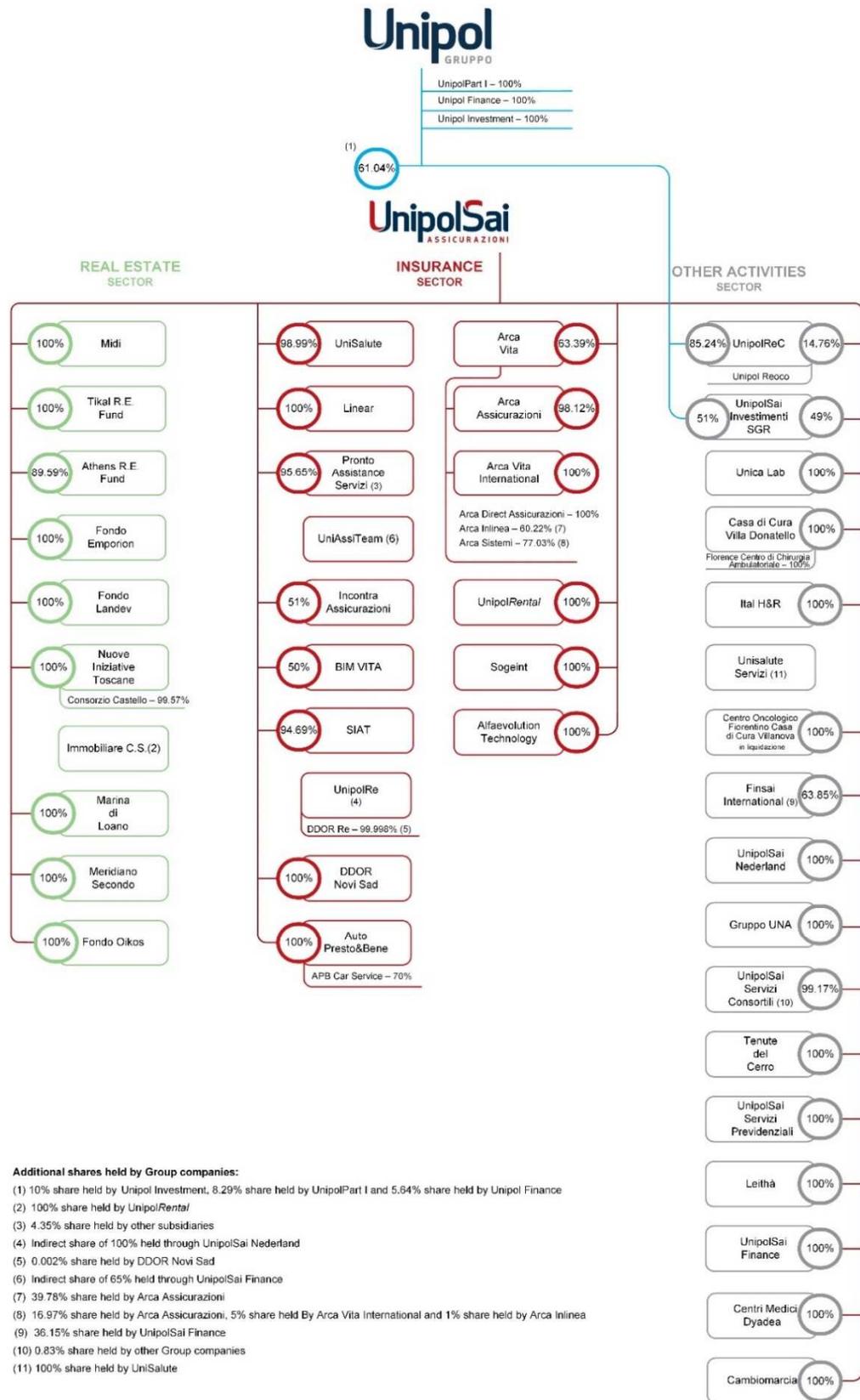
The shareholding structure at 31 December 2020 is shown in the chart below:



As then rendered public according to current legislation, 16 beneficiary companies signed a shareholders' agreement relating to Unipol Gruppo. That agreement, which was renewed on 15 December 2020, regarded 215,621,214 ordinary shares, representing 30.053% of the share capital of Unipol Gruppo.

Group structure at 31 December 2020

(direct holding out of total share capital)



Management Report

COVID-19 - Impacts and initiatives of the Group

2020 was characterised by the progressive spread of the COVID-19 pandemic, which initially arose in China at the end of 2019 and then spread globally, becoming a pandemic, in the early months of 2020, with significant repercussions on global economic and financial market trends. Subsequent action by the central banks, which announced monetary policies due to remain strongly expansive in the long term and Recovery Fund initiatives, including non-repayable subsidies, to encourage economic recovery, then allowed the financial markets to recover.

A disclosure is provided below, also in compliance with the recommendations of Consob laid out in the informational notes no. 6/20 of 9 April 2020, no. 8/20 of 16 July 2020 and no. 1/21 of 16 February 2021, concerning the disclosure required in reference to specific topics and relating to consequences of the COVID-19 pandemic (hereinafter, also the **"Consob informational notes"**), concerning the effects on operations and the initiatives enacted by the Unipol Group to deal with the emergency.

The spread of the COVID-19 pandemic in Italy from the end of February 2020, and the lockdown period that followed with the aim of combating it, immediately triggered a considerable decline in premiums collected, despite these never having caused particular difficulties in terms of cash flow management, considering the liquidability of our investments and the level of liquidity normally held, for this situation also prudently increased. After the end of the first lockdown there was a rapid recovery in collections, whereas the effects of the second wave, with new selective lockdowns introduced from November 2020 at regional level, less pervasive than the previous lockdown in the spring, did not have significant effects on premiums collected and on the activities of our sales networks. The Group's financial investments were therefore managed normally, obtaining significant gross portfolio profitability of 2.9%. During the year, also as a result of trends recorded on the financial markets in the initial spread of the pandemic and their repercussions on Group solvency levels and with a view to reducing Solvency ratio volatility, the asset allocation was significantly reviewed, decreasing the percentage of Italian government securities held in the portfolio from 50.1% to 42.2% and selling part of the investments subject to equity risk in favour of "core Europe" government securities, high-rating corporate bonds and real assets.

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

In a context strongly influenced by the effects of the pandemic, the year-end valuations of technical provisions involved maintaining strong prudential margins as shock absorbers against any future repercussions, not yet known, on the global insurance guarantees provided by the Group. Despite this, in terms of Non-Life technical results, the year closed with a Combined Ratio, net of reinsurance, that had improved by more than 7 points compared to the previous year, due to the limitation of claims, particularly in the MV TPL segment, recorded in the two lockdown periods.

The improvement in the Combined Ratio can also be attributed to the decline in overhead costs, particularly for personnel, due to the trade union agreements which, against reduced company operations, permitted the use of back holidays and recourse to the Inter-Sector Fund. There were also lower costs due to the suspension of overtime, travel and employee training in the classroom. On the other hand, expenses increased (roughly €20m) due to increasingly intensive sanitisation and cleaning of the offices and the costs/investments linked to the IT equipment, allowing access to smart working for all the Group's personnel (remotely or from home).

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

Overall, therefore, the performance achieved by the Group in the insurance business is considered rather satisfactory, demonstrating substantial resilience and response capacity to the difficulties of the year just ended.

With reference to other businesses of the Group, the most significant effects were seen for the company Gruppo UNA, active in the hotel sector, on which the COVID-19 pandemic had a very significant impact. Already at the end of February, the company closed the majority of its hotels (27 out of a total of 31) concentrated in major Italian cities and in some tourist areas, and made recourse to the Salary Integrity Fund for all office and hotel employees. Selective re-openings were arranged during the summer, but very quickly - when the second wave arrived - most of the facilities were closed again. The company consequently recorded a 73% drop in turnover and, despite the cost containment action promptly taken, recorded a loss of earnings of around €23m.

The other Group companies, active in other types of businesses and moreover with sizes that are not particularly relevant within the Group, did not record significant impacts in terms of the Income Statement for the period.

In drafting the Financial Statements at 31 December 2020, appropriate analyses were conducted to carefully consider what is laid out in the Consob informational notes, particularly with regard to the identification of any impacts, due to risks and uncertainties linked to COVID-19, on the going concern assumption, strategic planning and plan targets.

On the basis of the long-term economic and financial projections prepared on information currently available, taking into account the nature and characteristics of the Group's businesses, it is not considered that the effects of COVID-19 can significantly jeopardise the achievement of strategic objectives disclosed to the market and/or compromise going concern.

The Group continues its careful and constant monitoring of the liquidity and solvency positions, made even more stringent from March 2020 given the strong volatility and uncertainty as the pandemic spread, also further to specific requests from the Supervisory Authority, to make it possible to promptly take any required risk profile optimisation measures.

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

At operating level, actions and initiatives were implemented, adapting them over time as the health emergency and related regulatory measures developed.

At the end of February 2020, an internal task force was formed, dedicated to managing the emergency through:

- initiatives for employees, subject to disclosure and dialogue with the company's insurance sector trade union representatives;
- initiatives for agents, with the creation of a permanent roundtable with the representation of agents, intended to provide support to their liquidity situation (e.g., early payment of contributions and fees, deferment of payment plans due from agents) and safety (e.g., provision of masks and sanitising gel).

As far as **employees** are concerned, a series of initiatives were promptly activated to limit the risks of contagion, including: suspension of travel and limitation of all forms of assembly; intensification of office disinfection activities, expansion of flexibility in entry and exit times, parental leave, as well as daily monitoring of the situation by the task force.

As the health emergency worsened, in March 2020 all offices throughout the country were gradually closed. At the same time, activities were launched to progressively enable smart working by employees, until reaching 6,800 UnipolSai employees (roughly 97%) and 9,300 employees of the Group (roughly 90%).

Furthermore, resources and structures for which presence at the office was required to ensure business continuity were identified, and dedicated authorisations, managed by the task force, were issued for them to guarantee the minimisation of people present at the office and respect for safety protocols.

In relation to the temporary decrease in business volumes at the beginning of the emergency period, also in order to facilitate the contractual management of employment relationships pending the large-scale implementation of smart working for employees, leave paid by the company was first recognised along with the use of holidays, and minimum sizing possibilities were then formulated to guarantee the functioning of the operating mechanism, resulting in a reduction in working days through the use by workers of holidays and the paid contractual options available, or unpaid leave jointly with leave paid by the company.

Taking into account the continuing decline in business, following the signing of dedicated trade union agreements, in the main companies applying the national insurance agreement, from 4 May to 9 August 2020 18 days of suspension from work activities were provided for, first through the use of holidays accrued and unused at 31 March 2020 and subsequently recourse to the ordinary Inter-Sector Solidarity Fund, guaranteeing full protection for wages and the correlated contributions by supplementing the allowance disbursed by the Fund.

In some of the diversified companies, like Gruppo UNA, Midi and Tenute del Cerro, based on specific trade union agreements, recourse was made to the social safety nets established for the respective sectors (FIS and CISOA, respectively), due to the temporary interruption in production activities.

Also in light of the national launch in May of "Phase 2", all analyses were performed in preparation for the potential safe reopening of the offices. To this end, a specific technical panel was set up in May within the task force and a detailed analysis was conducted on the logistics and capacity of all the Group offices and necessary action taken to make them safe (e.g., adoption of thermoscanners, purchase of personal protection equipment and sanitiser gel dispensers, definition of specific procedures and rules of conduct). In addition, the actual effectiveness of smart working was verified, therefore allowing the start-up on 13 July of a pilot return project, with alternating presence in the management offices and a limited number of local offices, involving roughly 1,500 workers. At the same time, the option was reintroduced under controlled circumstances for sales and technical personnel to travel in order to guarantee the necessary support to the Agencies.

Following the success of the pilot project, on 28 September the process of gradually returning to the office began for all Group employees, completed in the second week of October, with a system of office attendance for 2 days out of 5 and continuing to facilitate smart working in line with the national context.

From the end of October, however, as the national pandemic figures began to rise once more, the Group again decided to limit access to the workplace and enable smart working for the entire week.

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

The liquidity support actions included:

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

The actions to support operations included:

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

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

Initiatives in support of customers

- **Un Mese Per Te [One Month for You]:** as mentioned previously, considering the improved incidence of claims due to the first lockdown, UnipolSai provided its customers with a voucher worth 1/12 of the MV TPL premium paid on policies effective when the initiative was launched, which can be used when the policy is renewed, originally valid until 31 May 2021, and later extended to 31 December 2021.
- **Extension of the expiration of terms for the payment of premiums from 15 to 30 days** from the date of expiry for all Non-Life policies (MV and Non-MV). Extension to 90 days for the payment of premiums on Life policies falling due during the lockdown period.
- **Free extension to cover customers** insured with health policies with daily indemnities also following at-home quarantines after testing positive for COVID-19.
- **Medical consulting on COVID-19 24/7** through the Unisalute medical operation centre for policyholders with a health policy.
- **UniSalutePerTe:** UnipolSai decided to give its 10 million customers, even if holders of just one Home or Life policy, a UniSalute healthcare policy to cover the potential consequences of COVID-19. The initiative can be enabled via the UnipolSai app by 31 March 2021 and offers specific free healthcare coverage.

New products to protect customers

- **#Andràtuttobene:** #Andràtuttobene (Businesses) and #Andràtuttobene Premium (Retail), which include both specific coverage (e.g., daily benefits for hospitalisation, indemnity for intensive care hospitalisation) and dedicated services (including telephone assistance, video consultations and psychological support);

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

Initiatives in support of the community

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

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

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

Furthermore, in agreement with the Emilia-Romagna region, €5.5m was donated for:

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

Support was also provided to the law enforcement authorities for the efforts made to deal with the emergency, with €1m distributed equally between the Carabinieri, the State Police, the Italian Tax Police and the Fire Brigades, and €1m to Civil Protection to acquire protection equipment.

Another €1m was donated to Civil Protection for a specific initiative to support the families of doctors and healthcare workers who died as a result of the COVID-19 pandemic.

A €1m contribution was made to support initiatives to handle the emergency in the Marche Region, €0.2m was provided to the City of Turin local health authority for the acquisition of protection equipment and materials for the Intensive Care Unit at Martini Hospital and €0.3m was donated for the purchase of 15 pulmonary ventilators for hospitals located in Lombardy and Emilia-Romagna.

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

Significant events during the year

Agreement with Intesa Sanpaolo S.p.A.

On 17 February 2020, UnipolSai Assicurazioni and Unipol Gruppo, in relation:

i) to the promotion by Intesa Sanpaolo of a surprise voluntary public exchange offer on all shares of UBI Banca S.p.A. (the "PEO");

ii) to the acquisition by BPER Banca S.p.A. ("BPER"), having positively concluded the PEO, of a business unit consisting of bank branches and the assets, liabilities and legal relationships connected to them (the "Banking Business"), jointly notified the market that UnipolSai Assicurazioni had entered into an agreement with Intesa, subject to the fulfilment of specific conditions, for the subsequent acquisition, either directly or through a subsidiary, of business units linked to one or more current insurance companies invested in at the time by UBI Banca (BancAssurance Popolari S.p.A., Lombarda Vita S.p.A. and Aviva Vita S.p.A.), consisting of Life insurance policies taken out by customers in the Banking Business and the relative assets, liabilities and legal relationships (the "Insurance Businesses").

In this regard, please note that some of the conditions set forth in the agreement and referring to the acquisition have been fulfilled and specifically:

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

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

Mergers and spin-offs within the Group

As part of the transactions aimed at rationalising and simplifying the corporate structures of the Group, a deed of merger by incorporation of Pronto Assistance S.p.A. into UnipolSai was signed on 21 January 2020 (the "Merger"). The Merger took effect for legal purposes on 1 February 2020, and from 1 January 2020 for accounting and tax purposes.

Also on 21 January 2020, deeds were signed regarding (i) the global spin-off of Ambra Property S.r.l. in favour of UnipolSai, Gruppo UNA S.p.A. and Midi S.r.l., (ii) the global spin-off of Villa Ragionieri S.r.l. in favour of UnipolSai and Casa di Cura Villa Donatello S.p.A. and (iii) the partial spin-off of the latter in favour of UnipolSai. The global spin-offs became effective from 1 February 2020, effective from 1 January 2020 for accounting and tax purposes. The partial spin-off of Casa di Cura Villa Donatello took effect on 1 February 2020, effective from the same date for accounting and tax purposes.

Please note that as the transactions in question were carried out between subsidiaries, they did not have economic and financial effects at consolidated level, with the exception of possible reallocations of assets and liabilities subject to such transactions within different Group business segments.

Fitch updates the Unipol and UnipolSai ratings

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

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

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

First DBRS Morningstar rating for the Group

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

Issue compliant with the "Green Bond Framework"

On 23 September 2020, as part of its EMTN programme (Euro Medium Term Note Programme) renewed by the Unipol Board of Directors by resolution of 6 August 2020, Unipol Gruppo issued the first tranche with qualified foreign and Italian investors for €750m of a bond loan (senior, unsecured, unsubordinated and non-convertible) in "green" format in compliance with the "Green Bond Framework" defined by the Group. The second tranche for €250m was issued on 26 November 2020, reaching a total nominal value of €1bn.

In September 2020, Unipol Gruppo also promoted a voluntary offer to repurchase the senior bond, which had an original nominal value of €500m, rate of 4.375%, maturing on 5 March 2021, which subscribers accepted for a nominal value of €86m, equal to roughly 27.25% of the total nominal amount of the bond outstanding at the date on which the offer was initiated, equal to €317m.

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

In July 2020, in application of the contractual repayment plan, UnipolSai arranged repayment of the second of five annual instalments in equal amounts of €80m of the Restricted Tier 1 subordinated loan disbursed on 24 July 2003 by Mediobanca - Banca di Credito Finanziario S.p.A. for a total nominal amount of €400m, maturing on 24 July 2023. Additional annual repayments in equal amounts are planned until 2023, in order to pay off the entire subordinated loan with an original nominal value of €400m.

"Restricted Tier 1" regulatory capital issue by UnipolSai

In October 2020, the Board of Directors of UnipolSai Assicurazioni S.p.A. ("UnipolSai" or the "Company") authorised the issue by the Company of a "Restricted Tier 1" regulatory capital instrument in Euro - perpetual, non-convertible and fixed rate - for a maximum nominal amount not to exceed €500m (the "Issue" or the "RT1 Instrument"), to be placed exclusively with Italian and foreign qualified investors (with the exception of US investors) and to be listed on the Luxembourg Stock Exchange regulated market, with an issue and settlement date of 27 October 2020. The Issue, the placement of which with Italian and foreign institutional investors was completed on 20 October 2020, enabled UnipolSai to refinance its outstanding Restricted Tier 1 bonds in time, with a view to replacing them taking into account the upcoming progressive maturities, with benefits also in terms of improving the debt/capital ratio.

The RT1 Instrument is perpetual and may be called up by UnipolSai, subject to the requirements of applicable legislation in force, starting from 27 October 2030. If not called up on the first possible date, it may be called up at each interest payment date, expected to take place every six months. The RT1 Instrument is issued at par and pays a fixed coupon on a yearly basis of 6.375%. The first reset date is scheduled after 10 years, on 27 October 2030. After this date, the coupon will be fixed every five years and will be equal to the 5-year mid swap rate reported at each reset date, plus a margin of 6.744%.

The issue met with strong investor interest, confirming the solid reputation that UnipolSai and the Unipol Group enjoy in international markets. During the placement, orders in excess of €1.5bn were indeed received, covering the book by more than 3 times. More than 80% of the RT1 Instrument was placed with foreign institutional investors.

The confirmed rating of the RT1 Instrument is B1 for Moody's and B+ for Fitch.

Repayment of Tier 2 subordinated loans

In line with proactive debt management and the limitation of financial leverage, in October 2020, the UnipolSai Board of Directors also approved the exercise, in the case of a favourable outcome of the RT1 Instrument issue, of the option for early repayment of two outstanding Tier 2 issues, maturing in June 2021 (XS0130717134 - €300m outstanding) and July 2023 (XS0173649798 - €262m outstanding), with respect to which the RT1 Instrument constitutes higher quality regulatory capital. Consistent with this resolution and having obtained authorisation from the competent supervisory authorities, on 15 March 2021 UnipolSai finalised the early repayment of the Tier 2 issue maturing in 2021. At the time

UnipolSai finalised the repayment, Unipol arranged settlement, for a residual nominal value of €39m, of the outstanding loan with UnipolSai, granted at the time the latter took over the role of issuer of the loan.

Cambiomarcia S.r.l.

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

Operating performance

The Financial Statements of Unipol for the year ended 31 December 2020, hereby submitted for your review and approval, closed with **net profit of €316.3m** (€283.5m in 2019), to which dividends received from Group companies totalling €308m (€344m in 2019) made a particular contribution.

As regards Group performance in the various segments, at 31 December 2020, **direct insurance premiums**, gross of reinsurance, stood at €12,210m (€14,014m at 31/12/2019, -12.9%).

The year 2020 was significantly impacted by the consequences of the health emergency caused by the COVID-19 pandemic, which influenced both commercial activity and claims.

Within this context, **Non-Life** direct premiums amounted to €7,882m in 2020, marking a decline of 3.5% compared to the previous year, but recovering compared to interim data (€8,167m at 31/12/2019). The decline in income was also influenced by the measures adopted by the Group to protect customers, such as the initiative named #UnMesePerTe which, due to the improvement in claims caused by blocks imposed on circulation, provided UnipolSai customers with a 1/12 (one month) discount on the premium previously paid when they renewed their MV TPL policies.

MV premiums came to €3,985m, down 4.6% on 2019 data, while Non-MV premiums (€3,896m) recorded a more limited decline (-2.3%), also thanks to the marketing of specific products linked to the health emergency. The income of UnipolSai SpA was down, as it was particularly exposed to the decrease recorded in the average MV TPL premium, with Non-Life premiums at €6,772m (-3.1%). UniSalute's turnover rose to €483m (+7.7%), while Linear, the other main company of the Group, operating in the MV segment, totalled €185m in premiums, with 0.6% growth thanks to growth in its customer portfolio. SIAT, focused on the Maritime Transport segment, recorded a decline of 5.7% with premiums of €129m. In the Non-Life bancassurance segment, Arca Assicurazioni achieved turnover of €140m, +3.0% compared to the previous year, while Incontra Assicurazioni earned premiums of €84m, down significantly compared to €185m recorded at 31 December 2019.

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

The Group's combined ratio, net of reinsurance, was 87.0% (94.2% at 31/12/2019), with a loss ratio of 58.8%, against 66.3% in 2019 and an expense ratio at 28.2% of premiums for the period (27.9% at 31/12/2019). The expense ratio was up due to the increase in the incidence of commissions referring to the UnipolSai distribution network, which benefitted from the variable claims-based commissions mechanism, along with actions to support agencies put into place by the Company during the most severe phases of the lockdown.

The pre-tax profit for the Non-Life sector was €1,104m (€1,124m normalised) compared to €901m in the previous year (€810m normalised).

In the **Life business**, the Group recorded direct premiums of €4,328m in 2020, marking a decline of 26% due not only to the effects of the health emergency, but especially to the commercial policies adopted during the period in order to limit risks, as well as the comparison with 2019, when there was a high business volume, also due to the presence of one-off components. In detail, UnipolSai S.p.A. recorded direct premiums of €3,099m (-24.0%), while in the bancassurance channel, Arca Vita, along with its subsidiary Arca Vita International, had direct premiums of €1,140m (-32% compared to €1,676m in 2019).

The pre-tax result of the Life segment was €71m, against €226m in 2019 (the normalised result was €236m), down especially due to the lower contribution of financial income influenced by the realisation of some capital losses on the portfolio not covering segregated funds.

As far as **financial investment management** is concerned, after a first part of 2020 - corresponding to the most acute phase of the health emergency - when the main financial asset classes recorded impairment and extremely high peaks of volatility, the subsequent improvement in the health situation and decisive action by the Central Banks, characterised by monetary policies destined to remain highly expansionary for an extended period of time and the commitment to provide aid, including non-repayable, to favour economies (Recovery Fund) made it possible to considerably recover these values. In this context, the gross profitability of the Group's insurance financial investment portfolio maintained a yield of 2.9% of the invested assets in 2020 (3.6% at 31/12/2019, a figure influenced by significant capital gains). With a view to reducing Solvency ratio volatility, the asset allocation was significantly reviewed during the year, decreasing the percentage of Italian government securities held in the portfolio from 50.1%

to 42.2% and selling part of the investments subject to equity risk in favour of “core Europe” government securities, high-rating corporate bonds and real assets.

With reference to **real estate management**, note the completed contribution of properties owned by UnipolSai to the Tikal and Oikos funds (the units of which are 100% held by UnipolSai itself) for a total value of roughly €870m. As a result of this contribution, the value of the contributed properties was transferred from the insurance sector to the real estate sector. Other than this transaction, which had not substantial economic effect at consolidated level, there were no significant changes, whereas development continued of the property assets owned in various Italian cities in order to subsequently leverage the refurbished properties with a view to leasing or use for business purposes. Lastly, in December the notary deed for the transfer of the Torre Velasca property in Milan was signed, with accounting effects in 2021, when the conditions precedent set forth for real estate of historical/artistic interest are met.

As regards the **other sectors** in which the Group operates, the COVID-19 emergency had particularly negative repercussions in the hotel sector, with the majority of Gruppo UNA's hotels closed or opened only for brief periods, making recourse to the Salary Integrity Fund for all office and hotel employees necessary.

The UnipolReC result of €6.2m was again highly positive, whilst other Group businesses recorded largely break-even results.

As regards the **Group's Solvency ratio**, in application of the Partial Internal Model, at 31 December 2020, the ratio of own funds to capital required was 216%¹, up compared to 187% at 31 December 2019.

The Financial Statements of Unipol are audited by the independent auditors PricewaterhouseCoopers SpA (PwC), which has been appointed to audit the financial statements for the 2012-2020 period.

¹ Value calculated on the basis of the information available as of today. The definitive results will be reported to the Supervisory Authority with the timing required by regulations in force.

Salient aspects of business operations

The economic figures that best summarise the operating performance of the Company are the following:

- Gains on investments: these were €318.7m (€349.8m in 2019) and mainly represent dividends agreed and collected during the year from subsidiaries (€308m).
- Value of production: these were €15.4m (€21.4m in 2019), primarily attributable for €11.5m to the recovery of costs for personnel seconded to Group companies (€15.1m at 31/12/2019), for €2.1m to remuneration paid to Company executives holding corporate offices in other Group companies (€2.3m at 31/12/2019) and for €0.6m to services provided to other companies (€0.8 million at 31/12/2019).
- Costs of production: these were €47.4m (€92m in 2019) and included operating costs relating to ordinary operations of the holding. The decrease was linked to the presence at 31 December 2019 of expenses relating to commitments undertaken in the contract for the sale to BPER of the entire investment held in Unipol Banca of €11.1m, and provisions related to any loyalty bonuses due to key managers as defined in the Remuneration Policies of the Unipol Group for €28m.
- Other financial income/expense: these came to -€74.5m (-€20.4m at 31/12/2019). This item included primarily interest expense and other expenses on bonds issued for €78.9m (€70.1m at 31/12/2019), income on long-term securities for €0.9m (€53.1m at 31/12/2019), interest expense due to subsidiaries for €8.3m (€14.7m at 31/12/2019) and income from securities recognised under current assets for €6.6m (€10.2m at 31/12/2019).
- Value adjustments to financial assets: these were positive in the amount of €0.4m (€2.8m at 31/12/2019).
- Pre-tax profit: €212.6m (€261.5m at 31/12/2019).
- Income tax: this had a positive impact on the income statement for €103.8m (€22m at 31/12/2019). This effect refers, for €26.9m, to the benefits resulting from the remuneration of tax losses encompassed in the tax consolidation and, for €85.7m, to lower taxes for previous years attributable in particular to accurate application, when completing the 2019 tax returns, of the participation exemption.
- 2020 profit for the year: €316.3m (€283.5m at 31/12/2019).

Shareholders' Equity of the Company at 31 December 2020, including profit for the year, was €5,983.2m (€5,666.9m at 31/12/2019). In the absence of dividend distributions, the change was affected by the 2020 profit of €316.3m and the increase in the negative reserve for treasury shares in portfolio.

Asset and financial management

Property, plant and equipment and intangible assets

In 2020 the balance of property, plant and equipment and intangible assets, net of depreciation/amortisation, went from €2.2m to €1.3m, with a €0.8m decrease with respect to the previous year, due mainly to the depreciation/amortisation for the year.

The breakdown of property, plant and equipment and intangible assets and the changes on the previous year are provided in the table below.

Amounts in €m

	31/12/2020	31/12/2019	Changes	
			value	%
Property, plant and equipment				
- Plant and equipment	0.0	0.0	(0.0)	(70.1)
- Other assets	0.6	0.6	(0.0)	(6.3)
Total	0.6	0.6	(0.0)	(7.7)
Intangible assets				
- Concessions, licences, trademarks and similar rights	0.8	1.5	(0.8)	(50.6)
Total	0.8	1.5	(0.8)	(50.6)
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	1.3	2.2	(0.8)	(38.2)

For details of fixed assets, reference should be made to Annexes 4 and 5 of the Notes to the Financial Statements.

Financial fixed assets

The breakdown of financial fixed assets, with changes on the previous year, is provided in the following table:

Amounts in €m

	31/12/2020	31/12/2019	Changes	
			value	%
Financial fixed assets				
-Investments				
-Subsidiaries	7,014.4	7,014.4		
-Associates	298.1	223.3	74.8	33.5
-Other companies				
Total	7,312.5	7,237.7	74.8	1.0
-Receivables				
-Subsidiaries	103.3	133.3	(30.0)	(22.5)
-Other companies	0.0	0.0	(0.0)	(47.9)
Total	103.4	133.3	(30.0)	(22.5)
Other securities	155.1	4.9	150.2	3,081.3
TOTAL FINANCIAL FIXED ASSETS	7,570.9	7,375.9	195.1	2.6

For details of the investments, reference should be made to the table in the Notes to the Financial Statements (Annex 6).

The breakdown of investments by business segment and changes compared to the previous year was as follows:

Amounts in €m

	2020	Changes compared to 2019
Insurance	5,169.3	
Banks and financial services	668.6	74.8
Other investments	1,474.6	
	7,312.5	74.8

Investments in Banks and financial services were represented at 31 December 2020 by the investment in the associate BPER Banca and in the subsidiaries UnipolReC and UnipolSai Investimenti SGR. Other investments included Unipol Finance S.r.l., Unipol Investment S.p.A. and UnipolPart I S.p.A.

Over the year, the investments held were subject to the changes summarised below.

BPER Banca S.p.A.

In the capital increase agreed by BPER Banca as part of the UBI Banca business unit acquisition, on 23 October 2020 Unipol Gruppo fully exercised its option rights and subscribed 83,096,512 ordinary BPER Banca shares for a total value of €74.8m. At 31 December 2020, Unipol had a direct holding of 9.55% of the share capital of BPER Banca as well as an indirect holding through UnipolSai of 9.34%.

Receivables from subsidiaries recognised under fixed assets

This item includes the shareholder loan in place with the subsidiary UnipolReC S.p.A. This loan was disbursed to Unipol Banca on 31 January 2018 and subsequently, as set forth in the Spin-Off Plan, included in the Complex involved in the division transferred to UnipolReC. The shareholder loan accrues annual interest of 3.25%. The maturity date is 16 January 2028, but UnipolReC is able to request, at any moment, the early repayment of the amount due pursuant to the agreement, all or in part, along with interest accrued on the amount repaid, after obtaining the consent of the Lending Shareholder.

As a result of the total repayments, of which €47.1m in two tranches during 2020, the residual value of the loan at 31 December 2020 is €43.5m, including accrued interest.

The receivables from subsidiaries recognised under fixed assets also include the loan disbursed to UnipolRental S.p.A. (formerly Car Server S.p.A.) for €59.9m at 31 December 2020, including interest. This loan, granted on 8 November 2019 for a maximum €150m, to be disbursed in tranches, matures on 8 November 2023 and accrues interest at the rate of

2.216%. On 28 November 2019, the first disbursement was made for €41.2m. The second disbursement was on 31 January 2020 for €18.5m.

Treasury shares and shares of the holding company

At 31 December 2020, 379,825 treasury shares were held, for a value of €1.3m. These shares were purchased to serve the compensation plans based on financial instruments (performance share type) intended for Managers. As part of these plans:

- 1,100,000 treasury shares were acquired, for a value of €3.7m;
- in April the second tranche of shares was allocated in implementation of the compensation plan for the period 2016-2018; and
- in December, part of the shares relating to the Short-Term Incentive compensation plan for 2019 were allocated.

At 31 December 2020, Unipol Gruppo also indirectly held a total of 396,806 treasury shares through:

- UnipolSai Assicurazioni: 236,496 Unipol shares;
- UniSalute: 36,893 Unipol shares;
- Linear Assicurazioni: 14,743 Unipol shares;
- Arca Vita: 8,350 Unipol shares;
- SIAT: 48,356 Unipol shares;
- UnipolSai Servizi Consortili: 32,161 Unipol shares;
- AlfaEvolution Technology: 1,736 Unipol shares;
- Gruppo UNA: 4,512 Unipol shares;
- Leithà: 13,559 Unipol shares.

With regard to treasury shares, the Shareholders' Meeting of 30 April 2020 approved, pursuant to Articles 2357 and 2357-ter of the Civil Code, the renewal for 18 months of the authorisation to purchase and use treasury shares within the limits set with a maximum expenditure limit of €300m.

Current financial assets

These amounted to €1,382.4m, up by €946.2m compared to the previous year, due mainly to the purchase of foreign government bonds during the year.

The breakdown of the item was as follows:

- foreign government bonds for €1,305.9m (€400.6m at 31/12/2019);
- listed corporate bonds for €63.6m (€33m at 31/12/2019);
- listed foreign shares for €8.1m (none at 31/12/2019);
- listed shares of UnipolSai for €3.4m (€1.4m at 31/12/2019);
- unlisted shares (private equity fund units) for €0.2m (€0.4m at 31/12/2019).

The list of shares and securities recognised as current assets at 31 December 2020 is provided in Annex 7 of the Notes to the Financial Statements.

Financial operations

Financial operations in 2020 were consistent with the Investment Policy guidelines adopted by the Company and with recommendations of the Group Investments Committee and Financial Investments Committee.

The criteria of high liquidity of investments and prudence were the guidelines of the investment policy, which applied the criteria of optimising the portfolio's risk-return profile.

Management activities focused on the bond sector, where the exposure to high-rating government bonds in euros, and to a lesser extent to industrial and financial corporate issuers, increased.

Exposure in the equities segment increased only marginally. Investments referred mainly to the purchase of an interest in an SPV responsible primarily for acquisitions in listed companies.

The volatility of share and bond prices in 2020 offered trading opportunities; these activities aimed to achieve the profitability objectives.

At 31 December 2020, the duration of the portfolio was equal to 0.89 years, up compared to the end of 2019 (0.32 years) following the purchases made during the year, within the limits set by the Investment Policy.

Cash and cash equivalents

At 31 December 2020, bank deposits and cash were €412.6m, with an increase of €154.4m with respect to the balance at 31 December 2019.

It should be remembered that numerous Group companies have adopted a cash pooling agreement to improve corporate cash management and allow the Parent to constantly monitor Group company liquidity, with resulting optimisation of the relative costs and returns. This contract envisages that the balance of cash of the subsidiaries is zeroed out on a daily basis, resulting in a credit/debit for the same amount to the holding company. Vice versa, Unipol opened a current account dedicated to the liquidity originating from the companies and, for account balancing purposes, is used to debit/credit the subsidiaries.

At 31 December 2020, Unipol recorded cash pooling credits of €7.5m (none at 31/12/2019) and cash pooling debits of €474.9m (€394.9m at 31/12/2019). The breakdown of credits and debits and the related counterparties is provided in the Notes to the Financial Statements.

Share capital

No transactions were carried out on the share capital in 2020. At 31 December 2020, the breakdown of the share capital, subscribed and fully paid-up, was as follows:

	Share capital at 31/12/2020		Share capital at 31/12/2019	
	No. of shares	Euro	No. of shares	Euro
Ordinary shares	717,473,508	3,365,292,408.03	717,473,508	3,365,292,408.03
Total	717,473,508	3,365,292,408.03	717,473,508	3,365,292,408.03

Debt

At 31 December 2020, the bonds issued by Unipol were €2,748m (€1,819.7m at 31/12/2019) and represent four senior unsecured bond loans, listed on the Luxembourg Stock Exchange:

- €1,000m nominal value, 3% interest rate, 2025 maturity (same amount at 31/12/2019);
- €500m nominal value, 3.5% interest rate, 2027 maturity (same amount at 31/12/2019);
- €230.9m nominal value, 4.375% interest rate, 2021 maturity (€317.4m at 31/12/2019). In September 2020 a tender offer was executed on this bond loan with a repurchase price of 101.93, at which a nominal total of €86.5m was subscribed. The repurchase transaction resulted in a capital loss on financial liabilities being recorded for €1.7m;
- €1,000m total nominal value of the senior green bond loan, 3.25% interest rate, 2030 maturity (none at 31/12/2019). This loan was issued in two tranches:
 - €750m on 23 September 2020;
 - €250m on 26 November 2020.

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

The current financial receivables include the cash pooling credit of €7.6m.

Current financial payables included: the payable to the subsidiary UnipolSai Assicurazioni S.p.A. for €267.8m (the same as in 2019), all or part of which repayable on demand at the request of UnipolSai Assicurazioni S.p.A., with an interest rate equal to the 3M Euribor plus 100 b.p. and the above-mentioned payable for cash pooling of €474.9m.

Other non-current financial payables included the unsecured loan from UnipolSai for €300m, maturing 1 March 2024 and an interest rate equal to the 3M Euribor plus 2.60% spread.

Also taking account of the increase in liquidity (€1,795m at 31/12/2020 compared with €694.5m at 31/12/2019), mainly due to purchases of securities held for trading, net debt (summarised in Annex 9 to the Notes to the Financial Statements) fell from €2,122.7m in the previous year to €2,013.9m at the end of 2020.

Risk management policies (Art. 2428 of the Civil Code)

Financial risk is managed through the regular monitoring of the main indicators of exposure to interest rate risk, credit risk, equity risk, and liquidity risk.

Interest rate risk

The duration of the investment portfolio, an indicator of the Company's interest rate risk exposure, was 0.89 years at 31 December 2020. With specific reference to the bond portfolio, the duration was 1.13 years.

The table shows the sensitivity of the bond portfolio to a parallel shift in the yield curve of reference for the financial instruments.

Amounts in €

Risk Sector	Breakdown	Duration	10 bps increase	50 bps increase
Government	94.22%	0.98	(1,415,540)	(7,077,698)
Financial	5.14%	3.63	(286,816)	(1,434,078)
Corporate	0.65%	3.50	(34,757)	(173,783)
Bonds	100%	1.13	(1,737,112)	(8,685,559)

Credit risk

With specific reference to the bond portfolio alone, as shown in the table below, the investments in the bond portfolio include investment grade securities for 96.61% of the portfolio. Specifically, 8.16% of bonds had an AAA rating, 73.52% an AA rating and 14.93% a BBB rating.

Credit risk is monitored by measuring the portfolio's sensitivity to changes in benchmark credit spreads. The following table shows the sensitivity at 31 December 2020:

Amounts in €

Rating	Breakdown	1 bps increase	10 bps increase	50 bps increase
AAA	8.16%	(5,129)	(51,286)	(256,430)
AA	73.52%	(75,767)	(757,670)	(3,788,349)
BBB	14.93%	(117,889)	(1,178,893)	(5,894,466)
Non Investment Grade	3.39%	(23,479)	(234,792)	(1,173,960)
Bonds	100.00%	(222,264)	(2,222,641)	(11,113,205)

Equity risk

Equity risk is monitored by analysing the equity portfolio's sensitivity to changes in the reference markets represented by sector indices.

The following table shows the sensitivity at 31 December 2020:

Amounts in €

Sector	Breakdown	Beta coefficient	Shock -10%
Funds	100%	1.00	(21,920)
Equity	100%	1.00	(21,920)

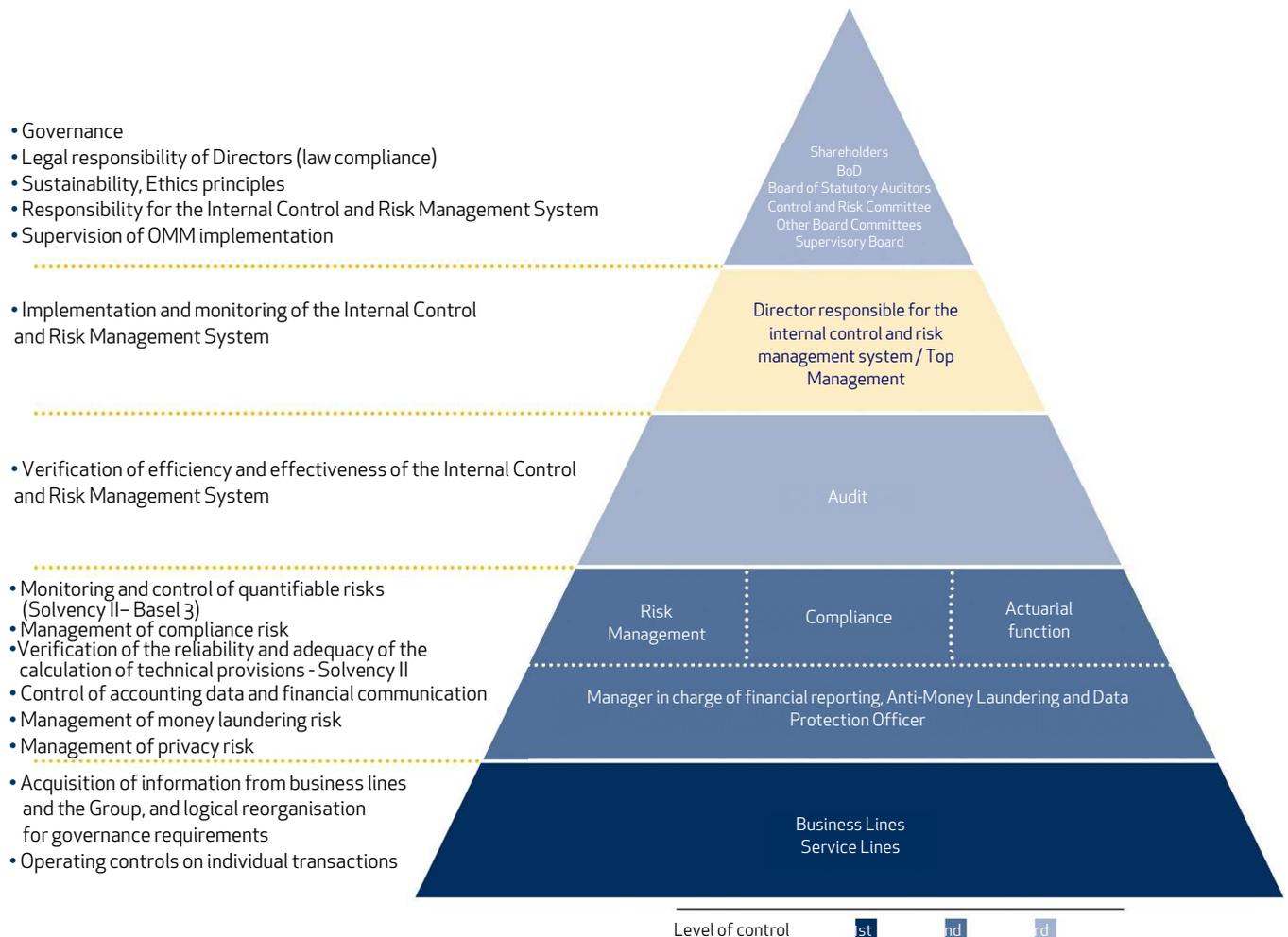
Liquidity risk

In the construction of the investment portfolio, priority is given to financial instruments that can be quickly transformed into cash and quantitative limits are specified for the purchases of securities that do not guarantee a rapid sale and/or a sale at fair conditions, because of their type or specific terms.

Internal Control and Risk Management System of the Unipol Group

The Internal Control and Risk Management System (the “System”) is a key element in the overall corporate governance system. It consists of a set of rules, procedures and organisational structures for the effective and efficient identification, measurement, management and monitoring of the main risks, with the aim of contributing to the sustainable success of the Group².

The following scheme shows, in simplified form, the Group’s Risk and Control Governance Model.



The Risk Management System adopted by the Group is inspired by an Enterprise Risk Management logic (ERM Framework). This means it is based on the consideration, with an integrated approach, of all the current and prospective risks the Group is exposed to, assessing the impact these risks may have on the achievement of the strategic objectives. Based on these principles, and to pursue to assigned objectives, the Risk Management System relies on a key element: the Risk Appetite. In particular, the Group **Risk Management Policy** indicates the risk management strategies and objectives of the Group and the companies in scope. In addition, it defines the risk management process with reference to the identification, assessment, control and mitigation of risks, as are the roles and responsibilities of the company’s bodies and structures involved in the process.

The identification, evaluation and monitoring of the risks are carried out on ongoing basis to take into account the changes occurred both in the nature and size of the business and in the market context, and whether new risks arise or the existing ones change.

² The rules for the Unipol Group’s internal control and risk management system are set forth in the Group Directives on the corporate governance system, approved by the Unipol Board of Directors and the boards of other consolidated Group companies, and are periodically updated.

The active contribution of the entire organisation is fundamental to the effective implementation of the Internal Control and Risk Management System. To this end, the Company Bodies and top management of the Group companies promote, among other things, the dissemination of a culture of control which strengthens the awareness of all the corporate structures, encouraging their involvement in pursuing the business objectives and creating value.

The monitoring of social, environmental and governance risks (“ESG risks”)

The control of ESG risks is ensured at general level by the Internal Control and Risk Management System described above, with a first level of controls performed by the operating structures or as part of back office activities, to ensure the correct execution of transactions, added to which are the second-level controls of risks and compliance, performed, among others, by the Compliance and Anti-Money Laundering, Risk Management and the Actuarial Function, and the third-level controls performed by Audit, each for its own area of responsibility.

Starting from the ESG impact-related risk management strategies and objectives considered material to the Group, defined in the Sustainability Policy, the ESG risks were integrated into the Group ERM Framework and are included in the taxonomy of risks common to the entire Group defined in the Risk Management Policy. On that occasion, the seven most important ESG risk areas were identified: climate change, the increase in social polarisation, socio-demographic change, the technological evolution of society, the violation of human and workers’ rights, environmental damage and negative impacts on the environment and conduct in violation of business integrity.

The integration process was completed in 2020 with the **inclusion of ESG risks in the Group’s Risk Appetite Statement**. Adopting the “dual materiality” approach, ESG risks are managed both in the risks suffered and risks generated components. For the ESG risks suffered, identified on the basis of a focus on emerging risks in environmental, social and governance aspects, the Risk Appetite Statement refers to the framework for the assessment and monitoring of emerging risks. For the ESG risks generated, however, the Risk Appetite Statement envisages the construction and monitoring of a **dashboard dedicated to KRIs** (Key Risk Indicators), to assess the degree of risk associated with each of the three areas: environmental, social and governance. The KRIs to be monitored were identified so as to cover the various risks relating to each area, and include oversight and listening indicators in order to integrate the inside-out and outside-in visions. The monitoring of ESG risks and related results are brought to the attention of the Board of Directors at Group level at least annually.

The Unipol Group is continuing to implement **scenario analysis for risks associated with climate change**. As regards physical risks, a framework of specific stress tests was implemented and included in the 2019 Solvency II ORSA Report to incorporate the impacts of climate change in loss projections, considering a severe climate scenario (IPCC - RCP 8.5) over a medium-term projection period (2021-2050). In relation to the impact of climate change on transition risks, the Group is starting a scenario analysis on the investment portfolio, based on the scenarios outlined in the Network for Greening the Financial System (NGFS).

In 2020, the Group arranged to:

- enhance the control and monitoring systems for commitments already defined in some of the specific risk management policies (hereinafter “control”);
- update and expand the commitments, where appropriate on the basis of developments in internal awareness and the external context (legislative and regulatory, market) (hereinafter “updating”);
- identify new areas of integration of ESG factors as further commitments are undertaken (hereinafter “integration of ESG risks”).

For the application of the Policies, the Group has defined processes that envisage the involvement of Top Management (through the **Group Risks Committee**³) and the key functions in areas of specific expertise (through the **ESG Task Force**⁴ and the **Data Ethics Task Force**⁵) for adopting decisions on the management of particularly important ESG risks, for the potential impact and size of potential transactions in which they emerge, and for the development of a joint

³ Composed of the Chief Executive Officer and Group CEO, Insurance Group General Manager, Group General Manager, Business Development and Corporate Communication General Manager, Administration Controlling and Operations General Manager, Chief Investment officer, Chief Risk Officer, Chief Regulation and Economic Studies Officer, Chief Strategic Planning and Organisation Officer.

⁴ Composed of the departments/functions of Unipol Gruppo/UnipolSai which play a key role in understanding and managing impacts in terms of investment and underwriting: Finance Department, Real Estate Department, Chief Risk Officer, Chief Property & Casualty Officer, Chief Life and Health Officer, Chief Innovation Officer, Sustainability Function.

⁵ Composed of the departments/functions of Unipol Gruppo/UnipolSai which play a key role in understanding and managing impacts in terms of personal data protection and leveraging: Chief Innovation Officer, Chief Beyond Insurance Officer, Chief Information Officer, Marketing and Commercial Communication Department and the Sustainability Function. Also involved in the Task Force in an advisory capacity are the Chief Legal Officer, Compliance and Anti-Money Laundering Function, Ethics Officer and Data Protection Officer of the Group.

vision on the integration, updating and adaptation of the Policies and on additional initiatives associated with the control of ESG factors.

Protection of personal data

Given the different businesses conducted by the Group companies, Unipol holds numerous personal data, which relate to different moments in the life of individuals, their conduct, the resources available to them, their health, habits, preferences. The phenomenon will increasingly expand as the connection of new devices continues.

The **Policy on the protection and leveraging of personal data** defines the general guidelines of the Unipol Group on the protection of natural persons with regard to the processing of personal data, specifying the organisational model (organisation and roles, people, culture and responsibilities), the operating model (processes, rules and documentation) and the architectural model (technologies and tools) structured for that purpose. The Unipol Group uses this system to implement Regulation (EU) no. 2016/679 (the GDPR) and, with support from the Group Data Protection Officer (DPO), performs ongoing assessment of the effectiveness and efficiency of controls, processes and the organisation put into place for implementation of the GDPR.

During 2020, 92 data breaches were recorded in the Group companies.⁶ The increase compared to the 24 cases in 2019 is due to increased awareness of Group personnel, thanks to continuous training and dissemination of GDPR topics, which has generated more reports, and to the Unipol Group's constant attention to every single event that could potentially result in a personal data breach. All of the cases were promptly managed and resolved by the competent data controller companies. In just 5 cases it was necessary to promptly notify the Data Protection Authority. The remaining cases were not notified as they did not include any risk to the interested parties. In 2020, 6 documented reports were received of breach of privacy at Group level, issued by the Regulatory Bodies (specifically, the Data Protection Authority), which were answered promptly without any follow-up by the Authority.

The "**Unipol Data Vision**", approved in 2020, integrates the privacy protection system with the commitment of fair and transparent **data leveraging**. The advanced data management supports a more knowledgeable assumption of risks, able to make the handling of any claims more sustainable and leading to an increasingly stronger capacity to protect customers in an accessible manner. The Unipol vision therefore represents an opportunity to create value that is shared among customers, the Group and even the community as a whole, supporting the development of solutions with a common contribution from multiple players to satisfy the needs of the community.

In relation to cyber security, the **Information Security Policy** calls for the adoption of suitable physical, logical and procedural security measures aiming to guarantee appropriate and consistent protection to the information processed in the IT systems throughout the entire life cycle.

In 2020, the operating methods of Group personnel changed profoundly, with impacts on cyber security. In this context, the initiatives to strengthen and further develop the cyber security continued in three main areas:

- the intensive use of technologies and methods based on best market practices to control the various levels of the architecture (access boundaries, data protection, application and infrastructure vulnerabilities, etc.);
- the enhancement and automation of attack detection and response;
- the technical training sessions for IT personnel and awareness for the end users.

Among the main projects advanced are the multi-factor authentication for over 9,000 employees in the Group's insurance sector, with the aim of mitigating the risk of theft of credentials and unauthorised access attempts, as well as conducting vulnerability assessment and penetration test sessions on the infrastructure and applications, with particular regard to those exposed on the Internet.

The risk control system associated with the management and use of data is completed by various Group policies, including in particular the Risk Management Policy, the Personal Data Protection Policy, the Business Continuity Management Policy and the Data Governance Policy. Data Governance is the set of processes, methodologies, roles and technologies which on one hand allows for the formal management of data informational assets, establishing clear responsibility for them, and on the other offers opportunities to exploit the intrinsic value of the company's informational assets to support business strategies and objectives.

⁶ According to the GDPR, a data breach is a security violation that leads to the accidental or unlawful destruction, loss, alteration or unauthorised disclosure of, or access to, the personal data transmitted, stored or otherwise processed.

UnipolSai is certified according to the ISO27001⁷ international standard for the advanced electronic signature service.

Training on privacy topics involved most of the Group's personnel (over 90% of employees in Italy) and numerous agents and sub-agents (more than 70% in both cases). Initiatives were undertaken that are also highly important to cyber security awareness.

The Organisation and Management Model pursuant to Italian Legislative Decree 231/2001

Unipol Gruppo's OMM was updated in December 2020 to adapt it to recently introduced legislation. The current version is composed of a General Part and 14 Special Parts, each dedicated to a category of crime that could theoretically take place within the Company. In the Special Parts of the OMM, the specific principles of conduct and principles of control for preventing the commission of each type of such crimes are laid out in detail.

The OMMs of the Unipol Group companies call for the same oversight mechanisms and control tools.

As regards UnipolRental, the organisational and management model is under review in terms of its structure and contents in order to guarantee consistency with Group guidelines.

The Model is disseminated to employees through the company intranet; subsequent updates of the Model are disclosed to all employees through a company communication sent via email.

The internal system for reporting violations has been formalised in a specific Whistleblowing Procedure. The personnel (employees and those who operate on the basis of a relationship, even in a form other than employment, which determines their inclusion within the company organisation) may use an IT platform to submit reports of unlawful conduct pursuant to Decree 231/01, deeds or facts which could constitute violations of the OMM, as well as violations of other precisely defined regulations⁸, with methods that guarantee the full confidentiality of the reporting party's identity and the content of the report⁹. The disciplinary system adopted envisages sanctions against those violating the whistleblower protection measures, and for those who with wilful misconduct or gross negligence submit reports that prove unfounded.

The duty of supervising the functioning and observance of the OMM and handling its updating is entrusted to the Supervisory Board (SB) consisting of three independent non-executive directors as members of the Control and Risk Committee, and a further two members of the company's Top Management responsible for the Compliance Function and the Auditing Function.

On the issue of Anti-Money Laundering and combating terrorist financing, the Group has made an online course available (used by 84.5% of the Italian insurance companies' employees in 2020) on the crime of money laundering, with the aim of supporting those responsible for direct management of customers in complying with obligations deriving from the regulatory provisions.

Internal Control and Risk Management System

The Unipol Group's Risk Management structure and process are part of the wider internal control and risk management system already illustrated in the Annual Integrated Report, to which reference is made.

The principles and processes of the System as a whole are governed by the following Group policies: "Risk Management Policy", "Current and Forward-looking Internal Risk and Solvency Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy".

The policies setting the principles and guidelines below are an integral part of this System: (i) management of specific risk factors (e.g. the Investment Policy with regard to market and liquidity risks, and the Credit Policy), (ii) risk management as part of a specific process, (iii) risk mitigation and (iv) risk measurement model management.

The risk identification, assessment and monitoring processes are performed on an ongoing basis, to take into account any changes in their nature, business volumes and market context, and any insurgence of new risks or changes in existing risks.

⁷ The ISO/IEC 27001 standard is an international standard that defines the requirements to set up and manage the information security management system, and includes aspects relating to logical, physical and organisational security.

⁸ Reference is made to (i) Regulation (EU) no. 596/2014 relating to market abuse ("MAR"), (ii) Italian Legislative Decree no. 231 of 21 November 2007 on preventing the use of the financial system for money laundering and terrorist financing, (iii) Italian Legislative Decree no. 209 of 7 September 2005 ("Private Insurance Code"), (iv) Italian Legislative Decree no. 58 of 24 February 1998 ("Consolidated Law on Finance").

⁹ The IT platform adopted by the Group makes it possible to (i) manage reports in pseudonymised form and (ii) keep track of the relative information in encrypted form. Access to the latter is limited to identified members of the company structures responsible for receiving, reviewing and evaluating whistleblowing reports.

These processes are carried out using methods that guarantee an integrated approach at Group level. The Parent ensures that the risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company included in the scope of supervision of the Group and their mutual interdependencies.

Risk Appetite and Risk Appetite Framework

The Risk Management System adopted by the Group is inspired by an enterprise risk management logic. This means that is based on the consideration, with an integrated approach, of all the current and prospective risks the Group is exposed to, assessing the impact these risks may have on the achievement of the strategic objectives and replies on a fundamental element, i.e. the Risk Appetite.

In quantitative terms, the Group's Risk Appetite is determined in general on the basis of the following elements:

- capital at risk;
- capital adequacy;
- Liquidity/ALM ratios.

Furthermore, quality objectives are defined in reference to compliance, emerging, strategic, reputational, ESG (Environmental, Social and Governance) and operational risks.

The Risk Appetite is formalised in the Risk Appetite Statement, which indicates the risks that the Group and/or individual company intends to assume or avoid, sets the quantitative limits and the qualitative criteria to be taken into account for the management of unquantified risks.

The Risk Appetite forms part of a reference framework - the Risk Appetite Framework (RAF). The RAF is defined in strict compliance and prompt reconciliation with the business model, the Strategic Plan, the Own Risk and Solvency Assessment (ORSA) process and the Internal Capital Adequacy Assessment Process ("ICAAP"), the budget, company organisation and the internal control system.

The RAF defines the Risk Appetite and other components ensuring its management, both in normal and stress conditions. These components are:

- Risk Capacity;
- Risk Tolerance;
- Risk Limits (or operational risk limits);
- Risk Profile.

The activity to define RAF components is dynamic and progressive, and reflects the risk management objectives associated with the objectives of the Strategic Plan. Verification is performed annually as part of the process of assigning Budget objectives. Further analyses for preventive control of the Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (such as mergers, acquisitions and disposals).

The RAF is broken down into several analysis macro areas with the aim of guaranteeing continuous monitoring of risk trends and capital adequacy. The main analysis macro areas are:

- individual type of risk and overall risk;
- individual company and group.

The Group RAF takes into account the specific operations and related risk profiles of each company in the Group, in such a way as to be integrated and consistent.

The ORSA process

Under their own risk management systems Unipol and the companies that fall within the scope of the internal current and forward-looking risk and solvency assessment policy use the ORSA to assess the effectiveness of the risk management system in terms of capital adequacy and liquidity management governance.

The ORSA process allows the analysis of the current and prospective risk profile analysis of the Group and the insurance companies in the Group, based on strategy, market scenarios and business development.

Capital management policy

The capital management strategies and objectives of the Group are outlined in the “Capital management and dividend distribution policy”, which describes the reference context and the process for managing capital and distributing dividends also in terms of the roles and responsibilities of the players involved. The document also identifies the principles of capital management and the distribution of dividends or other elements of own funds, in line with the capital return objectives and the risk appetite defined by the Board of Directors.

The general aims pursued by the “Capital management and dividend distribution policy” are:

- ex ante definition of the return objectives on allocated capital, consistent with the profitability targets and in line with the risk appetite;
- maintaining a sound and efficient capital structure, considering growth targets and risk appetite;
- outlining the capital management process for the definition of procedures to ensure, inter alia, that:
 - the elements of own funds, both at the time of issue and subsequently, satisfy the requirements of the applicable capital regime and are correctly classified;
 - the terms and conditions for each element of own funds are clear and unequivocal;
- ex ante definition of a sustainable flow of dividends, in line with the profit generated, free cash flow and risk appetite, identifying and documenting any situations in which the postponement or cancellation of distributions from an element of own funds could arise;
- outlining the dividend distribution process for the definition of procedures to ensure sound and efficient capital management, considering that the growth and profitability targets are in line with the risk appetite;
- defining the roles, responsibilities and reporting in relation to capital management and the distribution of dividends or other elements of own funds.

The capital management and dividend distribution process is divided into five steps, in close relation with other corporate processes:

- final measurement of available capital and the capital required;
- preparation of the mid-term capital management plan;
- monitoring and reporting;
- management action on capital, including any contingency measures;
- distribution of dividends or other elements of own funds.

Measurement of risks for the insurance sector

Partial Internal Model

The Unipol Group and the subsidiaries UnipolSai Assicurazioni and Arca Vita are authorised by IVASS to use the Partial Internal Model to calculate the solvency capital requirement.

The Partial Internal Model is used to assess the following risk factors, as well as in the aggregation process:

- Non-Life and Health Technical Insurance risks relating to the earthquake catastrophe component;
- Life Technical Insurance risks;
- Market risk;
- Credit risk.

There is a plan for the extension of the Partial Internal Model to include all measurable risk modules and reach a Full Internal Model type configuration.

Market Wide Standard Formula

For Group companies other than UnipolSai Assicurazioni and Arca Vita, risk is measured using the Market Wide Standard Formula.

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

The information required by Art. 123-bis, Italian Legislative Decree 58 of 24 February 1998 as amended is included in the Annual Report on Corporate Governance, approved by the Board of Directors and published together with the Management Report.

The Annual Report on Corporate Governance is available in the "Governance" section of the Company's website (www.unipol.it).

Performance of directly controlled companies

The key figures of directly controlled companies are provided below. Reference should be made to their respective financial statements for details of companies under their direct control.

The financial statements of (direct and indirect) subsidiaries and associates were filed pursuant to Art. 2429 of the Civil Code.

UnipolSai Assicurazioni S.p.A.

Registered Office: Bologna

Share capital: €2,031,456k

Carrying amount: fixed assets €5,169,262k; current assets €3,403k

% holding: 84.97% - Direct holding of 61.04% and an indirect holding of 23.93% in the capital

The company is authorised to operate as insurer and reinsurer in the Non-Life, Life and Capitalisation sectors. It may also set up and manage open pension funds.

UnipolSai closed 2020 with a net profit €814.3m (€701.2m at 31/12/2019). The aspects best characterising the operating performance in the year ended 31 December 2020 were the following:

- Premiums from direct business of €9,870.4m, down 10.8% compared to the previous year. The decrease was driven by the Life sector, which recorded -24%, whilst the Non-Life sector stood at -3.1%. At the end of 2020, total premiums, including indirect business, reached €10,130.3m, with breakdown as follows:

Amounts in €m

Premiums	Non-Life	Life	Total 2020	Total 2019	% var.	Variation on 2019
Direct business	6,771.7	3,098.6	9,870.4	11,069.8	(10.8)	(1,199.4)
Indirect business	259.9	0.1	260.0	11.0	2,256.4	248.9
	7,031.6	3,098.7	10,130.3	11,080.8	(8.6)	(950.5)
Premiums ceded	282.8	5.7	288.5	420.4	(31.4)	(131.9)
Premiums retained	6,748.8	3,093.0	9,841.8	10,660.4	(7.7)	(818.6)
% breakdown	68.6	31.4	100.0			

The net retention of acquired premiums was 97.2%, up compared to the previous year (96.2%).

- The loss ratio for direct business (including the balance of the other technical items) was equal to 56.9% against 66.2% at 31 December 2019.
- The result from technical insurance management, which also includes operating expenses and allocation of the share of gains on investments, was positive overall for €926.2m (€808.5m in 2019) of which -€9.9m for the Life business and €936.1m for the Non-Life business.
- Total operating expenses (including acquisition and collection commissions and other acquisition and administrative expenses) were €2,209.7m (+2.7%), with an incidence on (Life and Non-Life) premiums of 21.8% (19.4% in 2019). Net of reinsurers' commissions, total operating expenses were equal to €2,126.7m (+6.5%).
- Technical Life and Non-Life provisions at the end of 2020 totalled €43,588.2m (-1%). Net of the reinsurers' share, they came to €43,031.4m (-0.8%). The technical provisions-premiums ratio was 183% in the Non-Life business (191.6% in 2019) and 991.4% in the Life business (750.5% in 2019).

The shareholders' equity of UnipolSai, including the profit for the year, was €6,450.9m (€6,057.8m at 31/12/2019). In 2020, the company paid dividends of €276.1m to the holding company Unipol Gruppo.

Unipol Investment S.p.A.

Registered Office: Bologna
 Share capital: €5,180k
 Carrying amount: €528,577k
 % holding: 100% direct

The company's purpose is to acquire interests and investments in other companies, not from the public, as well as the trading of financial instruments in general, for investment purposes. The company's financial year is from 1 July to 30 June.

At 30 June 2020 the company recorded profit for the year of €45.6m (€40.5m at 30/06/2019), particularly due to dividends received from the affiliate UnipolSai Assicurazioni S.p.A., a subsidiary of Unipol Gruppo. The aspects best characterising the operating performance in the year ended 30 June 2020 were the following:

- Gains on investments of €45.3m (€41m at 30/06/2019).
- Costs of production of €0.2m (€0.1m at 30/06/2019).
- Financial fixed assets of €534.1m (unchanged compared to 30/06/2019), relating to the 9.99% investment in the affiliate UnipolSai Assicurazioni.

At 30 June 2020, the shareholders' equity of the company, including profit (loss) for the year, was €605.6m (€570m at 30/06/2019).

In 2020, the company paid dividends of €30m to the holding company Unipol Gruppo.

Unipol Finance S.r.l.

Registered Office: Bologna
 Share capital: €5,000k
 Carrying amount: €482,800k
 % holding: 100% direct

The company's corporate purpose is to acquire interests and investments in other companies, not from the public, and increase their value for long-term investment purposes, rather than for placement or brokerage with the public. The company's financial year is from 1 July to 30 June.

At 30 June 2020, the company recorded a loss of €6.8m (profit of €198.5m at 30/06/2019).

The aspects best characterising the operating performance in the year ended 30 June 2020 were the following:

- Gains on investments of €40.1m (€201m at 30/06/2019, including the gain from the sale of equity investments for €160m), of which €17.1m in dividends received from the affiliate UnipolSai Assicurazioni S.p.A., a subsidiary of Unipol Gruppo, and €17.9m in gains from the trading of shares and mutual investment fund units.
- Interest and other financial charges of €44.9m (none at 30/06/2019), associated with transactions in financial instruments and in financial assets other than investments in affiliates.
- Negative value adjustments to financial assets and liabilities for €10.1m (none at 30/06/2019).
- Financial fixed assets of €328.5m (none at 30/06/2019), relating to the 4.99% investment in the affiliate UnipolSai Assicurazioni. The increase in this item is due to the following acquisitions:
 - in October and November 2019, acquisition from the affiliates UnipolSai Finance S.p.A. and UnipolSai Nederland of 48,500,000 shares of the affiliate UnipolSai Assicurazioni S.p.A., equal to 1.71% of the share capital, for a value of €126.9m. These acquisitions were made over the counter at market prices;
 - on 26 March 2020 (settlement date 30 March 2020), purchase from the holding company Unipol Gruppo of 28,610,000 shares of the affiliate UnipolSai Assicurazioni S.p.A., at the over-the-counter price of €2.242 each (corresponding to the equity market closing price) for a total of €64.1m;
 - in April, May and June 2020, purchase of a further 64,017,500 shares of the affiliate UnipolSai Assicurazioni S.p.A., directly on the market.

At 30 June 2020, the shareholders' equity of the company, including profit (loss) for the year, was €608.9m (€645.7m at 30/06/2019).

In 2020, the company did not pay dividends to the holding company Unipol Gruppo.

In the second half of 2020, Unipol Finance continued its investment activities and in fact purchased 18,558,000 shares of the affiliate UnipolSai Assicurazioni S.p.A. on the market for a total value of €43.6m. At 31 December 2020 the

percentage holding of Unipol Finance in the affiliate UnipolSai Assicurazioni S.p.A. was 5.64% of the share capital, for a total value of €372.2m.

UnipolPart I S.p.A.

Registered Office: Bologna
Share capital: €4,100k
Carrying amount: €463,198k
% holding: 100% direct

The company's purpose is to acquire interests and investments in other companies, not from the public, as well as the trading of financial instruments in general, for investment purposes. The company's financial year is from 1 July to 30 June.

At 30 June 2020, the company recorded a profit of €37.3m (€33.5m at 30/06/2019). This result was caused in particular by the dividends distributed by the affiliate UnipolSai Assicurazioni S.p.A.

The aspects best characterising the operating performance in the year ended 30 June 2020 were the following:

- Gains on investments of €37.5m (€34m at 30/06/2019).
- Costs of production of €0.1m (in line with 30/06/2019).
- Financial fixed assets of €462.4m (unchanged compared to 30/06/2019), relating to the 8.29% investment in the affiliate UnipolSai Assicurazioni.

At 30 June 2020, the shareholders' equity of the company, including profit (loss) for the year, was €524.1m (€496.7m at 30/06/2019).

In 2020, the company did not pay dividends to the holding company Unipol Gruppo.

UnipolSai Investimenti SGR S.p.A.

Registered Office: Turin
Share capital: €3,914k
Carrying amount: €10,710k
% Holding: 100% - Direct holding of 51% and an indirect holding of 49% in the capital

UnipolSai Investimenti SGR manages the real estate investment funds Tikal, Athens, Fondo Emporion (formerly Fondo Opportunity) and the Landev fund, and from 22 June 2020 the new Oikos Fund.

The company's performance recorded profit for the year of €5m, compared to profit of €3.9m at 31 December 2019. The aspects best characterising the operating performance in the year ended 31 December 2020 were the following:

- €9.3m commission income (€8.1m at 31/12/2019), deriving from management of the above-mentioned real estate investment funds.
- €2.4m costs for services and miscellaneous (€2.6m at 31/12/2019), of which €2m due to UnipolSai Assicurazioni S.p.A. for seconded staff and miscellaneous services.
- €9.6m gross operating income (€8.3m at 31/12/2019, +16.04%).
- €7.2m net operating income (€5.7m at 31/12/2019).

The shareholders' equity of the company, including profit (loss) for the year, was €20.6m (€18.9m at 31/12/2019).

UnipolReC S.p.A.

Registered Office: Bologna
Share capital: €290,123k
Carrying amount: €359,819k
% Holding: 100% - Direct holding of 85.24% and an indirect holding of 14.76% in the ordinary capital

UnipolReC S.p.A. was established on 1 February 2018 and has been entered in the financial intermediaries' register pursuant to Art.106 of the Consolidated Law on Banking since 2 July 2019. Its core business is the purchase, management and factoring of non-performing loans.

At 31 December 2020, the company recorded a profit of €6.2m (€12m at 31/12/2019). The aspects best characterising the operating performance in the year ended 31 December 2020 were the following:

- €16.8m gross operating income (€34.3m at 31/12/2019);
- €18.6m net financial income (€25.3m at 31/12/2019);
- €12.8m operating expenses (€15.3m at 31/12/2019);
- €116.4m collections from non-performing loan portfolios, with a recovery ratio of 28% (€110m collections in 2019, with a recovery ratio of 30%);
- Non-performing loans managed, recognised in the financial statements under Financial assets measured at amortised cost, for a net value of €422.7m (€516m at 31/12/2019), with a coverage ratio of 86% (85% at 31/12/2019) compared to the relative gross value of €3,046m (€3,465m at 31/12/2019);
- Financial liabilities measured at amortised cost of €76m (€160.3m at 31/12/2019) relating primarily to a shareholder loan granted by the holding company Unipol (€43.5m) and by the affiliate UnipolSai (€31.8m).

The shareholders' equity of the company, including profit (loss) for the year, was €440.2m (€434.1m at 31/12/2019).

Transactions with Group companies and transactions with related parties

As the investment and services holding company and Parent of the Unipol Insurance Group (registration no. 046 in the Insurance Groups Register), Unipol carries out management and coordination activities pursuant to Art. 2497 et seq. of the Civil Code.

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

The Procedure for related party transactions (the “**RPT Procedure**”) - prepared pursuant to Art. 4 of Consob Regulation no. 17221 of 12 March 2010 as amended and published on Unipol’s website (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.

With regard to related party transactions, note that on 23 December 2020 agreements were finalised for the acquisition - by Fondo di Investimento Alternativo Emporion (the “**Fund**”), formerly Fondo Opportunity, established and managed by UnipolSai Investimenti SGR S.p.A. and all units of which are held by UnipolSai Assicurazioni S.p.A. (“**UnipolSai**” or the “**Company**”) - of a property portfolio comprising 28 Coop points of sale owned by Coop Alleanza 3.0 Soc. Coop. (“**Coop Alleanza**”) for the price of €213m (€218m including notary expenses), subject to the Company’s subscription of new Fund units by means of a cash contribution. At the same time, the Fund and Coop Alleanza arranged the signing of specific lease contracts for the points of sale in question (altogether, the “**Transaction**”).

Taking into account that Coop Alleanza is voluntarily included in the scope of Unipol related parties, the Board of Directors of the latter expressed its opinion, to the extent of its responsibility, in favour of the execution by UnipolSai of the Transaction of “Minor Significance” after controls carried out as part of the RPT Procedure, supported by the Related Party Transactions Committee of Unipol, which had issued its own opinion in favour to the Board of Directors.

The types of intra-group services provided in 2020 and the providing company are summarised below.

Unipol Gruppo provides the following services to the subsidiary UnipolReC:

- Governance (services supporting internal control, risk management and compliance);
- Anti-money laundering and Anti-terrorism.

UnipolSai Assicurazioni provides the following services:

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

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

UniSalute provides the following services to the other companies of the Group:

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

The services provided by **UniSalute** to its subsidiary UniSalute Servizi mainly concern the following areas:

- Administration and budget;
- Planning and management control;
- Marketing;
- IT services;
- Suppliers;
- Human resource monitoring;
- Training process support;
- Commercial and welfare development.

SIAT performs the following services in favour of UnipolSai:

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

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

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

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

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

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

AlfaEvolution Technology guarantees competitiveness to the Group insurance companies through continuous technological innovation and evolution of ITC services:

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

- Qshino, the product that offers an anti-abandonment service for children's car seats as set forth by law no. 117 of 1 October 2018, which requires its use. First product offered by the Group in the agency and through the large scale distribution channel irrespective of the insurance policy.

Support was also provided to UnipolSai in the development of mobile payment solutions to offer customers an integrated model of distinctive services, complementary to the insurance business. The first services available on the UnipolSai App therefore include the opportunity to pay car parking fees, fines and road tax.

In the payments area, in 2020 AlfaEvolution Technology was accredited with AISCAT [Italian Association of Turnpikes, Tunnels, Bridges and Other Toll Road Concessionaire Companies] (24 concessionaires) and the Ministry of Infrastructure and Transport for the provision, including at international level, of the Telepedaggio electronic toll collection service which will be available for Group customers starting in spring 2021 for industrial vehicles and in the summer for automobiles.

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

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

- organisation, provision and 24/7 management of services provided by the assistance insurance coverage, by taking the action requested and managing relations with professionals and independent suppliers to which the material execution of the action is assigned, also including settlement of the related remuneration. Analogous activities, when requested, may be provided to Consortium members not in the insurance business.

As part of the Tourism claims management for Consortium members only, in addition to the provision of normal Assistance services, at the request of an individual consortium member PAS can advance medical expense payments on behalf of that member:

- contact centre activities for the customers, specialists and agencies of the Group, whose services consist of:
 - providing front office services to existing or potential customers at all stages of relations with the consortium members and their respective sales networks, or to any intermediaries acting on their behalf (brokers, banks);
 - providing after-sales services on policy statuses or on any transactions that can be made on existing policies;
 - providing customer satisfaction services;
 - providing support services to the agency network in relations with customers and consortium members;
 - providing contact centre services dedicated to opening claims and related information requests.

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

Arca Vita provides the following services to Group companies:

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

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

Arca Sistemi provides the following services:

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

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

Moreover, it is noted that the Group companies conduct the following regular transactions with each other:

- reinsurance and coinsurance;
- leasing of property;
- agency mandates;
- secondment of personnel;
- medium and long term vehicle rental.

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

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

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

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

The following elements are specifically taken into consideration:

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

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

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

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

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

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

Exercise of the option for the establishment of the Unipol VAT Group

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

With regard to the information required by Consob Communication no. DEM/6064293/2006, please refer to the paragraph on transactions with related parties in the Notes to the Financial Statements.

Research and development activities

In response to a market scenario undergoing constant technological evolution, the Unipol Group makes investments to develop and accelerate innovation and meet the new needs of customers.

For Unipol, intellectual capital represents most of the assets used to build its strategies and is continuously enhanced through investments in innovation.

Investment in data, telematics and the application of Artificial Intelligence and Robotic Process Automation (RPA) generates real returns for the core business. The main effects are the improvement of the capacity to identify fraud, through the automatic and “predictive” flagging of suspicious claims; a reduction in the cost of claims; the expansion of knowledge of real customer needs and the subsequent creation of new services and products offered to customers in a range of segments. Technological evolution also involves the service companies and ecosystems.

The Group frequently involved and leveraged the contribution of start-ups, universities and research networks in the innovation processes.

Privacy obligations (Italian Legislative Decree 196/2003)

Regulation (EU) 2016/679 on the protection of personal data (the “GDPR”), which as of 25 May 2018 introduced significant new elements in the protection of personal data, requires continuous training on the topic and strong substantial accountability of the company, which must guarantee and be capable of demonstrating its compliance with the GDPR provisions.

To that end, in the course of 2020, the Company, with the support of the Group’s Data Protection Officer – who performs the activities under his responsibility for the Parent and for its subsidiaries with registered office in Italy – continued to provide training to the employees both through e-learning courses and face-to-face meetings/lessons carried out remotely, in addition to evaluating the effectiveness and efficiency of the oversight mechanisms, processes and organisational system implemented in order to guarantee that its personal data management complies with regulations in force and is more transparent with respect to data subjects, through:

- monitoring of the record of processing activities required under Art. 30 of the GDPR;
- updating of service agreements between Group companies and between them and external suppliers;
- updating of company communication documents to outline guidelines and procedures for the proper management of personal data and to ensure the regulatory compliance of processing;
- *assessment* on the compliance of processes and procedures with regulatory provisions;
- monitoring of the implementation of the actions identified in the assessments;
- monitoring of the reference regulatory framework, including through the assessment of regulations and/or guidelines of the European and national authorities subject to public consultation to propose, when necessary, requests for changes, amendments, supplements or clarifications with respect to topics linked to the processing of personal data;
- monitoring of the penalty measures issued by the Data Protection Authority;
- impact assessments on data protection, in keeping with the privacy by design and by default principles.

In the course of 2020, the Company was required to deal with the health emergency linked to the COVID-19 pandemic: in this context, the advice of the Group’s Data Protection Officer was necessary to guarantee (i) the compliance of personal data processing performed within the scope of all measures and projects implemented by the Company and aiming to provide targeted and concrete protection and solutions with respect to the virus and its consequences and (ii) the adoption of measures intended to prevent the spread of the virus in the workplace and limit the relative risks for all employees (for example, by defining guidelines to allow for the entry into the company of employees, external suppliers and guests on the basis of the regulations and protocols adopted over time for the management of the pandemic, in any event guaranteeing respect for provisions on personal data protection).

Human resources

The Company’s workforce at 31 December 2020 numbered 16 employees (17 at 31/12/2019). The average number of employees in 2020 was 17. If calculated as full time equivalent (FTE), that is, considering the number of hours actually worked, the average number of employees would be 17.

	31/12/2020			31/12/2019		
	Average	Final	FTE	Average	Final	FTE
Permanent	17	16	17	19	17	17
Total	17	16	17	19	17	17

Training

In 2020, **Unica**, the Unipol Group's Corporate Academy reviewed its planning and methods for designing and providing training so as to continue offering training opportunities to personnel despite the health emergency, through massive use of webinars and video-conferencing, in addition to digital learning.

During 2020 the Academy renewed the **ISO 9001:2015** Quality Certification and created a new faculty dedicated to masters and **high-level apprenticeship courses** and entry courses for young people.

Of note among the training courses for the agency network is "**Costruiamo il futuro**" (Let's build the future), targeting the UnipolSai Agents of tomorrow, to build a new Agency model consistent with the Group Business Plan. The initiatives targeting younger colleagues continued with the third edition of the **Unipol Insurance Master Program**, involving 20 recent graduates joining Unipol with an inter-functional training course, and the new edition of the **Next Generation project**, involving 332 employees *aged under 35* recruited at least one year ago in further study of organisational skills and aptitudes.

The training activities targeting all Unipol Group companies recorded **1 million** hours of training provided to 89% of the agency network and 11% of employees (with an average 9.2 hours' training per capita), involving **9,488 employees** and **25,464 agents and secondary network partners** (80% of potential recipients). 1,756 courses were provided to employees and agents

Share-based compensation plans

The Unipol Group pays additional benefits (short- and long-term incentives) to the Chief Executive Officer, 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 Unipol Group profit indicators and solvency capital requirement target are achieved, based on growth in value of the Unipol share (over the three years) and in the performance of the Group's reputational index being recorded in the three-year period.

The performance share type compensation plan for the period 2019-2021 was approved by the Shareholders' Meeting of 18 April 2019 and envisages, where the requirements are met, the allocation of UnipolSai and Unipol shares in the year after the year of reference (Short Term Incentive) or over 3/5 years (Long Term Incentive), with effect from January 2023.

The performance share type compensation plan for the period 2019-2021 was approved by the Shareholders' Meeting of 18 April 2019 and envisages, where the requirements are met, the allocation of UnipolSai and Unipol shares in the year after the year of reference (Short Term Incentive) or over 3/5 years (Long Term Incentive).

In December 2020, 7,361 shares were assigned only to the Executives not classified as significant risk takers, for the short-term incentive referring to the year 2019, in partial execution of the 2019-2021 Plan.

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

Trade Union agreements regarding Personnel

Non-executive personnel

As part of activities for implementing the current Business Plan, in the 2019-2020 two-year period the Group insurance companies signed trade union agreements in relation to jointly agreed termination of employment contracts for non-executive personnel reaching pension age by 31 December 2023. These personnel will receive their pension directly from INPS, if they have reached entitlement, or will have access to the extraordinary section of the Solidarity Fund,

whereby they will receive a cheque paid by the company that is equivalent to the future pension until such a time as the state pension requirements are met, through payment by the company to INPS of the related contributions.

Following the COVID-19 epidemiological emergency, taking into account the significant decline in economic activity and on the basis of the legal provisions issued in the course of the year, various trade union agreements were signed in the Group's different business areas.

In particular, for the Group's insurance companies, a partial reduction in work activities was established, for a total of 18 days, first through the use of leave accrued and not yet taken and then by recourse to the ordinary section of the Solidarity Fund, in any event guaranteeing full protection of remuneration and the correlated contribution. This recourse made it possible to recover contributions paid to the Fund in the past by the Group companies, without requiring recourse to contributions referring to employees or other insurance sector companies. Furthermore, it was established that employees will make use of the leave due for the year 2020.

In other sectors, such as the hotel business, recourse was made to the social safety nets provided by provisions of law and the contract, practically continuously from 16 March 2020 to the end of the year. Lastly, on a voluntary basis, the possibility of accepting consensual termination of the employment relationship was also provided through a dedicated type of incentive.

Executive personnel

In Unipol Gruppo and the Group insurance companies, trade union agreements were signed in relation to jointly agreed termination of employment contracts for executive personnel reaching pension age by 31 December 2024 (initially 31 December 2023).

Following termination, these personnel will receive a cheque paid by the company that is equivalent to the future pension until such a time as the state pension requirements are met, through payment by the company to INPS of the related contributions.

IT services

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

Initiatives in favour of agencies

New remote sales functions were implemented to support agency operations during the lockdown (for example, extensions of the advanced electronic signature, new payment methods via SMS and Virtual POS) and modifications were made to incentive and economic settlement system management procedures to support agency liquidity.

The initiatives resulted in a 70% boost in the use of advanced electronic signatures and payments made in mobility and remotely more than doubled compared to the previous year.

Initiatives in favour of customers and the business

Modifications were developed for applications and operating procedures to adapt to the numerous regulatory changes introduced, and new products, commercial initiatives and rate changes were created to support business actions for emergency management.

Specifically, new Digital Campaigns were carried out based on the use of the app: #UnMesePerTe and #AndràTuttoBenefree in April #UniSalutePerTe in December, which led, inter alia, to a significant increase in customer use of the Company's digital touch points (we exceeded 3.3m apps downloaded and nearly tripled the number of interactions on the app and websites), thanks to the implementation of a series of application upgrades and the review and strengthening of the app and website HW and SW platforms.

Furthermore, the self-service range of services available on the app was expanded with payment of policy and "blue line" parking slips, as well as the application of the #UnMesePerTe voucher discounts.

The UnipolSai app was once again nominated as best insurance market app by the Financial Observatory.

Activities also continued for the application of Artificial Intelligence and Robotics to the automation of 26 new processes in 6 different business areas and in the claims area in particular, where the range of documents managed

with these technologies has been expanded further, and a new version of the “Liquido” system enhanced with new functions has been released to production.

Initiatives to support the initiation of smart working for Group employees

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

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

Cyber Security, Data Governance & Data Strategy Initiatives

As concerns Cyber Security in particular, activities continued for the introduction of new technologies to support the monitoring of security and personal data protection, by implementing multi-factor authentication for Group employees, activating a Threat Intelligence platform for advanced research on internet and dark web threats, the performance of vulnerability assessments and penetration tests on infrastructure and applications and the preparation and activation of a new 2020 Cyber Security Course for employees and agents, carried out in collaboration with UNICA.

In terms of Data, new platforms have entered production for Data Governance and Data Quality management and new technologies and methods have been introduced for the exploitation and leveraging of customer and prospect data in pricing and underwriting processes.

Development of Ecosystems and evolution of the Information Systems of other Group Companies

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

Internet

www.unipol.it is the Unipol website via which users can access the websites of the various Group companies and obtain information about Unipol itself.

Business outlook

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

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

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

As concerns the performance of the insurance business in which the Group operates, no particularly significant events are worth mentioning. Insurance segment trends are still impacted by the effects of the pandemic on commercial activities as well as claims.

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

Bologna, 18 March 2021

The Board of Directors



The image shows the cover of a financial statements document. The background is a blurred photograph of a multi-story building with many windows. A large, dark blue, curved shape overlaps the right side of the image. At the bottom, there is a decorative wavy line with the colors of the Italian flag: green, white, and red. The number '2' is prominently displayed in white on the blue shape.

2

FINANCIAL
STATEMENTS
FOR THE YEAR 2020

2 Financial Statements for the year 2020

Unipol Gruppo S.p.A. Statement of Financial Position

Amounts in €

ASSETS	31.12.2020	31.12.2019
A) SUBSCRIBED CAPITAL, UNPAID		
- of which called		
B) FIXED ASSETS		
I Intangible assets		
4) Concessions, licences, trademarks and similar rights	762,713	1,543,651
Total	762,713	1,543,651
II Property, plant and equipment		
2) Plant and equipment	4,200	14,023
4) Other assets	576,999	615,553
Total	581,198	629,576
III Financial fixed assets		
1) Investments in:		
a) subsidiaries	7,014,371,939	7,014,371,939
b) associates	298,098,507	223,311,650
Total investments	7,312,470,446	7,237,683,589
2) Receivables:		
a) from subsidiaries	103,341,647	133,307,218
- of which payable within 12 months	6,767,697	50,779,831
d-bis) from others	10,290	19,751
- of which payable within 12 months	10,290	19,751
Total receivables	103,351,937	133,326,969
3) Other securities	155,117,163	4,920,307
Total	7,570,939,546	7,375,930,865
TOTAL FIXED ASSETS	7,572,283,457	7,378,104,092

Unipol Gruppo S.p.A. Statement of Financial Position

Amounts in €

ASSETS	31.12.2020	31.12.2019
C) CURRENT ASSETS		
II Receivables		
1) from customers	412,944	368,021
2) from subsidiaries	98,516,315	91,354,941
3) from associates		142,356
5- bis) tax receivables	40,195,051	31,068,920
- of which payable after 12 months	4,829,995	4,872,419
5- ter) deferred tax assets	353,894,253	363,785,634
- of which payable after 12 months	336,956,035	363,785,634
5) quater) from others	456,487	617,396
- of which payable after 12 months	72,538	72,538
Total	493,475,050	487,337,268
III Current financial assets		
1) Investments in subsidiaries	3,403,111	1,360,592
4) Other investments	8,149,295	
5) Financial derivative assets	13,878	
6) Other securities	1,370,875,423	434,928,340
Total	1,382,441,707	436,288,932
IV Cash and cash equivalents		
1) Bank and post office deposits	412,539,370	258,141,960
- of which from associates	412,520,626	258,128,721
3) Cash at bank and in hand	12,382	14,350
Total	412,551,752	258,156,310
TOTAL CURRENT ASSETS	2,288,468,510	1,181,782,510
D) ACCRUALS AND DEFERRALS		
2) Deferrals	374,410	605,813
TOTAL ACCRUALS AND DEFERRALS	374,410	605,813
TOTAL ASSETS	9,861,126,377	8,560,492,415

Unipol Gruppo S.p.A. Statement of Financial Position

Amounts in €

LIABILITIES	31.12.2020	31.12.2019
A) SHAREHOLDERS' EQUITY		
I Share capital	3,365,292,408	3,365,292,408
II Share premium reserve	1,345,677,187	1,345,677,187
IV Legal reserve	673,058,482	673,058,482
VI Other reserves	284,054,255	518,350
- Extraordinary reserve	284,054,255	518,350
IX Profit (loss) for the year	316,348,943	283,535,905
X Negative reserve for treasury shares	(1,279,807)	(1,175,650)
TOTAL SHAREHOLDERS' EQUITY	5,983,151,468	5,666,906,682
B) PROVISIONS FOR RISKS AND CHARGES		
4) Other	43,277,017	36,692,813
TOTAL PROVISIONS FOR RISKS AND CHARGES	43,277,017	36,692,813
C) POST-EMPLOYMENT BENEFITS	38,346	37,790
D) PAYABLES		
1) Bonds	2,747,980,396	1,819,700,445
- of which payable after 12 months	2,509,161,749	1,819,700,445
5) Payables to other lenders	515,186	515,186
7) Trade payables	3,135,746	2,855,931
9) Payables to subsidiaries	1,061,012,197	974,352,623
- of which payable after 12 months	300,518,000	300,550,750
10) Payables to associates	239,374	6,589,720
12) Tax payables	838,479	31,353,903
13) Social security charges payable	546,112	474,935
14) Other payables	20,392,057	21,012,387
TOTAL PAYABLES	3,834,659,546	2,856,855,130
TOTAL LIABILITIES	9,861,126,377	8,560,492,415

Unipol Gruppo S.p.A. Income Statement

Amounts in €

	31.12.2020	31.12.2019
A) VALUE OF PRODUCTION		
1) Revenue from sales and services	638,158	749,135
5) Other revenue and income		
b) sundries	14,798,099	20,661,659
Total other revenue and income	14,798,099	20,661,659
TOTAL VALUE OF PRODUCTION	15,436,257	21,410,794
B) COSTS OF PRODUCTION		
6) Raw materials, consumables and goods for resale	184,251	174,729
7) Services	13,004,710	15,679,288
8) Use of third party assets	1,256,231	1,311,259
9) Personnel:		
a) wages and salaries	17,345,183	22,801,836
b) social security expenses	2,847,461	4,016,563
c) post-employment benefits	576,653	594,475
e) other costs	1,555,416	2,243,015
Total personnel	22,324,713	29,655,889
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	783,091	781,659
b) depreciation of property, plant and equipment	48,378	131,341
Total amortisation, depreciation and write-downs	831,469	913,000
12) Provisions for risks	23,131	743,613
13) Other provisions	4,000,000	
14) Sundry operating expenses	5,772,009	43,538,250
TOTAL COSTS OF PRODUCTION	47,396,515	92,016,027
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	(31,960,258)	(70,605,233)
C) FINANCIAL INCOME AND CHARGES		
15) Gains on investments:		
a) in subsidiaries	318,594,372	344,032,307
d) in other companies	58,810	5,745,277
Total gains on investments	318,653,182	349,777,583
16) Other financial income:		
a) from receivables recognised under fixed assets	3,794,413	4,304,337
1) from subsidiaries	3,794,406	4,304,172
4) from others	8	166
b) from securities held as fixed assets	899,520	53,131,742
c) from securities recognised under current assets	6,573,794	10,245,281
d) other income	2,605,433	169,336
1) from subsidiaries	16,116	
4) from others	2,589,317	169,336
Total other financial income	13,873,160	67,850,696
17) Interest and other financial charges:		
a) subsidiaries	8,297,417	14,746,255
b) associates	45,006	56,246
d) others	79,756,562	73,489,427
Total interest and other financial charges	88,098,986	88,291,928
17-bis) Exchange gains (losses)	(325,015)	4,618
TOTAL FINANCIAL INCOME AND CHARGES	244,102,342	329,340,969

Unipol Gruppo S.p.A. Income Statement

Amounts in €

	31.12.2020	31.12.2019
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18) Write-ups:		
c) of securities recognised under current assets	1,175,784	3,155,660
d) of financial derivative instruments	13,878	
Total write-ups	1,189,662	3,155,660
19) Write-downs:		
a) of investments		861
c) of securities recognised under current assets	737,328	353,739
Total write-downs	737,328	354,600
TOTAL ADJUSTMENTS	452,335	2,801,060
PRE-TAX PROFIT (LOSS)	212,594,418	261,536,797
20) Income tax for the year: current and deferred		
a) Current taxes	(26,901,058)	(5,770,613)
b) Taxes related to prior years	(85,731,624)	(7,763,018)
c- bis) Deferred tax assets	8,878,158	(8,465,478)
Total income tax for the year	(103,754,524)	(21,999,109)
PROFIT (LOSS) FOR THE YEAR	316,348,943	283,535,905

Unipol Gruppo S.p.A. Statement of cash flows

Amounts in €

	31.12.2020	31.12.2019
A. Cash flows arising from income management (indirect method)		
Profit (loss) for the year	316,348,943	283,535,905
Income tax	(103,754,524)	(21,999,109)
Interest expense/(interest income)	67,863,317	61,283,999
(Dividends)	(307,908,556)	(349,440,307)
(Capital gains)/losses arising from disposal of assets	(14,063,909)	(53,877,550)
1.Pre-tax profit (loss) for the year, interests, dividends and capital gains/losses on disposals	(41,514,729)	(80,497,061)
<i>Adjustments for non-monetary items with no impact on net current assets</i>		
Allocation to provisions	6,923,131	30,986,062
Depreciation of fixed assets	831,469	913,000
Write-downs for impairment losses		861
Other adjustments to non-monetary items	117,622,413	35,953,200
<i>Total adjustments to non-monetary items</i>	<i>125,377,013</i>	<i>67,853,123</i>
2. Cash flows before adjustments to net current assets	83,862,284	(12,643,938)
<i>Change in net current assets</i>		
Decrease (increase) in receivables from customers	(44,923)	
Decrease (increase) in trade payables	279,816	(3,260,206)
Decrease (increase) in prepayments and accrued income	231,403	1,402,166
Decrease (increase) in receivables from subsidiaries	(7,161,374)	(79,718,231)
Other changes in net current assets	50,313,164	127,032,026
<i>Total changes in net current assets</i>	<i>43,618,087</i>	<i>45,455,756</i>
3. Cash flows after adjustments to net current assets	127,480,371	32,811,818
<i>Other adjustments</i>		
Interest amounts collected (paid)	(67,863,317)	(61,283,999)
Dividends received	307,908,556	349,440,307
(Use of provisions)	(338,927)	(1,456,046)
<i>Total other adjustments</i>	<i>239,706,312</i>	<i>286,700,262</i>
Cash flows arising from income management (A)	367,186,682	319,512,080

Unipol Gruppo S.p.A. Statement of cash flows

Amounts in €

	31.12.2020	31.12.2019
B. Cash flows arising from investing activity		
<i>Intangible assets</i>		
(Investments)	(2,154)	(14,323)
<i>Financial fixed assets</i>		
(Investments)	(243,433,712)	(1,081,755,413)
Disposals - realisation values	47,075,711	649,446,155
<i>Financial current assets</i>		
(Investments)	(946,890,103)	(786,614,408)
Disposals - realisation values	14,063,909	193,940,050
Cash flows arising from investing activity (B)	(1,129,186,350)	(1,024,997,939)
C. Cash flows arising from financing activity		
<i>Loans received</i>		
Loans execution	1,004,535,000	
Repayment of loans	(88,139,890)	
<i>Equity</i>		
(Dividends and interim dividends distributed)		(129,072,323)
Cash flows arising from financing activity (C)	916,395,110	(129,072,323)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	154,395,442	(834,558,181)
Cash and cash equivalents at 1 January	258,156,310	1,092,714,492
of which:		
Bank and post office deposits	258,141,960	1,092,700,544
Cash at bank and in hand	14,350	13,948
Cash and cash equivalents at 31 December	412,551,752	258,156,310
of which:		
Bank and post office deposits	412,539,370	258,141,960
Cash at bank and in hand	12,382	14,350





3

NOTES
TO THE FINANCIAL
STATEMENTS

Structure and contents of the Financial Statements

Unipol 2020 Financial Statements were prepared in compliance with the provisions of the Civil Code and the national accounting standards approved by the OIC (Italian Accounting Standards Setter). In fact, since it qualifies as the Parent of an insurance group, Unipol is required to prepare consolidated financial statements in compliance with international accounting standards according to Art. 95, paragraph 2-*bis* of Italian Legislative Decree 209/2005 (Private Insurance Code), but cannot apply these international accounting standards to the company's separate financial statements pursuant to Art. 4 of Italian Legislative Decree 38/2005.

The financial statements include the Statement of Financial Position, the Income Statement, the Statement of Cash Flows and these Notes. They are also accompanied by the Management Report.

As stated in Art. 2423, paragraph 6 of the Civil Code, the amounts in the Financial Statements are expressed in Euro, without decimals, whilst amounts indicated in the Notes to the Financial Statements are expressed in €k, unless otherwise indicated, as permitted by the provisions of the Civil Code.

The measurement criteria were adopted on the basis of going concern assumptions, in application of the principles of accrual, materiality and significance of the transactions or contracts, pursuant to Articles 2423 and 2423-*bis* of the Civil Code.

The nature and effect on the Statement of Financial Position, Income Statement and Statement of Cash Flows of the main significant events after year end, also as regards, where applicable, the valuations of these annual financial statements, are reported in a special chapter of these Notes.

In order to integrate disclosures provided in the aforementioned mandatory statements, the Income Statement figures were restated in the attached reclassification statement and were accompanied by the Statement of Changes in Shareholders' Equity and the Statement of Cash Flows.

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

Unipol administrative bodies and the manager in charge of financial reporting have provided the Statement on the financial statements in accordance with Art. 81-*ter*, Consob Regulation 11971 of 14 May 1999, with later amendments and integrations.

These financial statements were audited by PricewaterhouseCoopers SpA, appointed independent auditors by the Shareholders' Meeting for the years 2012-2020.

Measurement criteria

Intangible assets

Intangible assets are recognised at historical acquisition or production cost, including accessory charges, and are amortised over their residual useful lives (3-5-10 years). For projects under development, amortisation is suspended until the year in which they are first used.

Start-up and expansion costs are amortised on a straight-line basis over five years from the effective date of the related transaction, taking into account their future usefulness and their estimated useful life.

Other long-term costs are amortised over their estimated useful lives. If the intangible assets are no longer believed to have future usefulness, the assets are written off and charged to the Income Statement.

Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost and adjusted for the corresponding accumulated depreciation. The carrying amount takes into consideration any accessory charges and direct/indirect costs in the portion reasonably attributable to the asset.

Depreciation is calculated according to the useful life of the asset:

- plant and equipment: useful life of 3 to 7 years;
- movable assets entered in public registers: useful life of 4 years;
- office furniture and machines: useful life of 3 to 8 years;
- data processing centre machines: useful life of 2 to 5 years;
- assets up to €516: fully depreciated over 1 year.

Financial fixed assets

These are mainly represented by controlling interests.

The investments concerned are recognised at purchase or subscription cost or at a value below cost if, on the basis of the financial position of the companies invested in, the investments show evidence of impairment.

The bonds held as investments in the Company's equity are measured at amortised cost, applying the internal effective rate of return (effective interest criterion). The value is adjusted for any impairment losses.

If the reasons for recognition of the value adjustment no longer apply, the value of the security is restored to the extent of the amortised cost, calculated as if the previous adjustments had not been recognised.

Transfers of investments

In the event of a change in strategy decided by the management body regarding the destination of an investment to remain for a longer or shorter length of time in the company's assets, said investment is reclassified among fixed assets (fixed financial assets) and among current assets (current financial assets).

The transfer is recognised on the basis of the value resulting from the application - at the time of said transfer - of the valuation criteria of the original portfolio. Therefore:

- a) the transfer of fixed investments to current assets is recognised on the basis of the cost, adjusted if necessary to reflect any impairment losses;
- b) the transfer of current investments to financial fixed investments is recognised on the basis of the lesser value between the cost and the sale value based on market performance.

Receivables

Receivables are measured at amortised cost, applying the internal effective rate of return (effective interest criterion), taking into account the time factor, except for current receivables (due in less than 12 months).

Current financial assets

Shares classified as current assets and mutual investment fund units are recognised at the lower of average purchase cost and market value, which for listed securities is the average price recorded in the last month of the year and for unlisted securities a prudent estimated realisable value.

Furthermore, for listed securities, if the December average is not representative of the market value, the average believed to be more representative is used as a prudent measure.

Bonds classed as current are recognised at the lower of the purchase cost and the realisable value estimated from market trends, for listed securities based on the arithmetic mean of prices recorded in December and for unlisted securities on the estimated realisable value at 31 December, calculated on basis of the current value of securities

3 Notes to the Financial Statements

traded on regulated markets and with similar characteristics. Write-downs in previous years are not maintained if the reasons giving rise to such write-downs should no longer apply.

Financial derivatives

Financial derivatives are recognised and measured at fair value. Changes in fair value are recognised in the income statement under section D. "Value adjustments to financial assets and liabilities" (items D18 and D19), except in cases where the changes derive from a cash flow hedging strategy. In this case, the effective portion of the gains or losses on the derivative instrument are suspended in a shareholder' equity reserve and later recognised in the income statement to the extent and timing corresponding to cash flows occurring or changing from the hedged instrument or if the transaction hedged is performed. Note that section D. "Value adjustments to financial assets and liabilities" (items D18 and D19) also includes changes in fair value deriving from the hedged item and attributable to the measurement of the hedging instrument as part of an effective fair value hedging strategy.

In terms of assets, the market value of the existing financial instruments classified as financial assets is recognised:

- among "Financial fixed assets", in item B) III 4) financial derivative assets;
- among "Current financial assets", in item C) III 5) financial derivative assets.

If, instead, the fair value of the derivatives is negative, this value is recognised under "Provisions for risks and charges", item B) 3) - financial derivative liabilities.

Financial derivatives are used only for hedging purposes, to reduce the risk profile of the assets/liabilities hedged, i.e. to optimise their risk/return profile.

At 31 December 2020 there were no hedging transactions qualifying as cash flow hedges or fair value hedges for accounting purposes.

Accruals and deferrals

Accruals and deferrals are calculated on an accrual basis.

Provisions for risks and charges

Provisions for risks and charges are allocated to cover losses or liabilities of certain or probable existence, but for which the amount or contingency date cannot be reliably determined at the end of the year. The measurement of these provisions complies with general prudent and accrual criteria and the amounts allocated reflect the best possible estimate based on available information.

Post-employment benefits

Post-employment benefits reflect the liability accrued to employees at year end, net of amounts devolved to supplementary pension funds and to the INPS Treasury Fund in accordance with current regulations.

Payables

Payables recognised in the financial statements according to the amortised cost criterion, applying the internal effective rate of return (effective interest criterion) and taking into account the time factor. The amortised cost criterion does not apply to current payables (i.e. due in less than 12 months).

Dividends

Dividends are recognised at the moment in which, following a resolution of the Shareholders' Meeting of the investee to distribute profit or possibly reserves, the investor's entitlement to their collection arises.

Recognition of costs and revenues

Revenues and costs are recognised according to prudent and accrual principles.

Income tax for the year

Income tax for the year is calculated according to current tax regulations and recognised among costs for the year. These comprise charges/income for:

- current tax for the year;
- tax from previous years, the amount of which has changed at the initiative of the taxpayer or the Tax Administration, or due to the closure of disputes;

- deferred tax assets and liabilities arising during the year and usable in future years;
- the portion for the year of deferred tax assets and liabilities generated in previous years.

Pursuant to Art. 117 et seq. of Presidential Decree 917/1986 and Ministerial Decree of 9 June 2004, the Company has renewed the option, as consolidating company, for the IRES tax consolidation regime, with 35 companies, among which UnipolSai, taking part as consolidated companies. Unipol has signed an agreement with these companies regulating the economic and financial aspects governing the regime in question, recognising in its financial position the effects of the transfer of the IRES taxable income of the consolidated companies, calculated pursuant to the law, keeping into account the applicable consolidation adjustments and the tax credits accrued.

In application of Accounting Principle no. 25 of the Italian Accounting Standards Setter, deferred tax assets and liabilities are calculated on the temporary differences between profit (loss) for the year and taxable income. Deferred tax assets are recognised only if it is reasonably certain that they will be recovered in future years.

Deferred tax liabilities are calculated on the basis of the tax rates set by current tax regulations and applicable to the future years in which all or part of the temporary differences that produce them are expected to be reabsorbed.

The disclosure pursuant to Art. 2427, par. 1, no. 14 of the Civil Code, together with the statement of reconciliation between theoretical and effective tax charges, is provided in the section "Income Statement - Income tax for the year: current and deferred".

Translation of balances in foreign currencies

Items expressed in foreign currencies are treated in accordance with the principles of multicurrency accounting.

In compliance with Art. 2426, par. 8-bis of the Civil Code, property, plant and equipment, intangible assets and financial assets (held as investments) in foreign currencies are recognised at the spot rate at the time of purchase. Other items expressed in a foreign currency are recognised at the year-end rates. All translation differences are recognised in the Income Statement.

Exchange rates used

The main exchange rates used for the translation into euros are as follows:

Currencies	31/12/2020	31/12/2019
US Dollar	1.2271	1.1234
Pound Sterling	0.8990	0.8508
Swiss Franc	1.0802	1.0854
Yen	126.4900	121.9400
Danish Krone	7.4409	

Exceptions pursuant to Art. 2423, paragraph 5 of the Civil Code

No exceptions pursuant to Art. 2423, paragraph 5 of the Civil Code were applied.

Uncertainty in the use of estimates

The application of certain accounting standards implies significant elements of judgment based on estimates and assumptions which are uncertain at the time they are formulated.

As regards the 2020 financial statements, it is believed that the assumptions made are appropriate and, therefore, that the financial statements have been drafted clearly and give a true and fair view of the statement of financial position, income statement and statement of cash flows. The relevant paragraphs of the Notes to the Financial Statements provide full details of the reasons underlying the decisions made and the measurements performed. In order to formulate reliable estimates and assumptions, reference has been made to past experience, and to other factors considered reasonable for the case in question, based on all available information.

However, we cannot exclude that changes in these estimates and assumptions may have a significant effect on the statement of financial position and income statement as well as on the potential assets and liabilities reported in the financial statements for disclosure purposes, if different elements emerge with respect to those considered originally.

In particular, a greater use of subjective assessments by company management is required in the following cases:

- calculation of impairment losses on equity investments;
- calculation of the current value of financial assets and liabilities where this cannot be directly observed on active markets. In this case, the subjective elements lie in the choice of measurement models or input parameters that cannot be directly observed on the market;

3 Notes to the Financial Statements

- definition of parameters used in the analytical assessment of securities investments to verify any impairment. In particular, reference is made to the choice of measurement models and the main assumptions and parameters used;
- assessment of the recoverability of deferred tax assets;
- quantification of provisions for risks and charges where there is uncertainty about the amount required and the contingency periods.

In such cases an explanation is provided with the aim of providing investors with a better understanding of the main causes of uncertainty, but in no way is meant to suggest that alternative assumptions might be appropriate or more valid. In addition, the financial statements measurements are made on the basis of going concern assumptions, as no risks have been identified that could compromise orderly business operations.

Information on the Statement of Financial Position and Income Statement

The items in the Statement of Financial Position and the changes in corresponding balances with respect to the previous year are commented on below, with additional information as required by current regulations.

Statement of Financial Position - Assets

B. Fixed assets

B) I - Intangible assets

Intangible assets totalled €763k at 31 December 2020, down by €781k compared to the previous year's balance, almost exclusively due to amortisation for the year.

This item is almost entirely comprised of Concessions, licences, trademarks and similar rights (€1,544k at 31/12/2019), referring to software user licences and accessory costs for related customisation.

The above amounts were recognised as assets with the consent of the Board of Statutory Auditors, where necessary.

B) II - Property, plant and equipment

The item Property, plant and equipment was €581k at 31 December 2020 (€630k at 31/12/2019) and referred to 577k of furnishings, hardware and works of art (€616k at 31/12/2019) and €4k in plant and equipment (€14k at 31/12/2019).

The changes in intangible asset items, property, plant and equipment items and the related accumulated amortisation/depreciation are described in Annexes 4 and 5 to these Notes to the Financial Statements.

B) III - Financial fixed assets

1) Investments

The total value of investments at 31 December 2020 was €7,312,470k, compared to €7,237,684k at the end of the previous year, recording an increase of €74,787k (+1%).

Details are provided in the table below:

Amounts in €k

Company	Business activities	Share capital	% holding		Carrying amount
			direct	indirect	
Investments in subsidiaries:					
UnipolSai Assicurazioni S.p.A.	Insurance and reinsurance	2,031,456	60.98	23.93	5,169,262
Unipol Investment S.p.A.	Investment holding	5,180	100.00		528,577
Unipol Finance S.r.l.	Investment holding	5,000	100.00		482,800
UnipolPart I S.p.A.	Investment holding	4,100	100.00		463,198
UnipolReC S.p.A.	Financial intermediary	290,123	85.24	14.76	359,819
UnipolSai Investimenti SGR S.p.A.	Asset Management	3,914	51.00	49.00	10,710
UnipolSai Servizi Consortili S.c.r.l.	Other	5,200	0.02	99.98	6
Total					7,014,372
Investments in associates:					
BPER Banca	Bank	2,100,435	9.55	9.34	298,099
Total					298,099
TOTAL					7,312,470

At 31 December 2020, Unipol also held 1,571,867 UnipolSai shares, classified among current financial assets. If these shares are also considered, the direct investment in UnipolSai is 61.04%.

The details of changes in item B.III1) "Investments" are provided in Annex 6 to these Notes to the Financial Statements.

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The change in the balance is due to subscription to the share capital increase of BPER Banca in October 2020, through the subscription of 83,096,512 shares for a total value of €74,787k.

The following table lists the subsidiaries and associates, indicating the carrying amount and related percentage of shareholders' equity calculated on the basis of the last draft financial statements approved by the subsidiary's Board of Directors.

Any recognised value of the investment in excess of the corresponding portion of the carrying amount of shareholders' equity, refers to the equity, economic and strategic value of the company together with its future profitability.

Amounts in €k

Company	Carrying amount	% holding	Shareholders' equity at 31/12/2020	Portion of shareholders' equity attributable
Investments in subsidiaries:				
UnipolSai Assicurazioni S.p.A.	5,169,262	60.98	6,450,896	3,933,756
Unipol Investment S.p.A.	528,577	100.00	575,620 (*)	575,620
Unipol Finance S.r.l.	482,800	100.00	608,857 (*)	608,857
UnipolPart I S.p.A.	463,198	100.00	524,069 (*)	524,069
UnipolReC S.p.A.	359,819	85.24	440,215	375,256
UnipolSai Investimenti SGR S.p.A.	10,710	51.00	20,567	10,489
UnipolSai Servizi Consortili S.c.r.l.	6	0.02	32,063	6
Total	7,014,372		8,652,287	6,028,054
Investments in associates:				
BPER Banca	298,099	9.55	6,196,819 (**)	591,796
Total	298,099		6,196,819	591,796
TOTAL	7,312,470			6,619,850

(*) The shareholders' equity of reference is that from the latest approved financial statements at 30 June 2020.

For Unipol Investment, the shareholders' equity is net of the dividend paid to the holding company in November 2020.

(**) The shareholders' equity of reference is that from the draft financial statements at 31 December 2020.

In particular, we note that:

- for UnipolSai Assicurazioni, an SoP (Sum of Parts) methodology was adopted to determine the value in use of the investment, estimating separately the value assigned to assets in the Non-Life and Life businesses, using:
 - an excess capital version of a Dividend Discount Model (DDM) in relation to UnipolSai Assicurazioni – Non-Life;
 - an Appraisal Value methodology for UnipolSai Assicurazioni - Life.

The investment in **UnipolSai Investimenti SGR** shows a recognised value in excess of the corresponding portion of shareholders' equity, representing goodwill recognised at the time of the acquisition and justified by the profitability expected from that investment.

2) Receivables

Receivables recognised as fixed assets were €103,352k, against €133,327k at 31 December 2019. The following primarily impacted the changes in this balance:

- on the plus side, the integration of €18,450k of the loan granted to UnipolRental S.p.A. (formerly Car Server S.p.A.), which at 31 December 2020 was €59,878k, including interest of €192k. The loan agreement, signed on 8 November 2019, which calls for disbursing a maximum amount of €150m, matures on 8 November 2023 and accrues interest at a rate of 2.216% on the average amount used;
- on the minus side, the early partial repayment of a total of €47,066k on the shareholder loan in place with the subsidiary UnipolReC S.p.A., made in two tranches on 30 June and 15 December 2020. The above loan, at the end of 2020, was recognised under "Receivables from subsidiaries" in the amount of €43,464k (the interest portion of which is €1,306k).

The item "Receivables from others" of €10k (€20k at 31/12/2019), includes guarantee deposits relating to utilities.

The amounts due after 31 December 2021 are equal to €96,574k, of which €15,809k due after 31 December 2025.

3) Other securities

Other securities amounted to €155,117k (€4,920k at 31/12/2019) and included:

- government bonds for €132,541k (none at 31/12/2019);
- listed bonds for €22,577k (€4,920k at 31/12/2019).

C. Current assets

C) II – Receivables

The balance of this item at 31 December 2020 came to €493,475k, an increase of €6,138k compared to 31 December 2019. The breakdown for this item and the comparison with the previous year are shown in the following table:

<i>Amounts in €k</i>		
	31/12/2020	31/12/2019
1) Receivables from customers	413	368
2) Receivables from subsidiaries	98,516	91,355
3) Receivables from associates		142
5 bis) Tax receivables	40,195	31,069
5 ter) Deferred tax assets	353,894	363,786
5 quater) Receivables from others	456	617
Total	493,475	487,337

The amounts due after 31 December 2021 are equal to €341,859k, of which €132,003k due after 31 December 2025.

“Receivables from subsidiaries” amounted to €98,516k (€91,355k at 31/12/2019), and mainly consisted of:

- receivables pertaining to the group tax consolidation, totalling €83,009k (€88,181k at 31/12/2019), due from the subsidiaries that individually have an IRES tax debt, net of advances paid;
- receivables for €7,550k (none at 31/12/2019) relating to the cash pooling agreement, due to the subsidiary Tenute del Cerro;
- receivables relating to the chargeback of costs for personnel seconded to Group companies;
- receivables from Group companies that participate in the Group consolidated VAT scheme.

“Tax receivables” amounted to €40,195k (€31,069k at 31/12/2019), and mainly consisted of:

- €32,945k for tax receivables for the IRES balance deriving from the 2020 Tax Consolidation (€23,308k at 31/12/2019). The total receivable can be used to offset taxes within the limits set out by regulations in force;
- €1,574k for other tax receivables, relating mainly to taxes paid in previous years pending cases in dispute, which are expected to have favourable outcomes.

The balance of the deferred tax assets at 31 December 2020, equal to €353,894k, shows a net decrease of €9,891k with respect to 31 December 2019. The changes during the year are summarised in the following table.

<i>Amounts in €k</i>	
Opening balance at 1/1/2020	363,786
Increases in the year	28,752
Uses in the year	(38,644)
Closing balance at 31/12/2020	353,894

With regard to the statement of temporary differences which led to the recognition of deferred tax assets and liabilities (Art. 2427, paragraph 1, no. 14 of the Civil Code), as well as the movements during the period, reference should be made to Annex 8 to the Notes to the Financial Statements.

Net tax assets are deemed to be recoverable on the basis of the provisional plans of Group companies, taking into account the effects of the tax consolidation and current regulations both on unlimited carry-forward of tax losses to

3 Notes to the Financial Statements

future years, and the transformation into tax receivables of deferred tax assets in cases of statutory loss and/or tax loss in the presence of amortisation of taxable goodwill.

The item "Receivables from others" under Current Assets went from €617k at 31 December 2019 to €456k at 31 December 2020.

This item includes:

- €111k sundry receivables from current and former employees (€109k at 31/12/2019);
- €49k receivables for utility guarantee deposits (€63k at 31/12/2019);
- receivables due from owners of properties for advances for €5k (€43k at 31/12/2019).

This item is recognised net of the related bad debt provision.

C) III - Current financial assets

The breakdown of this item, equal to €1,382,442k at 31 December 2020, is as follows:

<i>Amounts in €k</i>		
	31/12/2020	31/12/2019
Investments in subsidiaries	3,403	1,361
Other investments	8,149	
Financial derivative assets	14	
Other securities	1,370,875	434,928
Total	1,382,442	436,289

"Investments in subsidiaries", amounting to €3,403k at the end of 2020, consisted entirely of shares of the subsidiary company UnipolSai to serve the executive incentive plans (€1,361k at 31/12/2019).

"Other investments" are represented by listed shares purchased in November 2020 for a total value of €8,149k.

"Other securities" refer to:

- listed foreign government bonds for €1,305,935k (€400,620k at 31/12/2019);
- listed bonds for €64,721k (€33,869k at 31/12/2019);
- foreign funds for €219k (€439k at 31/12/2019).

Details of the shares and securities recognised as current assets are provided in Annex 7 to the Notes to the Financial Statements.

C) IV - Cash and cash equivalents

Cash and cash equivalents, which at 31 December 2020 were €412,552k (€258,156k at 31/12/2019), consisted almost entirely of bank and post office deposits, equal to €412,539k, of which €412,521k deposited with the associate BPER Banca S.p.A. (€258,142k at 31/12/2019, of which €258,129k deposited with the associate BPER Banca S.p.A.).

D. Accruals and deferrals

The Item "Accruals and deferrals" at 31 December 2020 was €374k (€606k at 31/12/2019), and consisted of the following.

Statement of Financial Position - Liabilities

A. Shareholders' equity

Movements in shareholders' equity recognised during the year with respect to the previous year are set out in the attached Statement of Changes in Shareholders' Equity (Annex 2).

A statement of use and availability of equity reserves has also been prepared, as required by Art. 2427, par. 1, letter 7-bis of the Civil Code (Annex 3).

The share capital and equity reserves at 31 December 2020 (excluding the result for the year), totalled €5,666,803k (€5,383,371k at 31/12/2019). The increase of €283,432k was due to the following effects:

- allocation to the extraordinary reserve of the 2019 profit of €283,536k;
- increase in the negative reserve for treasury shares in portfolio by €104k following the:
 - acquisition of 1,100,000 treasury shares for a value of €3,703k;
 - assignment of 1,056,507 shares for a value of €3,599k to those entitled as part of the performance share type long term incentive (LTI) and short term (STI) plans based on financial instruments.

At 31 December 2020 the share capital was €3,365,292k (unchanged with respect to 31/12/2019), subscribed and fully paid-up, and consisted of 717,473,508 ordinary shares.

The breakdown of equity reserves, €2,301,510k at 31 December 2020, is provided in the following table together with the previous year's values:

Amounts in €k

	31/12/2020	31/12/2019
A.II Share premium reserve	1,345,677	1,345,677
A.IV Legal reserve	673,058	673,058
A.VI Extraordinary reserve	284,054	518
A.X Negative reserve for treasury shares	(1,280)	(1,176)
Total	2,301,510	2,018,078

B. Provisions for risks and charges

The following table summarises the changes during the year in "Provisions for risks and charges", which at 31 December 2020 were equal to €43,277k (€36,693k at 31/12/2019).

Amounts in €k

	31/12/2019	Increases		Decreases		30/12/2020
		Provisions	Uses	Other		
4) Other						
Provision for sundry risks and charges	34,574	2,923	(29)	(310)		37,158
Employee leaving provision		4,000				4,000
Provision for taxes from previous years	2,119					2,119
	36,693	6,923	(29)	(310)		43,277

The increase in the "Provision for sundry risks and charges" is mainly due to the €2,900k increase in the provision for loyalty bonuses to be paid to key managers, as defined in the Unipol Group remuneration policies. At 31 December 2020, this provision totalled €30,900k.

Decreases other than uses were caused by provision surpluses released in the course of the year, due to the elimination of all or part of the relative risks.

Also in 2020, an "Employee leaving provision" was established for €4,000k, to cover estimated expense relating to the pre-retirement arrangements for executive personnel.

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Commitments deriving from the sale of Unipol Banca

As part of arrangements relating to the sale to BPER Banca of the entire equity investment in Unipol Banca, Unipol Gruppo and UnipolSai committed, inter alia, to indemnifying BPER Banca - on a pro-rata basis in relation to the interest transferred - for losses deriving from specifically identified dispute counterclaims of the Unipol Banca Group outstanding at 31 March 2019 (the "Losses from Dispute Counterclaims"), provided that such losses are effectively and definitively incurred and within the limits and to the extent they exceed, net of tax relief, the related provisions specifically allocated in the consolidated statement of financial position of the Unipol Banca Group at 31 March 2019 (€10m). Similarly, the acquirer BPER is committed to paying an amount to the sellers for any excess of the aforementioned provisions over and above the Losses from Dispute Counterclaims. Against the commitments made in relation to the Losses from Dispute Counterclaims, potential liabilities were estimated totalling €5m. At 31 December 2019, Unipol Gruppo recognised provisions, to the extent of its own share (85.24%), amounting to €4.2m, deemed adequate on the basis of available information concerning the individual ongoing disputes. The positions settled in the course of 2020 basically confirmed such estimates.

Relations with the Tax Authorities

The IRES and IRAP tax dispute for the 2005-2007 tax periods of the former Aurora Assicurazioni, merged by incorporation into Unipol in 2007, pertaining mostly to findings relating to specific insurance provisions, is still pending before the Court of Cassation for the periods 2005 and 2006.

C. Post-employment benefits

The balance of post-employment benefits at 31 December 2020 was €38k (in line with the balance at 31/12/2019). The breakdown of the changes over the year is provided in the following table:

Amounts in €k

Balance at 1/1/2020	38
Increases in the year	
Provisions in the year	576
Decreases in the year	
Transfer to pension fund	(387)
Transfers to INPS treasury fund	(149)
Other decreases	(40)
Closing balance at 31/12/2020	38

D. Payables

The balance of Payables at 31 December 2020 was equal to €3,834,660k (€2,856,855k at 31/12/2019). The breakdown and related comparison with the previous year are provided in the following table:

Amounts in €k

	31/12/2020	31/12/2019
Bonds	2,747,980	1,819,700
Payables to other lenders	515	515
Trade payables	3,136	2,856
Payables to subsidiaries	1,061,012	974,353
Payables to associates	239	6,590
Tax payables	838	31,354
Social security charges payable	546	475
Other payables	20,392	21,012
Total	3,834,660	2,856,855

The amounts due after 31 December 2021 are equal to €2,809,680k, of which €1,508,139k due after 31 December 2025.

The item "Bonds" was €2,747,980k (€1,819,700k at 31/12/2019), and consists of the following:

- for a total of €238,819k (€325,148k at 31/12/2019) of the senior bond loan (nominal value of €317,352k), listed on the Luxembourg Stock Exchange, with a seven-year duration (March 2021 maturity) and 4.375% fixed interest rate. In

September 2020, a tender offer was executed on the bond loan with a repurchase price of 101.93, at which a nominal total of €86,471k was subscribed.

- for a total of €1,001,023k (€995,569k at 31/12/2019) of the senior bond loan (nominal value of €1,000,000k), listed on the Luxembourg Stock Exchange, with a ten-year duration (March 2025 maturity) and 3% fixed interest rate;
- for a total of €499,310k (€498,984k at 31/12/2019) of a non-convertible, non-subordinate and non-guaranteed senior bond loan (nominal value of €500,000k), listed on the Luxembourg Stock Exchange, with a ten-year duration (November 2027 maturity) and 3.5% fixed interest rate;
- for a total of €1,008,828k of a senior green bond loan (nominal value of €1,000,000k), listed on the Luxembourg Stock Exchange, with a ten-year duration (September 2030 maturity) and 3.25% fixed interest rate, issued in two tranches with nominal values of €750,000k and €250,000k, respectively, on 23 September and 26 November 2020.

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

Total interest payments for the year were €67,863k (€61,284k at 31/12/2019).

The item "Trade payables" went from €2,856k at 31 December 2019 to €3,136k at 31 December 2020.

The balance of the item "Payables to subsidiaries" was €1,061,012k at 31 December 2020 (€974,353k at 31/12/2019), and consisted mainly of:

- €267,820k (€267,830k at 31/12/2019), for two outstanding loans with the subsidiary UnipolSai Assicurazioni S.p.A. granted at the time it took over the role of issuer of the bond loans originally issued by Unipol. The loans, repayable on demand either in full or in part at the request of UnipolSai Assicurazioni S.p.A. and in any event at least three days before the repayment date of the aforementioned bond loans, bear interest at the 3M Euribor rate plus 100 b.p. spread. In 2020, interest expense of €1,604k accrued;
- €300,518k (€300,551k at 31/12/2019) relating to an unsecured loan granted by UnipolSai Assicurazioni S.p.A. on 1 March 2019 as part of the exercise of the put option relating to 27.49% of the share capital of Unipol Banca S.p.A. and UnipolReC S.p.A. This loan is indexed to the 3M Euribor plus a spread of 260 basis points, with bullet repayment at 5 years (with the possibility of full or partial early repayment), and the payment of interest on a quarterly deferred basis. In 2020, interest expense of €6,686k accrued;
- €11,373k due to subsidiaries for the current tax consolidation (€8,321k at 31/12/2019);
- €474,909k due to Group companies participating in the cash pooling agreement. The breakdown of payables and the related counterparties is shown in the following table:

Amounts in €k

COUNTERPARTY COMPANIES	31/12/2020	31/12/2019
Unipol Finance S.r.l.	188,086	188,644
UnipolSai Finance S.p.A.	30,401	124,471
Centri Medici Dyadea S.p.A.	29	
Unipol Investment S.p.A.	41,497	26,404
Midi S.r.l.	17,191	
APB Car Service S.r.l.	7,905	
Auto Presto & Bene S.p.A.	20,050	
UnipolSai Servizi Consortili S.C.A.R.L.	441	
UnipolSai Servizi Previdenziali S.r.l.	1,201	
Sogeint S.r.l.	6,325	
Pronto Assistance Servizi S.C.A.R.L.	18,472	
GruppoUna S.p.A.	2,963	
Marina Di Loano S.p.A.	8,755	
Meridiano Secondo S.r.l.	2,736	
Alfaevolution Technology S.p.A.	15,183	
Leithà S.p.A.	1,935	
Unipol Reoco S.p.A.	671	
UnipolReC S.p.A.	46,162	30,290
UnipolRental S.p.A.	3,389	
UnipolPart I S.p.A.	61,515	24,735
Total	474,909	394,544

3 Notes to the Financial Statements

The balance of "Tax payables" at 31 December 2020 was €838k, a decrease of €30,515k compared to the previous year, mainly attributable to removal of the payable for the IRES balance of the tax consolidation.

The balance of the "Social security charges payable" at 31 December 2020 was €546k (€475k at 31/12/2019). This item represents outstanding payments due at the end of the year to welfare institutions for contributions payable by the Company and borne by employees on December salaries.

The balance of the "Other payables" at 31 December 2020 was €20,392k, down compared to the previous year by €620k. The balance mainly refers to liabilities to employees of €19,848k (€20,513k at 31/12/2019).

Guarantees, commitments and other contingent liabilities

The guarantees, commitments and other contingent liabilities, not recorded in the Statement of Financial Position, are illustrated (at their contractual value) in the following table:

Amounts in €k

	31/12/2020	31/12/2019
Guarantees		
Sureties given in the interest of subsidiaries	99,259	25,435
Sureties and endorsements given in the interest of third parties	8	8
Other personal guarantees given in the interest of subsidiaries	561,689	561,689
Guarantees given by third parties in the interest of the company	1,666	1,666
Guarantees given by subsidiaries in the interest of the company	15	15
Total	662,637	588,812
Commitments		
Other commitments	98,563	108,864
Total	98,563	108,864
Grand total	761,200	697,676

"Other personal guarantees given in the interest of subsidiaries" include guarantees given for the subsidiary UnipolSai Assicurazioni S.p.A. in connection with the subordinated bond loans originally issued by Unipol, which UnipolSai Assicurazioni S.p.A. took over as issuer in 2009: UGF 7%, 2021 maturity (for €300,000k) and UGF 5.66%, 2023 maturity (for €261,689k).

The item "Other commitments" included:

- €90,314k, referring to the share not yet disbursed to UnipolRental S.p.A. (formerly Car Server S.p.A.) relating to the loan granted to the company on 8 November 2019 for a maximum amount of €150,000k. At 31 December 2020 €59,686k had been disbursed (€41,236k at 31/12/2019);
- €8,149k, relating to a forward put option (in USD), hedging the exchange rate risk on the nominal value of 1,000,000 Investindustrial Acquisition Corp shares purchased in November 2020.

Information on financial derivatives

In compliance with the guidelines established by resolution of the Company's Board of Directors on 8 February 2018, financial derivative transactions during the year were performed solely to achieve two objectives: reduce investment risk (hedging) or achieve effective management of the portfolio, therefore excluding purely speculative purposes. These aims were achieved through the specific derivatives listed in the Board of Directors resolution, involving securities held in portfolio at the time of conclusion of the related contract and for its entire duration. All transactions were performed with banking counterparties or similar.

The derivative positions open at the end of the year are described below.

A. Derivative contracts involving forward equity swaps

The value recognised is the settlement price of the contracts. For transactions in foreign currencies the agreed forward rate was applied:

Amounts in €k

Transaction description	No. of transactions	Notional value at 31/12/2020
Forward sales of currency	1	8,149
Total		8,149

The transaction currency was the US dollar (USD).

This was a forward sale of \$10m performed to hedge 1,000,000 Investindustrial Acquisition Corp shares, purchased in November 2020, the carrying amount of which was \$10m.

B. Derivative contracts not involving forward equity swaps

At 31 December 2020 the Company did not hold contracts of this type.

3 Notes to the Financial Statements

Income Statement

The Income Statement is structured in accordance with the provisions of Art. 2425 of the Civil Code. Costs and revenues are recognised separately without netting.

A. Value of production

The total value of production at 31 December 2020 was €15,436k, against €21,411k at 31 December 2019.

A.1 Revenue from sales and services

Revenue from sales and services, relating to services rendered, amounted to €638k at 31 December 2020 (€749k at 31/12/2019).

A.5 Other revenue and income

Other revenue and income fell from €20,662k at 31 December 2019 to €14,798k at 31 December 2020.

The items included in the balance referred mainly to:

- recovery of costs for services of Unipol personnel seconded to Group companies, for €11,515k (€15,062k at 31/12/2019);
- remuneration charged back to the Company for Director duties performed by executives at other companies, for €2,113k (€2,253k at 31/12/2019);
- surpluses in provisions for risks and charges of €308k due to the elimination of all or part of the relative risks (€1,979k at 31/12/2019).

B. Costs of production

The total value of the costs of production at 31 December 2020 was €47,397k against €92,016k at 31 December 2019.

B.6 Raw materials, consumables and goods for resale

The item, equal to €184k (€175k at 31/12/2019) consists of purchase costs of printed materials and stationery for the offices.

B.7 Costs for services

The item was equal to €13,005k at 31 December 2020 (€15,679k at 31/12/2019), broken down as follows:

Amounts in €k

	31/12/2020	31/12/2019
Subsidiary services	4,677	5,075
Corporate bodies	3,916	3,948
Technical, legal and administrative consulting	1,903	3,686
Advertising	696	791
Fees for auditing and other certification services	313	285
Associates services	303	276
Electricity, heating and cleaning	241	181
Costs for IT services	222	203
Corporate and Shareholders' Meeting costs	91	260
Post and telephone	82	102
Seconded personnel services	66	84
Software maintenance, repairs and upgrades	55	218
Conventions, meetings and corporate events	30	43
Other overheads	410	528
Total	13,005	15,679

B.8 Costs for use of third party assets

The item, equal to €1,256k at 31 December 2020 (€1,311k at 31/12/2019), mainly refers to rents due on properties used by the Company (€801k). The item also includes €188k for car rental contracts of cars allocated to executives, signed with the subsidiary UnipolRental S.p.A. (formerly Car Server S.p.A.).

B.9 Personnel costs

The cost of labour at 31 December 2020 amounted to €22,325k, compared to €29,656k in the previous year.

The Company workforce went from 17 at 31 December 2019 to 16 at 31 December 2020, with changes as follows:

	31/12/2019	Recruitments	Terminations	31/12/2020
Personnel - Permanent	17		(1)	16
Total	17		(1)	16

The average workforce is specified below:

Average employees broken down by category	2020	2019
Executives	16	18
Employees	1	1
Average employees	17	19

B.10 Amortisation, depreciation and write-downs

The balance of this item, which at 31 December 2020 was €831k (€913k at 31/12/2019), can be broken down as follows:

- amortisation of intangible assets for €783k;
- depreciation of property, plant and equipment for €48k.

Details of changes in intangible assets and property, plant and equipment are provided in Annexes 4 and 5 to these Notes to the Financial Statements.

B.12 Provisions for risks

The item went from €744k at 31 December 2019 to €23k at 31 December 2020. The decrease is due to the absence of new disputes and the substantial adequacy of provisions relating to those still pending.

B.13 Other provisions

At 31 December 2020 these totalled €4,000k, zero at the end of 2019, and related to establishment of the employee leaving provision.

B.14 Sundry operating expenses

The item amounted to €5,772k at 31 December 2020 (€43,538k at 31/12/2019).

The main items included in the balance at 31 December 2020 are the following:

- provisions for €2,900k related to any loyalty bonuses due to key managers as defined in the Remuneration Policies of the Unipol Group (€28,000k at 31/12/2019);
- contributions paid to supervisory authorities and other associations, for €1,486k (€1,391k at 31/12/2019);
- donations for €750k (unchanged with respect to 31/12/2019);
- corporate and shareholders' meeting costs for €421k (€476k at 31/12/2019);
- taxes on financial transactions for €60k (€112k at 31/12/2019).

At 31 December 2020 there were €30k in contingent liabilities, relating mainly to supplier invoices.

C. Financial income and charges

C.15 Gains on investments

This item amounted to €318,653k at 31 December 2020 (€349,778k at 31/12/2019), of which €318,594k relating to investments in subsidiaries (€344,032k at 31/12/2019), consisting of:

- €307,909k in dividends resolved and distributed during the year by the subsidiaries UnipolSai, Unipol Investment and UnipolSai Investimenti SGR;
- €10,686k as the capital gain from the sale of 28,610,000 UnipolSai shares, held as current assets, sold over the counter to the subsidiary Unipol Finance on 26 March 2020 (settlement date 30 March 2020) at a price of €2.242 each (corresponding to the equity market closing price).

3 Notes to the Financial Statements

C.16 Other financial income

The composition of this item, with a total amount equal to €13,873k (67,851k at 31/12/2019), is summarised in the following table:

Amounts in €k

	31/12/2020	31/12/2019
A) Receivables recognised under fixed assets		
1. Subsidiaries	3,794	4,304
4. Others		
Total	3,794	4,304
B) Securities held as fixed assets	900	53,132
C) Securities recognised under current assets	6,574	10,245
D) Other income		
1. Subsidiaries	16	
4. Others	2,589	169
Total	2,605	169
Grand total	13,873	67,851

Financial income from receivables recognised under fixed assets is almost entirely represented by the interest on the loans granted to the subsidiaries UnipolReC S.p.A. (€2,480k) and UnipolRental S.p.A. (formerly Car Server S.p.A.; €1,315k).

Income from securities recognised under fixed assets, totalling €900k (€53,132k at 31/12/2019) are represented by interest on long-term securities (€5,660k at 31/12/2019). Note that the balance for the previous year included capital gains on the trading of long-term bonds for €47,472k.

Income from securities recognised under current assets, equal to €6,574k (€10,245k at 31/12/2019), included mainly gains on bond trading for €3,462k (€6,075k at 31/12/2019) and interest from bonds for €2,758k (€2,067k at 31/12/2019).

Other income, equal to €2,605k (€169k at 31/12/2019) includes income from the value adjustment on liabilities to employees in relation to executive compensation plans based on financial instruments (Long Term Incentive and Short Term Incentive) for €2,444k (€3,048k at 31/12/2019).

C.17 Interest and other financial charges - C.17.bis Exchange gains (losses)

Interest and other financial charges for €88,099k were recognised at 31 December 2020 (€88,292k at 31/12/2019); the item Exchange gains (losses) was negative for €325k (positive for €5k at 31/12/2019).

Amounts in €k

	31/12/2020	31/12/2019
Interest and other financial charges:		
a. Subsidiaries	(8,297)	(14,746)
b. Associates	(45)	(56)
d. Others	(79,757)	(73,489)
Total	(88,099)	(88,292)
Exchange gains (losses)	(325)	5
Grand total	(88,424)	(88,287)

Interest and other financial charges due to subsidiaries, equal to €8,297k (€14,746k at 31/12/2019), refer almost exclusively to interest expense for €8,291k (€7,484k at 31/12/2019) accrued during the year on loans granted by UnipolSai.

The decrease is mainly due to inclusion in the 2019 balance of interest expense of €7,188k accrued on the payable due to the former subsidiary Unipol Banca, which arose in 2017 following the early termination of the credit indemnity agreement, extinguished in July 2019.

Interest and other financial charges due to associates, totalling €45k (€56k at 31/12/2019), included bank charges and commissions to BPER Banca.

Interest and other financial charges due to others totalled €79,757k (€73,489k at 31/12/2019) and mainly referred to:

- interest expense on bond loans for €67,863k (€61,284k at 31/12/2019);
- charges arising from the issue of bond loans for €9,348k (€8,771k at 31/12/2019);
- capital losses of €1,669k realised on repurchase of the bond loan maturing March 2021, following the tender offer executed in September 2020, with a repurchase price of 101.93.

D. Value adjustments to financial assets

At 31 December 2020 the item had a positive balance for €452k (positive for €2,801k at 31/12/2019), mainly due to the reversals of impairment losses on bonds.

Income tax for the year: current and deferred

Taxes for the year recorded total income of €103,755k (income of €21,999k at 31/12/2019), comprising:

- €26,901k relating to valuation of the tax loss for the period;
- €86,474k for lower taxes relating to previous years, resulting from a more accurate application of the participation exemption when completing the 2019 tax returns;
- €8,878k relating to the net balance of deferred tax assets and liabilities.

The following table provides greater details of this item:

Amounts in €k

	IRES	Total 2020	IRES	Total 2019
Current taxes	26,901	26,901	5,771	5,771
Taxes pertaining to prior years	85,732	85,732	7,763	7,763
Deferred tax assets and liabilities:				
- use of deferred tax assets	(17,161)	(17,161)	(5,870)	(5,870)
- recognition of deferred tax assets	8,283	8,283	14,336	14,336
Balance of deferred tax assets/liabilities	(8,878)	(8,878)	8,465	8,465
Total	103,755	103,755	21,999	21,999

No income or charges were recognised for IRAP tax, since the taxable income for IRAP purposes was negative and regulations do not allow IRAP losses to be carried forward.

The statement of reconciliation between theoretical and effective IRES tax charges is provided below.

Amounts in €k

	2020	2019
Pre-tax profit (loss)	212,594	261,771
Taxes pertaining to prior years	85,732	7,529
Theoretical IRES - Income/(Expenses)	(51,023)	(62,825)
Increases:	(1,165)	(2,961)
- Interest expense	(822)	(744)
- PEX investments - write-downs		(1,582)
- Other changes	(343)	(635)
Decreases:	70,211	80,022
- Use of provisions for tax liabilities		341
- Dividends excluded	70,203	79,672
- Other changes	8	9
IRES pertaining to the year - Income/(Expenses)	18,023	14,236
Profit (loss) after taxes	316,349	283,536

3 Notes to the Financial Statements

With regard to the statement of temporary differences which led to the recognition of deferred tax assets and liabilities (Art. 2427, paragraph 1, no. 14 of the Civil Code), reference should be made to Annex 8 of the Notes to the Financial Statements.

Other information

Consolidated Financial Statements

Unipol Gruppo, Parent of the Unipol Insurance Group (registered in the Insurance Groups Register with reg. no. 046), prepares the Consolidated Financial Statements in accordance with Art. 154-ter of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and of ISVAP Regulation no. 7 of 13 July 2007, as amended. They comply with the IAS/IFRS standards issued by the IASB and endorsed by the European Union, along with the interpretations issued by IFRIC, in accordance with the provisions of Regulation (EC) no. 1606/2002 in force on the closing date of the financial statements. A copy of the Consolidated Financial Statements at 31 December 2020 is available from the company's registered office and on the company's website (www.unipol.it).

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

Fees for legally-required audit and non-audit services

Pursuant to Art. 149-*duodecies* of the Consob Issuer's Regulation, the following table shows the fees paid by Unipol Gruppo to the independent auditors, or a member of their network, for the provision of auditing and other services, by type or category.

Amounts in €k

Type of services	Provider of the service	Recipient	Fees (*)
Legally-required audit	PricewaterhouseCoopers S.p.A.	Unipol S.p.A.	149
Attestation services	PricewaterhouseCoopers S.p.A.	Unipol S.p.A.	5
Other professional services	PricewaterhouseCoopers S.p.A.	Unipol S.p.A.	168
Total Unipol Gruppo			322

(*) Fees do not include non-deductible VAT, if any, and recharged expenses

Transactions with related parties

Loan to UnipolReC S.p.A.

On 31 January 2018, as part of the restructuring plan of the banking sector, Unipol and UnipolSai granted a shareholder loan to Unipol Banca S.p.A., later transferred to BPER Banca S.p.A., of €173,250k and €126,750k respectively, for a total of €300,000k which, as envisaged in the Spin-Off Plan, was included in the Complex involved in the division transferred to the newly-established company UnipolReC S.p.A. The shareholder loan accrues annual interest of 3.25%. On 28 November 2018, an "Amendment Agreement" was signed which envisages, without prejudice to the maturity of 16 January 2028, the right for UnipolReC to be able to request, at any moment, the early repayment of the amount due pursuant to the agreement, all or in part, along with interest accrued on the amount repaid, after obtaining the consent of the Lending Shareholders.

On 30 June and 15 December 2020, against the above-mentioned shareholder loan, UnipolReC repaid two tranches of the loan for a total of €47,066k to Unipol. At 31 December 2020, the balance was €42,157k.

Loan to UnipolRental S.p.A. (formerly Car Server S.p.A.)

On 8 November 2019, a loan agreement was entered into between Unipol Gruppo and UnipolRental S.p.A. (formerly Car Server S.p.A.) for a maximum amount of €150,000k, which could be called up until 31 July 2020 in tranches for a minimum of €5,000k at the rate of 2.216%. The due date for repayment of the loan is 8 November 2023. At 31 December 2020, the balance amounted to €59,878k, inclusive of interest accrued of €192k.

UnipolSai Assicurazioni S.p.A. loans payable

Two loan agreements are in place, arranged in 2009, for €267,785k (unchanged with respect to the previous year). Interest paid to UnipolSai Assicurazioni S.p.A. in 2020 was equal to €1,604k.

A third unsecured loan is also in place with the subsidiary UnipolSai, for the amount of €300,000k, of a 5-year duration, interest at the 3MEuribor rate plus 260 basis points spread, bullet repayment at 5 years, with the option of full or partial early repayment and quarterly interest payments in arrears. This loan was disbursed to UnipolSai on 1 March 2019 at

3 Notes to the Financial Statements

the time of exercise of the put option on 27.49% of the share capital of Unipol Banca S.p.A. and UnipolReC S.p.A. The interest paid to UnipolSai Assicurazioni S.p.A. in 2020 totalled €6,686k.

The following table, supplementing the information provided in previous paragraphs of these Notes to the Financial Statements, lists transactions with related parties (subsidiaries, associates and others) carried out during 2020, as laid down in regulations in force, supplemented by Consob Communication no. DEM/6064293/2006. It should be noted that the application scope of the Procedure to perform transactions with related parties, adopted pursuant to Consob Regulation no. 17221 of 12 March 2010, as amended, also includes some counterparties that are included, on a voluntary basis, pursuant to Art. 4 thereof (shown in the following table under item "Other"). The above also includes the UCIs, in which the Company, or one of its related parties, holds more than 20% of the equity rights, the company Coop Alleanza 3.0 Società Cooperativa.

Amounts in €k

	Subsidiaries	Associates	Others	Total	% impact	
Fixed shares and holdings	7,014,372	298,099		7,312,470	74.2 (1)	1,991.5 (3)
Other receivables	201,858		337	202,195	2.1 (1)	55.1 (3)
Bank deposits		412,521		412,521	4.2 (1)	112.3 (3)
Current shares and quotas	3,403			3,403	0.0 (1)	0.9 (3)
TOTAL ASSETS	7,219,633	710,619	337	7,930,589	80.4 (1)	2,159.8 (3)
Sundry payables	1,061,012	239		1,061,252	10.8 (1)	289.0 (3)
TOTAL LIABILITIES	1,061,012	239		1,061,252	10.8 (1)	289.0 (3)
Dividends and other income from shares and holdings	318,594			318,594	149.9 (2)	86.8 (3)
Other financial income	3,811			3,811	1.8 (2)	1.0 (3)
Other revenue and income	13,125	462	513	14,099	6.6 (2)	3.8 (3)
TOTAL INCOME	335,530	462	513	336,504	158.3 (2)	91.6 (3)
Interest and financial charges	8,297	45		8,342	3.9 (2)	2.3 (3)
Costs for services	4,997	383	78	5,458	2.6 (2)	1.5 (3)
Costs for use of third party assets	997			997	0.5 (2)	0.3 (3)
Sundry operating expenses	750			750	0.4 (2)	0.2 (3)
TOTAL EXPENSES	15,042	428	78	15,548	7.3 (2)	4.2 (3)

(1) Percentage of total assets in the statement of financial position

(2) Percentage of pre-tax profit (loss)

(3) Percentage of total sources of funds in the statement of cash flows

Remuneration paid to members of the Administration and Control Bodies, the General Manager and Key Managers

Remuneration for 2020 due to Directors, Statutory Auditors and Key Managers of the Parent, for carrying out their duties in Unipol, was €15,160k, with breakdown as follows:

Amounts in €k

Directors and General Manager	8,139
Statutory Auditors	257
Other Key Managers	6,764 (*)

(*) mainly includes compensation of employees.

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

At 31 December 2020 under the item "Provisions for Risks and Charges" provisions for €30,900k, related to any loyalty bonuses due to key managers as defined in the Remuneration Policies of the Unipol Group, are included.

In 2020 the Group companies paid Unipol the sum of €1,711k as remuneration for the activities carried out by the Chairman, the Chief Executive Officer, the General Manager and the Key Managers of those companies.

Information on public funds received

With reference to the regulation on the transparency of public funds introduced by Art. 1, paragraphs 125 and 125-bis of Italian Law 124/2017 and subsequent amendments and supplements, note that the Company did not benefit from grants, state subsidies, benefits, advantages, contributions or aids, in cash or in kind financed from public resources, subject to the mandatory disclosure in the notes to the financial statements pursuant to the regulation cited above: For the sake of comprehensiveness, although such grants are excluded from the transparency obligations established in the regulations cited, any Aid measures and the relative individual Aid granted and recorded in the system by the Granting Authorities directly or indirectly benefitting of the company are published in the National Register of State Aid, open to the public for consultation on the relative website in the transparency section.

Non-recurring significant transactions during the year

No non-recurring significant transactions were carried out in the year ending 31 December 2020.

Atypical and/or unusual transactions during the year

No atypical and/or unusual transactions were carried out in the year ending 31 December 2020.

Significant events after the reporting period

Settlement agreement referring to the corporate liability action against several former directors and statutory auditors of subsidiaries

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

Early repayment of a UnipolSai subordinated loan maturing in 2021

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

At the time UnipolSai finalised the repayment, Unipol arranged settlement, for a residual nominal value of €39m, of the outstanding loan with UnipolSai, granted at the time the latter took over the role of issuer of the loan.

Proposals to the Ordinary Shareholders' Meeting

Dear Shareholders,

We submit the following resolution proposal for your approval:

Proposed approval of the 2020 financial statements

"The Ordinary Shareholders' Meeting of Unipol Gruppo S.p.A. ("Unipol" or the "Company"),

- having examined the draft financial statements of the Company at 31 December 2020;
- having examined the results of said draft financial statements, which recorded a profit for the year of €316,348,942.67;
- having viewed the Management Report of the Board of Directors at 31 December 2020;
- having accepted the Board of Statutory Auditors' Report and the report prepared by the Independent Auditors, PricewaterhouseCoopers S.p.A.;

hereby resolves

- to approve the financial statements of Unipol at 31 December 2020, accompanied by the Management Report and recording profit for the year of €316,348,942.67."

Proposed approval of the allocation of profit for the year and dividend distribution

"The Ordinary Shareholders' Meeting of Unipol Gruppo S.p.A. ("Unipol" or the "Company"),

- having approved the Company's financial statements at 31 December 2020, which recorded a profit for the year of €316,348,942.67 ("Profit for the year");
- having acknowledged that the legal reserve existing at 31 December 2020 and unchanged at the current date, has already reached the limit of 20% of the share capital;
- having also acknowledged that as things currently stand, the Company holds 379,825 ordinary treasury shares,

hereby resolves

- to approve the proposed allocation of the Profit for the year at 31 December 2020, in compliance with Art. 19 of the By-Laws as follows:
 - to the Extraordinary Reserve, €115,562,711.43;
 - the remainder of the profit, equal to 63.47% of the total, to the dividend for the 717,093,683 ordinary shares outstanding, at €0.28 per share and thus for a total of €200,786,231.24;
- to therefore approve the distribution of an overall unit dividend, also in consideration of the redistribution of the dividend pertaining to treasury shares, equal to €0.28 for each entitled ordinary share, for a total of €200,786,231.24, also with warning that the possible change in the number of treasury shares in the portfolio of the Company at the time of the distribution will have no incidence on the amount of the unit dividend as established above, but will increase or decrease the amount set aside to the extraordinary reserve;
- to set the dividend payment date as 26 May 2021 (ex-dividend date of 24 May 2021 and record date of 25 May 2021)."

Bologna, 18 March 2021

The Board of Directors



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1. Reclassified Income Statement
 2. Statement of changes in shareholders' equity
 3. Statement of use and availability of equity reserves at 31 December 2020
 4. Statement of changes in intangible assets
 5. Statement of changes in property, plant and equipment
 6. Statement of changes in fixed investments
 7. List of shares and securities included in current assets at 31 December 2020
 8. Statement of temporary differences that involved the recognition of deferred tax assets and liabilities
 9. Information on debt at 31 December 2020

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TABLES APPENDED
TO THE NOTES
TO THE FINANCIAL
STATEMENTS

Reclassified Income Statement

Amounts in €k

	31.12.2020	31.12.2019
1) Gains on investments:		
in subsidiaries	318,594	344,032
in other companies	59	5,745
Total gains on investments	318,653	349,778
2) Other financial income:		
a) from receivables recognised under fixed assets	3,794	4,304
from subsidiaries	3,794	4,304
from others		
b) from securities held as fixed assets	900	53,132
c) from securities recognised under current assets	6,574	10,245
d) income other than above	2,605	169
from subsidiaries	16	
from others	2,589	169
Total other financial income	13,873	67,851
3) Interest expense and other financial charges:		
subsidiaries	(8,297)	(14,746)
associates	(45)	(56)
other	(79,757)	(73,489)
Total interest expense and other financial charges	(88,099)	(88,292)
Exchange gains (losses)	(325)	5
TOTAL FINANCIAL INCOME AND CHARGES	244,102	329,341
4) Write-ups:		
c) of securities recognised under current assets	1,176	3,156
d) of financial derivative instruments	14	
Total write-ups	1,190	3,156
5) Write-downs:		
a) of investments		(1)
c) of securities recognised under current assets	(737)	(354)
Total write-downs	(737)	(355)
TOTAL ADJUSTMENTS	452	2,801
6) Other operating income	15,436	21,411
TOTAL OTHER OPERATING INCOME	15,436	21,411
7) Costs for non-financial services	(13,189)	(15,854)
8) Costs for use of third party assets	(1,256)	(1,311)
9) Personnel costs	(22,325)	(29,656)
10) Amortisation, depreciation and write-downs	(831)	(913)
11) Provisions for risks	(23)	(744)
12) Other provisions	(4,000)	
13) Sundry operating expenses	(5,772)	(43,538)
TOTAL OTHER OPERATING COSTS	(47,397)	(92,016)
PRE-TAX PROFIT (LOSS)	212,594	261,537
16) Income tax for the year	103,755	21,999
17) PROFIT (LOSS) FOR THE YEAR	316,349	283,536

Statement of changes in shareholders' equity

Amounts in €k

	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Equity reserves Reserve for treasury/holding company shares
BALANCES AT 31 DECEMBER 2018	3,365,292	1,435,735		583,001	
Shareholders' Meeting resolutions of 18 April 2019					
Allocation of 2018 profit					
- legal reserve		(90,058)		90,058	
- extraordinary reserve					
- dividend to shareholders					
Allocation of treasury shares to third parties					
Profit (loss) for the year 2019					
BALANCES AT 31 DECEMBER 2019	3,365,292	1,345,677		673,058	
Shareholders' Meeting resolutions of 30 April 2020					
Allocation of 2019 profit					
- extraordinary reserve					
Allocation of treasury shares to third parties					
Purchase of treasury shares					
Profit (loss) for the year 2020					
BALANCES AT 31 DECEMBER 2020	3,365,292	1,345,677		673,058	

Annex 2

and unallocated profit						
Reserve for treasury shares in portfolio	Extraordinary reserve	Other reserves	Retained Profit (loss)	Profit (loss) for the year	Negative reserve for treasury shares	TOTAL
	63,367			66,224	(2,027)	5,511,592
	(62,849)			62,849		
				(129,072)		(129,072)
					4,097	4,097
				283,536		283,536
	518			283,536	(1,175)	5,666,907
	283,536			(283,536)		
					3,599	3,599
					(3,703)	(3,703)
				316,349		316,349
	284,054			316,349	(1,280)	5,983,152

Statement of use and availability of equity reserves at 31/12/2020

Amounts in €k

Nature/Description	Amount	Possibility of use (*)	Available portion	Summary of uses made in the last three years	
				to cover losses	for other reasons
Share capital	3,365,292				
Capital reserves					
Share premium reserve	1,345,677	A, B, C	1,345,677		
Legal reserve	455,556 (a)	B			
Income-related reserves					
Legal reserve	217,502	B			
Extraordinary reserve	284,054	A, B, C	284,054		
Negative reserve for treasury shares in portfolio	(1,280)		(1,280)		
Total	5,666,803		1,628,452		
Non-distributable portion					
Distributable portion			1,628,452		

- (*) A: for share capital increase
 B: to cover losses
 C: for distribution to shareholders

- (a) For transfer from share premium reserve

4 Tables appended to the Notes to the Financial Statements

Statement of changes in intangible assets

Amounts in €k

	OPENING POSITION		
	Historical cost	Amortisation	Net amount at 31/12/2019
Start-up and expansion costs	73,835	(73,835)	
Research, development and advertising costs	9,259	(9,259)	
Concessions, licences, trademarks and similar rights	9,759	(8,216)	1,544
Other	3,373	(3,373)	
TOTAL	96,226	(94,682)	1,544

Statement of changes in property, plant and equipment

Amounts in €k

	OPENING POSITION		
	Historical cost	Accumulated depreciation	Net amount at 31/12/2019
Plant and equipment	618	(604)	14
Other assets	3,073	(2,457)	616
TOTAL	3,691	(3,062)	630

Annex 4

MOVEMENTS DURING THE PERIOD					CLOSING POSITION		
HISTORICAL COST		AMORTISATION			Historical cost	Amortisation	Net amount at 31/12/2020
Increases	Decreases		Increases	Decreases			
Purchases	Sales	Reversals	Pro-rata current portion	Sales			
					73,835	(73,835)	-
					9,259	(9,259)	-
2			(783)		9,761	(8,999)	763
					3,373	(3,373)	
2			(783)		96,228	(95,466)	763

Annex 5

MOVEMENTS DURING THE PERIOD				CLOSING POSITION		
HISTORICAL COST		ACCUMULATED DEPRECIATION		Historical cost	Accumulated depreciation	Net amount at 31/12/2020
Increases	Decreases	Increases	Decreases			
Purchases	Sales	Current portion	Sales			
		(10)		618	(614)	4
		(39)		3,073	(2,496)	577
		(48)		3,691	(3,110)	581

4 Tables appended to the Notes to the Financial Statements

Statement of changes in fixed investments

Amounts in €k

CARRYING AMOUNT AT 31/12/2019

Name	No. of shares/ holdings	Value
UnipolSai Assicurazioni S.p.A.	1,725,656,482	5,169,262
UnipolSai Investimenti SGR S.p.A.	1,995,930	10,710
Unipol Investment S.p.A.	3,430,535	528,577
UnipolReC S.p.A.	247,312,193	359,819
Unipol Finance S.r.l.	1	482,800
UnipolPart I S.p.A.	4,100,000	463,198
UnipolSai Servizi Consortili S.c.a.r.l.	2,000	6
Total subsidiaries	1,982,497,141	7,014,372
BPER Banca S.p.A.	51,935,323	223,312
Total associates	51,935,323	223,312
TOTAL B.III.1)	2,034,432,464	7,237,684

INCREASES IN THE YEAR				DECREASES IN THE YEAR				CARRYING AMOUNT AT 31/12/2020	
FOR PURCHASES/SUBSCRIPTIONS		OTHER		FOR SALES		OTHER		No. of shares/ holdings	Value
No. of shares/ holdings	Value	No. of shares/ holdings	Value	No. of shares/ holdings	Value	No. of shares/ holdings	Value		
								1,725,656,482	5,169,262
								1,995,930	10,710
								3,430,535	528,577
								247,312,193	359,819
								1	482,800
								4,100,000	463,198
								2,000	6
								1,982,497,141	7,014,372
83,096,512	74,787							135,031,835	298,099
83,096,512	74,787							135,031,835	298,099
83,096,512	74,787							2,117,528,976	7,312,470

4 Tables appended to the Notes to the Financial Statements

Annex 7

List of shares and securities included in current assets at 31/12/2020

Amounts in €k

ISIN Code	Security description	No. of shares/holdings at 31/12/2020	Carrying amount at 31/12/2020	Current value at 31/12/2020	Write-downs	Type
IT0004827447	UnipolSai Ord.	1,571,867	3,403	3,462		Listed Italian shares
KYG4771L1216	Investindustrial Acquisition Corp	1,000,000	8,149	8,393		Listed foreign shares
Total listed shares		2,571,867	11,552	11,855		
unipwcs9215	Banca di Rimini Credito Cooperativo Scrl	1				Unlisted Italian shares
EQUINOXA	Equinox Two S.C.A. A shares	28,652	2	2	(9)	Unlisted foreign shares
EQUINOX	Equinox Two S.C.A. R shares	4,970,950	218	218	(211)	Unlisted foreign shares
Total unlisted shares		4,999,603	219	219	(220)	
ISIN Code	Security description	Nominal value at 31/12/2020 (in €)	Carrying amount at 31/12/2020	Current value at 31/12/2020	Write-downs	Type
XS1577952440	Altice Finco 4,75% 15/01/2028	5,000,000	4,700	4,846		Other listed bonds
XS2206380573	Amco 1,50% 17/07/2023	5,000,000	4,989	5,187		Other listed bonds
XS1686880599	Banco Bpm 4,375% 21/09/2027 Cble Sub	3,000,000	2,994	3,094		Other listed bonds
XS2167003685	Citigroup 1,25% 06/07/2026 Mwc-Cble	10,000,000	9,956	10,550		Other listed bonds
XS2179037697	Intesa Sanpaolo 2,125% 26/05/2025	10,000,000	9,983	10,834		Other listed bonds
XS1752894292	Mps 5,375% 18/01/2028 Cble Sub	10,000,000	8,835	8,835		Other listed bonds
XS1756703275	Raiffeisen Bk 4,5% 15/06/2025-49 Prp/Cble Sub	5,200,000	5,098	5,098		Other listed bonds
XS2026295126	Ubi Banca 4,375% 12/07/2024-29 Cble Sub	7,500,000	7,574	8,062		Other listed bonds
XS2121441856	Unicredit 3,875% 03/06/2027-Perp Sub Cble	5,000,000	4,485	4,485	(515)	Other listed bonds
XS1619015719	Unicredit 6,625% 03/06/2023-Perp Cble Sub	5,000,000	5,000	5,276		Other listed bonds
Total listed bonds		65,700,000	63,616	66,269	(515)	
BE0312778500	Belgium Kingdom Zc 09/09/2021 Annual	50,000,000	50,241	50,250		Listed government bonds
IT0005410912	Btp Italia 1,40% 26/05/2025	50,000,000	50,009	52,960		Listed government bonds
DE0001030302	Bubill Zc 03/03/2021 Annual	100,000,000	100,139	100,163		Listed government bonds
DE0001030211	Bubill Zc 05/05/2021 Annual	70,000,000	70,188	70,203		Listed government bonds
DE0001030229	Bubill Zc 09/06/2021 Annual	105,000,000	105,376	105,382		Listed government bonds
DE0001030245	Bubill Zc 25/08/2021 Annual	70,000,000	70,342	70,360		Listed government bonds
DE0001030260	Bubill Zc 27/10/2021 Annual	230,000,000	231,425	231,456		Listed government bonds
FR0126461708	France Btf Zc 01/12/2021 Annual	250,000,000	251,565	251,633		Listed government bonds
FR0126461682	France Btf Zc 06/10/2021 Annual	120,000,000	120,622	120,661		Listed government bonds
FR0126310301	France Btf Zc 08/09/2021 Annual	100,000,000	100,478	100,501		Listed government bonds
FR0126001785	France Btf Zc 21/04/2021 Annual	30,000,000	30,061	30,071		Listed government bonds
NL0014858250	Netherlands Govt Zc 29/04/2021 Annual	80,000,000	80,217	80,220		Listed government bonds
NL0015476839	Netherlands Govt Zc 29/07/2021 Annual	45,000,000	45,203	45,203	(3)	Listed government bonds
Total listed government bonds		1,300,000,000	1,305,867	1,309,062	(3)	
TOTAL SHARES AND SECURITIES INCLUDED IN CURRENT ASSETS			1,381,255	1,387,405	(737)	

Statement of temporary differences that involved the recognition of deferred tax assets and liabilities

Amounts in €k

DEFERRED TAX ASSETS	2019		INCREASES		DECREASES		2020	
	Taxable amount	Tax effect	Taxable amount	Tax effect	Taxable amount	Tax effect	Taxable amount	Tax effect
Excess amortisation/depreciation	45	11	7	2			52	13
Provisions for personnel expenses	19,857	4,766	31,572	7,577	27,719	6,653	23,710	5,689
Bad debt provision	13	3			13	3		
Provision for future charges	36,561	8,774	2,934	704	4,572	1,097	34,923	8,381
Past tax losses	11,892	2,855	89,509	21,482	89,509	21,482	11,892	2,855
Realigned goodwill	1,447,406	347,377			43,422	10,421	1,403,984	336,956
TOTAL	1,515,774	363,786	124,022	29,765	165,236	39,656	1,474,560	353,894

Information on debt at 31 December 2020

Amounts in €k

	31/12/2020	31/12/2019
A Cash		
B Other cash and cash equivalents	412,539	258,142
- of which associates	412,521	258,129
- of which others	19	13
C Securities held for trading	1,382,442	436,333
D Cash and cash equivalents (A) + (B) + (C)	1,794,981	694,475
E Current financial receivables	7,550	
F Current bank payables		
G Current portion of non-current debt	(42,344)	(36,555)
H Other current financial payables	(742,729)	(662,765)
I Current financial debt (F) + (G) + (H)	(785,073)	(699,320)
J Net current financial debt (I) - (E) - (D)	1,017,458	(4,844)
K Non-current bank payables		
L Bonds issued	(2,730,881)	(1,817,352)
M Other non-current payables	(300,518)	(300,551)
N Non-current financial debt (K) + (L) + (M)	(3,031,399)	(2,117,903)
O Net financial debt (J) + (N)	(2,013,941)	(2,122,747)





5

STATEMENT ON THE FINANCIAL STATEMENTS

In accordance with art. 81-Ter of
CONSOB Regulation no.11971/1999



**STATEMENT ON THE FINANCIAL STATEMENTS
IN ACCORDANCE WITH ART. 81-ter, CONSOB REGULATION No. 11971 OF 14 MAY 1999
AND SUBSEQUENT AMENDMENTS AND ADDITIONS**

1. The undersigned, Carlo Cimbri, as 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 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 **financial statements** for the period 1 January 2020-31 December 2020.

2. The assessment of the adequacy of the administrative and accounting procedures for preparing the financial statements at 31 December 2020 is based on a process defined by Unipol Gruppo S.p.A., inspired by the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organisations of the Treadway Commission), internationally recognised as the reference standards for the implementation and evaluation of internal control systems.

3. It is also certified that:

3.1. The financial statements at 31 December 2020:

- were prepared in compliance with provisions of the Civil Code and the national accounting principles approved by the OIC (Italian Accounting Standards Setter);
- 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;

3.2. the management report includes a reliable analysis of the performance and of the operating result, and of the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Bologna, 18 March 2021

The Manager in charge
of financial reporting
Maurizio Castellina

The Chief Executive Officer
Carlo Cimbri

(signed on the original)





6

BOARD OF
STATUTORY
AUDITORS' REPORT

Board of Statutory Auditors' Report to the Shareholders' Meeting of Unipol Gruppo S.p.A.

prepared pursuant to Art. 153 of Legislative Decree no. 58/1998 and Art. 2429, Par. 2, of the Italian Civil Code

Dear Shareholders,

in the year ending on 31 December 2020, the Board of Statutory Auditors carried out the activities within its competence, also acting as Internal Control and Audit Committee, pursuant to the applicable legislative and regulatory provisions, taking into account the principles of conduct of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants), the communications issued by CONSOB (in particular, communications nos. DAC/RM 97001574 of 20 February 1997 and DEM/1025564 of 6 April 2001 as amended), as well as the instructions laid out in the Code of Conduct for listed companies¹⁰ ("**Code of Conduct**").

In compliance with Art. 153 of Italian Legislative Decree no. 58/1998 ("**Consolidated Law on Finance**") and Art. 2429, Par. 2, of the Italian Civil Code, the Board of Statutory Auditors therefore reports on its supervisory activity.

1. Preliminary evidence regarding the legal provisions governing the preparation of the Financial Statements of Unipol Gruppo S.p.A. at 31 December 2020.

The draft financial statements ("**Financial Statements**") presented to you show the management activity carried out during the year and the equity, financial and economic position of Unipol Gruppo S.p.A. (also "**Unipol**" or "**Company**") at 31 December 2020.

The financial statements were prepared in compliance with provisions of the Italian Civil Code and the accounting standards approved by the OIC (Italian Accounting Standards Setter).

Unipol which, at the date of the drafting of this Report, qualifies as an issuer of financial instruments listed on regulated markets, as well as Parent Company of the Unipol Insurance Group, is required to prepare the consolidated financial statements ("**Consolidated Financial Statements**") in compliance with International Accounting Standards, but cannot apply those standards to the company's Separate Financial Statements submitted for your approval, in accordance with Art. 4 of Legislative Decree 38 of 28 February 2005.

The measurement criteria were adopted on the basis of going concern assumptions, in application of the principles of accrual, materiality and significance of the accounting data and of the transactions or contracts, pursuant to Articles 2423 and 2423-bis of the Italian Civil Code.

No significant events occurred after end of the financial year that could affect the financial statement results.

2. Activities of the Board of Statutory Auditors in the financial year ending 31 December 2020.

In 2020, the Board carried out its supervisory activities, holding 16 meetings with an average length of approximately one hour and forty minutes.

The Board also took part in:

- 12 Meetings of the Board of Directors;
- 10 meetings of the Control and Risk Committee;
- 7 meetings of the Committee for Transactions with Related Parties ("**Related Party Transactions Committee**");
- 3 meetings of the Remuneration Committee,

and was informed of the proceedings of the 5 meetings of the Appointments and Corporate Governance Committee, the 3 meetings of the Sustainability Committee and the 3 meetings of the Ethics Committee.

As part of its activities aimed at the mutual exchange of information between the bodies and functions involved in the internal control and risks management system, the Board of Statutory Auditors also met with:

- the Chief Risk Officer and the Heads of the Audit Function, the Compliance and Anti-Money Laundering Function (jointly "**Control Functions**"), as well as the Head of the Actuarial Function (jointly, with the Control Functions, "**Key Functions**"), the Manager in charge of financial reporting ("**Financial Reporting Officer**") and the Heads and/or

¹⁰ The Code of Conduct is in force until 2020 (included). The Corporate Governance Code for listed companies, drafted by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., approved on 30 January 2020, is effective from the first financial year starting after 31 December 2020 ("**Corporate Governance Code**")

- representatives of the company departments each time involved by the supervisory activities of the Board of Statutory Auditors;
- the Supervisory Board established pursuant to Legislative Decree 231, 8 June 2001 ("**Legislative Decree no. 231/2001**"), Art. 6, Par. 1, letter b);
 - the representatives of the independent auditing firm appointed, PricewaterhouseCoopers S.p.A. (hereinafter also "**PWC**"), within the framework of relationships between Board of Statutory Auditors and independent auditors required by laws and regulations in force.

Pursuant to Art. 151 of the Consolidated Law on Finance, the Board of Statutory Auditors also had meetings and exchanged information with the Boards of Statutory Auditors of the subsidiaries.

3. Most significant economic, financial and equity transactions. Other noteworthy events

3.1 Activity performed by the Board of Statutory Auditors

Pursuant to the reference laws and regulations in force, the Board of Statutory Auditors describes below the outcomes of its control and audit activity. It therefore acknowledges that it has:

- monitored compliance with laws and by-laws and compliance with the rules of proper administration, particularly in regard to the most significant economic, financial and equity transactions mentioned here;
- obtained information from the Directors - including by participating in the meetings of the Board of Directors and the Board Committees - on the activity carried out and on the transactions of greatest economic, financial and equity significance performed by the Company, including through direct or indirect subsidiaries. Based on the information made available, the Board of Statutory Auditors reasonably believe that the activities and transactions approved and carried out comply with laws, by-laws and rules of proper administration and do not appear to be manifestly imprudent or risky, or in contrast with the resolutions adopted by the Shareholders' Meeting, or able to jeopardise the integrity of the company assets. In addition, transactions involving a potential conflict of interests were approved in compliance with laws, regulations and codes of conduct adopted.

The Board of Statutory Auditors also notes that it has received - also in compliance with the recommendations made by CONSOB in its warning notices no. 6/20 of 9 April 2020, no. 8/20 of 16 July 2020, no. 1/21 of 16 February 2021 and no. 4/21 of 15 March 2021 ("**CONSOB warning notices**") - appropriate disclosure of the effects of the health emergency due to the respiratory illness caused by the coronavirus ("**COVID-19**") on the operating performance, as well as on the actions and initiatives to deal with the emergency, adopted by the Company and the Unipol Group for its employees and the distribution network, as well as for its customers, as fully described in the Management Report. In this regard, it should be noted that the Board of Statutory Auditors was constantly informed of the analyses carried out, aimed at carefully considering what is laid out in the CONSOB warning notices, particularly with regard to the identification of any impact, due to risks and uncertainties linked to COVID-19, on business continuity, strategic planning and plan targets. The Board of Statutory Auditors has acknowledged that - based on the long-term economic and financial projections prepared using the available information, taking into account the nature and characteristics of the businesses of the Company and the Group - this analysis does not suggest that the COVID-19 health emergency can significantly jeopardise the achievement of the strategic objectives disclosed to the market and/or jeopardise business continuity.

3.2 Main significant events

In regard to the main events and the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries in 2020, the Board of Statutory Auditors reports as follows:

Intesa Sanpaolo S.p.A. Public Exchange Offer on UBI Banca S.p.A. shares in regard:

- to the promotion by Intesa Sanpaolo S.p.A. ("**Intesa**") of a voluntary public exchange offer ("**PEO**") on all shares of UBI Banca S.p.A. ("**UBI Banca**");
- to the acquisition by BPER Banca S.p.A. ("**BPER**"), having positively concluded the PEO, of a business unit consisting of bank branches and assets, liabilities and legal relationships related to these ("**Banking Business**"),

on 17 February 2020, Unipol and UnipolSai Assicurazioni S.p.A. ("**UnipolSai**" or "**Company**") jointly notified the market that UnipolSai Assicurazioni had entered into an agreement with Intesa for the subsequent acquisition, either directly or through a subsidiary, of business units linked to one or more current investee insurance companies of UBI Banca

6 Board of Statutory Auditors' Report

consisting of Life insurance policies taken out by customers in the Banking Business and the relative assets, liabilities and legal relationships ("**Insurance Businesses**").

In this regard, please note that some of the conditions set forth in the agreement and referring to the acquisition have been fulfilled and specifically:

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

Upon verification of the additional conditions set forth in the agreement, the Insurance Branches will be acquired by UnipolSai or its subsidiaries.

Mergers/demergers of subsidiaries. As part of transactions aimed at rationalising and simplifying the corporate structures of the Group, a deed of merger by incorporation of Pronto Assistance S.p.A. into UnipolSai was signed on 21 January 2020. This merger took effect for legal purposes on 1 February 2020, and from 1 January 2020 for accounting and tax purposes.

Also on 21 January 2020, deeds were signed regarding (i) the full demerger of Ambra Property S.r.l. to UnipolSai, Gruppo UNA S.p.A. and Midi S.r.l., (ii) the full demerger of Villa Ragionieri S.r.l. to UnipolSai and Casa di Cura Villa Donatello S.p.A. ("**Casa di Cura Villa Donatello**") and (iii) the partial demerger of the latter to UnipolSai. The full demergers became effective from 1 February 2020, effective from 1 January 2020 for accounting and tax purposes. The partial demerger of Casa di Cura Villa Donatello took effect on 1 February 2020, effective from the same date for accounting and tax purposes.

As these transactions were carried out between subsidiaries, they did not produce economic and financial effects at consolidated level, with the exception of possible reallocations of assets and liabilities subject to such transactions within different Group business segments.

"Green Bond Framework" issue. On 23 September 2020, as part of its EMTN programme (Euro Medium Term Note Programme) renewed by the Board of Directors by resolution of 6 August 2020, Unipol issued and placed with qualified foreign and Italian investors the first tranche (equal to €750m) of a bond loan (senior, unsecured, unsubordinated and non-convertible) in "green" format in compliance with the "Green Bond Framework" specified by the Group. The second tranche (equal to €250m) was issued on 26 November 2020, reaching a total nominal value of €1bn. In September 2020, Unipol also promoted a voluntary offer to repurchase the senior bond, which had an original nominal value of €500m, 4.375% interest, 5 March 2021 maturity. The offer was subscribed for a nominal value of €86m, equal to roughly 27.25% of the total nominal amount of the bond outstanding at the date on which the offer was launched, equal to €317m.

Repayment by UnipolSai of the second tranche of the Mediobanca Tier 1 subordinated loan. In July 2020, in application of the contractual repayment plan, UnipolSai repaid the second of the five equal annual instalments of the *Restricted Tier 1* subordinated loan disbursed on 24 July 2003 by Mediobanca - Banca di Credito Finanziario S.p.A. for a total nominal amount of €400m, with 24 July 2023 maturity.

Issue of regulatory capital "Restricted Tier 1" by UnipolSai. In October 2020, the UnipolSai's Board of Directors authorised the issue by the company of a regulatory capital instrument, known as "Restricted Tier 1" in Euro – perpetual, non-convertible and fixed rate - for a maximum nominal amount not exceeding €500m ("**Issue**" and "**RT1 Instrument**"), to be placed exclusively with qualified Italian and foreign investors (excluding US investors) and to be listed on the Luxembourg Stock Exchange regulated market, with issue and settlement date set at 27 October 2020. The Issue, the placement of which was completed on 20 October 2020, has allowed UnipolSai to refinance its outstanding bond issues classified as Restricted Tier 1, with a view to replacing them, taking into account the upcoming maturities, with benefits also in terms of improving the debt/capital ratio. The RT1 Instrument is perpetual and may be recalled by UnipolSai, subject to the requirements of applicable laws and regulations in force, starting from 27 October 2030. If not recalled on the first possible date, it may be recalled at each interest payment date, which will take place every six months.

Reimbursement of Tier 2 subordinated loans. In line with a proactive debt management and a policy aimed at decreasing financial leverage, in October 2020, the UnipolSai's Board of Directors approved the exercise, in the case of a favourable outcome of the RT1 Instrument issue, of the early repayment option for two outstanding Tier 2 issues,

maturing in June 2021 (€300m outstanding) and July 2023 (€262m outstanding), with respect to which the RT1 Instrument is a regulatory capital of a higher quality. The subsequent developments of this transaction are described among the significant events after the end of the financial year (ref. paragraph 3.3).

Property transactions. The contribution of the properties owned by UnipolSai, for a total value of €870m, to the Tikal and Oikos Funds was completed during the year; all units of these funds are held by UnipolSai and they are managed by UnipolSai Investimenti SGR S.p.A. ("**UnipolSai Investimenti SGR**"). This transaction did not have effects on the consolidated financial statements of the Unipol Group. The acquisition by Emporion Fund (formerly Opportunity Fund), also managed by UnipolSai Investimenti SGR, all units of which are held by UnipolSai, of a real estate portfolio consisting of 28 "Coop" brand points of sale owned by Coop Alleanza 3.0 Soc. Coop. for a total of €218 million should also be mentioned. On acquisition, the corresponding leases were signed by the Emporion Fund and the seller, for each point of sale.

Cambiomarcia S.r.l. On 22 December 2020, after receiving authorisation to the acquisition of control from IVASS, UnipolSai acquired 100% of the share capital of Cambiomarcia S.r.l., a company that owns a web platform for the sale of used vehicles, integrated for the pursuit of the objectives set out in the 2019-2021 Business Plan, within the Mobility ecosystem.

More information on these transactions and additional events is provided in the Management Report and the Notes to the Financial Statements.

3.3 Significant events after the end of the financial year

In regard to the significant events occurred after the end of the financial year, the Board of Statutory Auditors believes the following should be mentioned:

Settlement of corporate liability actions against some former directors and statutory auditors of subsidiaries. In regard to the two corporate liability actions brought against some former directors and statutory auditors, both resolved in 2013 by the Shareholders' Meetings of FONDIARIA-SAI S.p.A. and Milano Assicurazioni S.p.A., in March 2021, the complainant companies of the Unipol Group signed a settlement agreement with all parties which fully settles the two liability actions and will be presented for approval to the Shareholders' Meetings of Unipol Sai and the other complainant companies of the Unipol Group. The terms and conditions of this agreement can be found in the Report prepared by the Board of Directors for the ordinary UnipolSai Shareholders' Meeting to be held on 28 April 2021 and in the Information Document drafted pursuant to Art. 5 of the Regulation containing provisions on related party transactions adopted by CONSOB by means of resolution no. 17221, 12 March 2010, and subsequent amendments ("**CONSOB Regulation**").

Early repayment of UnipolSai subordinated loan maturing in 2021. On 15 March 2021, after obtaining the authorisation of the Supervisory Authority to exercise the early repayment option, the subordinated loan issued by the subsidiary UnipolSai with €300m nominal value and contractual maturity at June 2021 was fully extinguished. The repayment of this loan is in line with a proactive debt management and a policy aimed at decreasing the Company's financial leverage as a result of the issue of the RT1 instrument for a nominal value of €500m, finalised in the final quarter of 2020. At the time of the repayment by UnipolSai, Unipol extinguished, for a residual nominal value equal to €39m, the outstanding loan previously granted to the Company, when the latter had taken over the role of issuer of the loan.

3.4 Dispute proceedings

In regard to disputes involving the Company and the Group in 2020, the Board of Statutory Auditors was informed and kept up to date in regard to the ongoing sanction and legal proceedings, described in the Notes to the Financial Statements, to which reference is made.

3.5 Related- and associated-party and inter-company transactions. Atypical and/or unusual transactions

In compliance with the provisions of the CONSOB Regulation, the Company has adopted a procedure for related-party transactions ("**RPT Procedure**"), most recently updated on 7 November 2019, and an Operating Guide for the application of this procedure. In this regard, the Board of Statutory Auditors has acknowledged the amendments made to CONSOB Regulation by Resolution no. 21624, 10 December 2020, implementing Directive (EU) 2017/828 ("Shareholder Rights

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Directive II"), and will review the resulting changes made to the RPT Procedure, to assess its compliance with the new provisions.

The Board of Statutory Auditors also monitored the transactions with related parties to ensure they met the criteria of substantive and procedural correctness, pursuant to the aforementioned reference provisions and the internal procedure adopted, and that they were in keeping with the Company's interest. The Board of Statutory Auditors focused on the most significant transactions completed during the year, with particular reference to the acquisition by the Emporion Fund (formerly Opportunity Fund) of a real estate portfolio consisting of 28 "Coop" brand points of sale owned by Coop Alleanza 3.0 Soc. Coop. The Board verified the fairness of the procedure adopted for investigation and judgement purposes, as well as its compliance with the laws and regulations in force and with internal regulations, by reviewing the available documentation and attending the meetings of the Related Parties Committee and the Board of Directors. This transaction, included under the main significant events in this Report, was adequately described in the Management Report and the Notes to the Financial Statements.

The Board of Statutory Auditors also reviewed the transactions exempt from the application of the aforementioned internal procedure.

The Management Report and the Notes to the Financial Statements show the income statement and balance sheet effects of the transactions with related parties and provide a description of the most significant relations. Additional information is also provided in the Management Report and the Notes accompanying the Consolidated Financial Statements.

In regard to the provisions issued by IVASS on 26 October 2016 with Regulation no. 30, regarding inter-company transactions and risk concentrations, the Board verified that the Policy adopted by the Company on inter-company transactions ("**Inter-company Policy**") complies with these provisions, also taking into account its annual update and the Operating Guide for the application of the aforementioned Policy. The supervisory activity performed by the Board has also shown that the transactions with counterparties within the Group were carried out in compliance with the Policy on inter-company transactions and settled at market conditions.

In addition, taking into account that Unipol, in compliance with the organisational model selected for the Group, has outsourced most of its operating activities to the subsidiary UnipolSai, the Board of Statutory Auditors verified the methods used to calculate the corresponding fees, set mainly on the basis of the allocation of the costs incurred, except those with regard to financing activities, which are remunerated by applying a commission on managed volumes. For certain additional services, annual fees are instead charged at a fixed rate. It should also be noted that Unipol and some subsidiaries second their staff to other Group companies to optimise the synergies in the management of Group resources.

In regard to the relations between Unipol and the Group companies, as well as other related parties, the Board of Statutory Auditors believes the disclosure provided in the Management Report and the Notes to the Financial Statements to be adequate.

As for the overall context of the inter-company transactions and/or transactions with related parties carried out in 2020, no atypical or unusual transactions were identified that might cast doubt on the accuracy and completeness of the information, the absence of conflicts of interest and the safeguard of corporate assets.

4. Organisational structure of the Company and of the Group

The Board of Statutory Auditors has acknowledged that:

- Unipol is classified as "ultimate Italian Parent Company" pursuant to the provisions of the Private Insurance Code ("**PIC**") and the corresponding implementing provisions, and it is the Parent Company of the Unipol Insurance Group.
- pursuant to sector regulations, in compliance with IVASS Regulation no. 38, 3 July 2018, and taking into account the qualitative and quantitative parameters indicated in the IVASS Letter to the market dated 5 July 2018, the Company has adopted the "enhanced" corporate governance model. It should be noted that, in compliance with these regulations, the Control and Risk Committee and the Remuneration Committee of Unipol perform their functions also on behalf of the Group's insurance companies which have adopted the "enhanced" corporate governance model (excluding UnipolSai). Unipol's Control and Risk Committee also for companies with the "ordinary" corporate governance model;

- under Art. 2497-bis of the Italian Civil Code, the Subsidiaries of Unipol have indicated the latter as the company exercising management and coordination on them.

Also noting that, as reported in the 2020 Annual report on corporate governance and ownership structures ("**Governance Report**"):

- Unipol has adopted a "traditional" administration and control system, which provides for the presence of a Board of Directors (operating with the support of Board Committees, having investigation, advisory and consulting functions) and a Board of Statutory Auditors (with control functions), both appointed by the Shareholders' Meeting;
- PWC was appointed to perform independent auditing for the 2012-2020 period (nine years). Activities are in any case under way to transition to the new firm appointed to audit Unipol accounts for the 2021-2029 period (nine years), EY S.p.A. ("**EY**");
- some internal company committees were created by the Board of Directors, or by the Chief Executive Officer and Group CEO, mainly consisting of the Top Management of Unipol, to provide support to the Chief Executive Officer and Group CEO in the implementation and supervision of the policies of direction, coordination and operational strategy specified by the Board of Director and articulated by the Top Management;
- the role and powers of these bodies are discussed in detail in the Governance Report,

the Board of Statutory Auditors acknowledged the organisational structure adopted and acquired knowledge of the changes that occurred from time to time in the internal structure of the Company and its subsidiaries, monitoring its suitability, for matters within its competence. In particular, based on the information acquired, the Board believes the size, structure and positioning of the Company's Key Functions to be appropriate to guarantee the effective operation of the risk control and management system as a whole.

The Board of Statutory Auditors also acknowledged the provisions issued by the Company to its subsidiaries, pursuant to Art. 114, Par. 2 of the Consolidated Law on Finance, to ensure the prompt delivery of the information needed to fulfil the obligations laid out in Par. 1 of the same article, also through meetings with the heads of the relevant company functions and the independent auditing firm. No particular issues worth reporting were brought to light by these activities.

The Board of Statutory Auditors exchanged information with the Boards of Statutory Auditors of the subsidiaries, pursuant to Art. 151 of the Consolidated Law on Finance, and was informed of the findings obtained by these through their supervisory activity, in particular on the effects of the COVID-19 pandemic on the operating performance, in particular with reference to the business continuity aspects, and on the consequent audits performed, also taking into account the relevant workplace safety aspects. In this regard, no issues worth reporting were brought to light.

5. Internal control and risk management system, administrative/accounting system and financial disclosure process

5.1 Internal Control and Risk Management System

The internal control and risk management system is a key element in the overall corporate governance system. It consists of a set of rules, procedures and organisational structures for the effective and efficient identification, measurement, management and monitoring of the main risks, with the aim of contributing to the sustainable success of the companies. In particular, this system aims at ensuring:

- the effectiveness and efficiency of corporate processes;
- the identification, assessment, also forward-looking, management and appropriate control of risks, in line with the strategic guidelines and risk appetite of the company, also from a medium/long-term perspective;
- the prevention of the risk that the Company and the Group may be involved, even unintentionally, in illegal activities, in particular those related to money laundering, usury and terrorism financing;
- the prevention and correct management of the potential conflicts of interest with related parties and/or intra-group counterparties, as identified by the reference legal and regulatory provisions;
- the verification that corporate strategies and policies are implemented;
- the safeguarding of company asset values, also in the medium to long term, and proper management of assets held on behalf of customers;
- the reliability and integrity of information provided to corporate bodies and the market, with particular reference to accounting and operational information, and of IT procedures;
- the adequacy and promptness of the corporate data reporting system;

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- the compliance of business activities and transactions executed on behalf of customers with laws, supervisory regulations, corporate governance rules and the company's internal regulations.

The Internal control and risk management system is laid out in the Group Directives on the corporate governance system ("**Directives**"), approved by the Unipol Board of Directors, most recently on 12 November 2020, which specify, among other things, the role and responsibilities of the parties involved in this system. The Directives are supplemented by the Policies of the Key Functions, most recently updated at the board meeting held on 18 March 2021. The coordination procedures and information flows between the parties involved in the internal control and risk management system are described in the aforementioned Key Function Policies, as well as in the Regulations of the board committees.

The principles of the risk management system as a whole and the related processes are regulated by the following Group policies: "Risk Management Policy", "Current and Forward-looking Risk Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy". Another integral part of the risk management system is represented by the policies that outline the principles and guidelines on: (i) management of specific risk factors (e.g. the "Group Investment Policy" for market risk and the Guidelines on credit risk assumption activities - "Credit Policy" for credit risk), (ii) management of a risk within a specific process, and (iii) mitigation of a risk and (iv) management of risk measurement models.

The risk management system is the set of processes and tools used in support of the risk management strategy of the Unipol Group; it provides adequate understanding of the nature and significance of risks to which the Group and individual companies are exposed. The risk management system allows the Group to have a single point of view and a holistic approach to risk management, and is an integral part of the management of the business.

The risk management process is structured as follows:

- identification of risks, consisting in the identification of risks believed to be significant i.e. those the consequences of which can endanger the solvency or reputation of Unipol or be a serious obstacle to the achievement of strategic objectives;
- current and forward looking assessment of risk exposure. The current assessment of risks identified is performed through methods envisaged in regulations and best practices as regards risks for which measurement is not regulated or defined by high-level principles. With regard to the forward-looking assessment, it should be noted that the Own Risk and Solvency Assessment (ORSA) process is used to support the strategic decisions of the Company;
- monitoring of the risk exposure and reporting, a system implemented – on the basis of the principles of completeness, timeliness and effectiveness of the disclosure – to ensure a timely and constant monitoring of the evolution of the Risk Profile and the compliance with the specified Risk Appetite. This system ensures that the quality and quantity of the information provided are proportional to the requirements of the different recipients and the complexity of the business managed, so that this may be used as a strategic and operational tool for the evaluation of the potential impact of the decisions on the risk profile and the solvency of the Company and the Group;
- mitigation of risks, which consists in identifying and proposing actions and interventions required and/or useful in mitigating existing or prospective levels of risk not in line with the risk objectives defined at the company and Group level.

Risk identification, assessment and monitoring activities are performed on an ongoing basis to take into account changes in the nature and volumes of the business and in the market context, exposure to new risks, or changes in existing risks.

These processes are carried out using methods that guarantee an integrated approach at Group level; Unipol ensures that the risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of group supervision and their mutual interdependencies, with reference to the provisions in Art. 210 and Art. 210-ter, Par. 2 and 3 of the PIC. The principle of proportionality continues to apply, based on the nature, extent and complexity of the risks inherent in company activities carried out by the various Group companies.

The internal control and risk management system also includes an internal system for the reporting by personnel, including those of distribution networks, and contractors, if included in the company organisational chart, of acts or events which may constitute a violation of the rules governing the activity; this guarantees a specific and confidential

information channel and the anonymity of the reporting party. This system is formalised in the Procedure for reporting violations (known as "Whistleblowing Procedure") approved by the Board of Directors at the meeting held on 9 August 2018.

For more details on the main characteristics of the internal control and risk management system adopted by the Company, please refer to the Governance Report.

In this context, the Board of Statutory Auditors constantly monitored the suitability of the internal control and risk management system and the administrative/accounting system, and the latter's ability to correctly represent operating events. To do so, it has relied on (i) the information collected from the heads of the respective functions, (ii) the review of company documents, (iii) the analysis of the audit plans and the results of the audits carried out by the independent auditing firm and the internal control bodies and functions.

In addition, the activities performed by these company functions were reviewed to verify their suitability and to assess the effective operation of the overall internal control and risk management system. This was done by directly reviewing the activities carried out by the Key Functions and the Financial Reporting Officer and by taking part in the meetings of the Control and Risk Committee. Based on the audits carried out to fulfil its supervisory obligations, the Board of Statutory Auditors did not identify issues worth reporting in this regard. The Board also believes that the Key Functions and the Financial Reporting Officer are able to ensure a suitable control of the internal control and risk management system.

As part of its supervision of the internal control and risk management system, the Board of Statutory Auditors has, among other things, paid specific attention to Information Technology aspects, with special reference to the issues concerning cyber-security, reviewing the related risk aspects through meetings with the Chief Information Officer, carried out at the time of the regular meetings of the Control and Risk Committee.

The Board of Statutory Auditors also verified the activities carried out by the Company in the process of compliance with Regulation (EU) no. 2016/679 of 27 April 2016 regarding personal data protection by evaluating the compliance of the organisational controls introduced with the regulation governing personal data protection.

5.2 Administrative/accounting system and financial disclosure process

The Governance Report describes the main characteristics of the control model adopted to support the Financial Reporting Officer in the assessment of the suitability and effective application of the administrative procedures relating to accounting and financial reporting.

In particular, the "financial reporting risk model" adopted is based on a process defined in accordance with the CoSo Framework (Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission), widely recognised as the reference standard for the implementation and assessment of internal control systems.

As regards the elements of the internal control system on financial reporting set out in the CoSo Report, the Company has adopted the following guidelines:

- control environment: monitors the integrity and the ethical values, the philosophy and the conduct of the managers, the suitability of the organisational structures, the attribution of roles, powers and responsibilities, the personnel management policies and the development of the corresponding skills.
- risk identification, assessment and management: allows the identification and analysis of the business risks and the risks arising from the financial information that may jeopardise the achievement of the corporate objectives;
- control activities: identifies, documents and assesses the activities for proper management and mitigation of risks described earlier;
- information and communication: monitors the proper management of information flows between the different functions of the Company and the Top Management, to ensure that all parties within the structure execute properly the tasks assigned to them;
- monitoring: identifies and resolves any deficit and ensures the constant improvement of the system.

In keeping with the guidelines described above, the process of risk management and internal control of financial reporting, which is implemented by Unipol, is articulated in the following stages:

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- Stage 1 - Definition of the analysis perimeter: this activity, carried out annually, following approval of the financial statements, is structured as follows: identification of the significant subsidiaries; identification of the significant items/account; matching of significant items/accounts with processes;
- Stage 2 - Evaluation of the control environment: annually, the documentation is updated for Company controls (Entity Level Control - ELC) and the assessment of the level of achievement of the control objectives is performed.
- Stage 3 - Risk assessment and assessment of the design of the controls at process level: regularly, in the case of changes to processes of the business units as a result of organisational changes, the documentation of risks and controls related to the financial reporting process is updated.
- Stage 4 - Verification of the actual application of controls at the process level: at this stage, carried out twice a year, at the time the annual and condensed consolidated half-yearly financial statements are drafted, the effectiveness of the internal control system is monitored, and therefore its reliability over time is assessed.
- Stage 5 - Issue of statements required under Art. 154-bis of the Consolidated Law on Finance.

Based on the Report on the internal control and risk management system required by the laws and regulations in force ("**Report 262**"), which reflects the characteristics of the control system implemented and the results of the data verification and monitoring activity carried out by the relevant corporate units, the Chief Executive Officer and Group CEO, and the Financial Reporting Officer signed the statements required by Art. 154-bis of the Consolidated Law on Finance.

The Board of Statutory Auditors reviewed the contents of Report 262 and monitored, through meetings with the Financial Reporting Officer and the independent auditing firm, the process of preparation and dissemination of financial information. In particular, the additional Report ("**Additional Report**") prepared by PWC, pursuant to Art. 11 of Regulation (EU) 537/2014 of the European Parliament and Council ("**Regulation (EU) 537/2014**"), did not identify significant deficiencies that would invalidate the opinion of suitability and effective application of administrative/accounting procedures for the purpose of the correct economic and financial representation of operating events in compliance with the applicable accounting standards.

The Board also monitored, for matters within its competence, compliance with legal provisions concerning the drafting of the Financial Statements and the contents of the Management Report, which are believed to be exhaustive. Taking into account that - pursuant to Art. 14 of Legislative Decree no. 39, 27 January 2010, as amended by Legislative Decree no. 135, 17 July 2016 ("**Legislative Decree 39/2010**") the independent auditing firm state in their report, among other things, that the Management Report is consistent with the Financial Statements and complies with legal provisions, the Board of Statutory Auditors verified that the report issued by PWC has not brought to light findings in this respect.

5.3 Consolidated Non-Financial Statement

The Board of Statutory Auditors notes that the Company is required to prepare and publish a Consolidated Non-Financial Statement ("**CNFS**"), in compliance with the provisions of Legislative Decree no. 254 of 30 December 2016 ("**Legislative Decree 254/2016**") and in the relevant implementing regulation issued by CONSOB by means of resolution no. 20267 of 18 January 2018. Pursuant to art. 4 of Legislative Decree 254/2016, this disclosure provides non-financial information on the Company and its subsidiaries "*to the extent necessary to ensure an understanding of Group activities, its performance, results and the impact generated by it*".

The Board of Statutory Auditors acknowledged that the Company has included the Consolidated Non-Financial Statement in the Group Annual Integrated Report, reporting in this document information on environmental and social matters as well as topics relating to personnel, respect for human rights and the fight against corruption, and monitored, for matters within its competence, also through meetings with the Financial Reporting Officer and the independent auditing firm, the adequacy of the drafting process of the statement in question and its compliance with the relevant legal provisions. The Board of Statutory Auditors also carried out an appropriate in-depth analysis on the subject through discussions with the Sustainability Manager, focusing on issues related to climate change and on the controls adopted within the Group to protect against the related risks, which were the object of a special analysis in the Unipol Annual Integrated Report.

The Board also acknowledged that, on 6 April 2021, the independent auditing firm issued their report on compliance, required by Art. 3, Par. 10 of Legislative Decree 254/2016. In this report, PWC certified that, based on the work performed, no issues have come to its attention suggesting that the CNFS was not drafted, in all significant aspects, in compliance with the requirements of Art. 3 and Art. 4 of Legislative Decree 254/2016 and with the reporting standard used by the Group for the preparation of the CNFS.

The Board of Statutory Auditors notes that, during the aforementioned controls, no issues have been brought to its attention indicating non-compliance of the CNFS with the legal and regulatory provisions governing its preparation and dissemination.

6. Other activities carried out by the Board of Statutory Auditors

Taking into account the fact that the Company complies with the Code of Conduct, the Board of Statutory Auditors has assessed, within the area of its competence, the content of the Report on corporate governance and has no remarks to make in this regard. Referencing the provisions of Art. 123-bis of the Consolidated Law on Finance on the consistency opinion that the independent auditors must provide on some information included in the aforementioned Report on corporate governance, the Board of Statutory Auditors notes that the Independent Auditors' Report accompanying the Financial Statements as at 31 December 2020 ("**Independent Auditors' Report**") issued by PWC contained no findings in this regard.

The Board of Statutory Auditors has also acknowledged that the Board of Directors carried out a self-assessment of its operation, size and composition, also in regard to the board committees created, with the support of a major consulting firm.

The Board of Statutory Auditors also verified the proper application of the criteria and procedures adopted by the Board of Directors to assess the independence of non-executive directors, in compliance with the provisions of the Code of Conduct and with Art. 147-ter, Par. 4 of the Consolidated Law on Finance.

The Board of Statutory Auditors verified that the independence requirements for the members of the Board of Statutory Auditors itself have been met, pursuant to Art. 8 of the Code of Conduct, taking into account that the Corporate Governance Code, in force since 1 January 2021, provides for the recommendations there made to be applied starting from the first renewal of the Board of Directors (and, similarly, of the Board of Statutory Auditors) after 31 December 2020 – and acknowledged the checks carried out by the Board of Directors pursuant to Art. 144-novies of the Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999 ("**Issuer's Regulation**") in regard to the fulfilment of the independence requirements laid out in Art. 148, Par. 3, of the Consolidated Law on Finance by the members of the Board of Statutory Auditors. In particular, in regard to the Statutory Auditor Mr Roberto Chiusoli, who, having held the office of Auditor of Unipol for a period exceeding nine of the last twelve years, has referred to the Board the assessment on his meeting the independence requirement, the Board of Statutory Auditors has stated that it believes this Statutory Auditor to meet the independence requirement, pursuant to the Code of Conduct, believing his case not to be covered by the provisions of principle 3.C.1 of the Code where it includes the holding of office in this issuer for more than nine years in the last twelve among the situations in which a Director is not usually deemed independent, in the absence of other circumstances that may jeopardise or limit the independence of assessment and opinion of the Auditor, being understood that Mr Chiusoli does not have significant relations or business, financial, or professional relations, with Unipol or other companies of the Unipol Group.

The Board of Statutory Auditors also verified, also by attending the meetings of the Remuneration Committee, the corporate processes that have led to the definition of the Remuneration Policies adopted, and has no remarks to make on the alignment of these policies with the recommendations of the Code of Conduct and the Corporate Governance Code, or on their compliance with the current industry laws and regulations.

In addition to what is described above, the Board of Statutory Auditors, also by taking part in the proceedings of the Control and Risk Committee, carried out additional specific audits, pursuant to the legal and regulatory provisions in force regarding the business sectors in which the Company and the Group operate, paying special attention to the specific regular controls by the Chief Risk Officer requested by IVASS.

7. Organisation and Management Model pursuant to Italian Legislative Decree 231/2001

The Board of Statutory Auditors reviewed and analysed the assessments of the Supervisory Board on the update of the Organisation, Management and Control Model ("**Model**") pursuant to Legislative Decree 231/2001, Art. 6, Par. 1, letter a), taking into account the inclusion into the scope of this decree of new types of offence and the changes made to these.

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In this regard, following the recent inclusion of additional predicate offences, in particular of a tax nature, among the cases considered by Decree 231/2001, on 17 December 2020, the Unipol Board of Directors resolved to update the Model, after hearing the opinion of the Supervisory Body. Having verified and analysed the main changes made to this document, the Board of Statutory Auditors discussed its contents and the underlying assessments.

The Board of Statutory Auditors also acquired the necessary information on the organisational and procedural activities carried out in compliance with Decree 231/2001, through discussion with the Supervisory Board on the audit and control activities respectively performed. No facts and/or circumstances worth reporting were brought to light based on the information provided by the Supervisory Board, including that provided in its Annual Report.

8. Independent audit of the accounts

Pursuant to Art. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors, acting as Internal Control and Audit Committee, is tasked with:

- informing the Board of Directors of the audited entity of the outcome of the independent audit and sending the Additional Report to this body pursuant to Art. 11 of Regulation (EU) 537/2014, together with any remarks;
- monitoring the financial reporting process and making recommendations or proposals aimed at guaranteeing its integrity;
- controlling the effectiveness of the internal quality control and corporate risk management systems and, if applicable, of the internal audit, as regards the financial reporting of the audited entity, without violating its independence;
- monitoring the independent audit of the separate financial statements and consolidated financial statements, taking also into account the results and conclusions of the quality controls performed by CONSOB pursuant to Art. 26, Par. 6, of Regulation (EU) no. 537/2014, where available;
- verifying and monitoring the independence of the independent auditors or auditing firm pursuant to Art. 10, Art. 10-bis, Art. 10-ter, Art. 10-quater and Art. 17 of Legislative Decree 39/2010 and Art. 6 of Regulation (EU) no. 537/2014, in particular as regards the suitability of the provision of services other than auditing, in compliance with Art. 5 of this Regulation.

In addition, the Board of Statutory Auditors is required, pursuant to Art. 16 of Regulation (EU) no. 537/2014, to take responsibility for the procedure aimed at selecting the independent auditors and, consequently, to issue a recommendation on the independent auditing firm to be appointed. In this regard, Unipol's Board of Statutory Auditors presented its justified recommendation to the Shareholders' Meeting of 18 April 2019, for the conferral of the auditing engagement of the Unipol Group for the 2021-2029 period (nine-year), indicating its preference, duly justified, for EY.

The Board of Statutory Auditors held regular meetings with representatives of PWC, the independent auditing firm, pursuant to Art. 150, Par. 3 of the Consolidated Law on Finance and - in relation to the Financial Statements for the year ended 31 December 2020 - no significant data or information worth reporting was brought to light.

The Board of Statutory Auditors was also informed by the independent auditing firm of the regular keeping of the company accounts and the proper recognition of operating events in the accounting entries.

The Independent Auditors' Report, prepared according to the guidelines of Art. 10 of Regulation (EU) no. 537/2014 and Art. 14 of Legislative Decree 39/2010 does not contain findings, nor requests for information. In addition, no significant errors were brought to light with regard to the Management Report, nor significant uncertainties relating to facts and circumstances that could give rise to doubts as to the Company's ability to continue to operate as a going concern.

The Board, acting as Internal Control and Audit Committee, also reviewed the Additional Report, which has not brought to light issues worth reporting.

The Board, together with the independent auditing firm, also assessed the proper use of the accounting standards and the uniformity of their use for the purpose of preparing the consolidated financial statements.

Taking into account that - pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 41 of Legislative Decree 127 of 9 April 1991 - the Independent Auditors' Report includes the opinion on the consistency of the Management Report with the Consolidated Financial Statements and on its compliance with legal provisions, the Board of Statutory Auditors - in performing its supervision - exchanged information with the independent auditing firm on the outcomes of the work

performed in regard to the Consolidated Financial Statements; no anomalies worth mentioning in this Report were observed.

The Independent Auditors' Report issued by PWC on the Consolidated Financial Statements for the year ended 31 December 2020 does not contain findings or requests for information. In addition, no significant errors were brought to light with regard to the Management Report, nor significant uncertainties relating to facts and circumstances that could give rise to doubts as to the Company's ability to continue to operate as a going concern.

Pursuant to Art. 19, Par. 1 of Legislative Decree 39/2010, the Board verified and monitored the independence of the firm engaged to provide independent auditing. In particular, the Board reviewed and approved the further engagements assigned in 2020 to PWC and to companies in the network of this, the fees for which are reported in detail in the Notes to the Financial Statements, to which reference should be made. In this regard, the Board of Statutory Auditors issued, in particular, its favourable opinion on the assignment of the following engagements:

- to PWC, for the performance of the professional services relating to the updating of the EMTN Programme (Euro Medium Term Notes) and subsequent issue;
- to PricewaterhouseCoopers Actual Services S.r.l., a company forming part of the network of the independent auditing firm, to provide professional assistance and methodology support for the analysis of some components of the incentive plan issued by Unipol in 2019.

Based on a review of the annual statement of independence provided by PWC and a detailed analysis carried out with the support of the relevant corporate units and the independent auditing firm, taking into account the nature of the engagements conferred to the latter and/or to companies in its network, no evidence or situations were observed suggesting that there is any risk for the independence of said firm or grounds for incompatibility pursuant to the applicable laws and regulations in force.

The Board of Statutory Auditors also monitored, through dedicated meetings, the transition from the outgoing auditors (PWC) to the incoming ones (EY).

9. Opinions issued by the Board of Statutory Auditors during the year

During the year, the Board of Statutory Auditors issued the opinions, observations and/or statements required by the laws and regulations in force as well as by internal procedures.

10. Complaints pursuant to Art. 2408 of the Italian Civil Code. Omissions, censurable events or irregularities identified, if any

In 2020, the Board of Statutory Auditors received no complaints pursuant to Art. 2408 of the Italian Civil Code or reports from third parties.

As part of the supervisory activity performed by the Board of Statutory Auditors and based on the information obtained from the independent auditing firm, no omissions and/or censurable events and/or irregularities were observed or, in any case, significant events worth mentioning in this Report.

11. Obligation to draft the Consolidated Financial Statements and report of the Board of Statutory Auditors.

The Board of Statutory Auditors - noting that Unipol, an issuer of financial instruments listed on regulated markets and Parent Company of the Unipol insurance group, draws up, pursuant to Art. 154-ter of the Consolidated Law on Finance and IVASS Regulation no. 7, 13 July 2007 ("IVASS Regulation 7/2007"), as amended, the Consolidated Financial Statements - informs that it has verified that the obligation to draft the Consolidated Financial Statements was fulfilled by the Board of Directors on 18 March 2021.

The Consolidated Financial Statements - composed of: statement of financial position; income statement and statement of comprehensive income; statement of changes in shareholders' equity; statement of cash flows; additional notes to the financial statements, as well as annexes to the additional notes to the financial statements - conform to the international accounting standards (IAS/IFRS) issued by the IASB and endorsed by the European Union, with the relevant interpretations issued by IFRIC, according to the provisions of EU Regulation no. 1606/2002, in force at the reporting date.

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The layout conforms to the provisions of IVASS Regulation no. 7/2007, Part III, relating to the layout of the Consolidated Financial Statements of insurance and reinsurance companies required to adopt international accounting standards.

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

The Consolidated Financial Statements are drawn up on the assumption that the company will continue as a going concern, in application of the rules of accrual accounting, materiality and truthfulness of accounting information, in order to provide a true and fair view of the equity-financial position and economic result, in compliance with the principle of the prevalence of the economic substance of transactions of their legal form.

With regard to the consolidation scope, figures for the Unipol Group as at 31 December 2020 have been obtained by combining the data for the Parent Company, Unipol, and those for the 56 direct and indirect subsidiaries (pursuant to IFRS 10). Subsidiaries deemed to be too small to be of relevance are excluded from line-by-line consolidation. The Consolidated Financial Statements report changes in the consolidation scope during the year.

12. Conclusions and indications of any proposal to be presented to the Shareholders' Meeting

Based on the information acquired through its supervision during the financial year, the Board of Statutory Auditors did not become aware of transactions that were not in compliance with proper administration rules, decided and implemented in conflict with laws and/or by-laws, that did not fulfil the interests of the Company, in conflict with the resolutions taken by the Shareholders' Meeting, manifestly imprudent or risky, lacking the necessary information in the case of interests of Directors or able to jeopardise the integrity of the company assets.

In view of the above, acknowledging the content of the Independent Auditors' Reports and the statements issued by the Chief Executive Officer and Group CEOs and the Financial Reporting Officer, the Board of Statutory Auditors does not note any impediments, as far as it is aware, to the approval of the financial statements for the year ended 31 December 2020, as presented by the Board of Directors.

In regard to the proposed allocation of the profit for the year, as laid out in the Report to the Shareholders' Meeting, and distribution of a dividend of €0.28 per share resolved by the Board of Directors at the meeting on 18 March 2021, considering the recommendations made by the EU and Italian authorities to adopt in this regard with extreme caution, owing to the persistence of the epidemiological (COVID-19) emergency, the Board of Statutory Auditors has acknowledged the comments made in this regard by the Board of Directors on Unipol's excellent capital strength, both current and forward-looking. In particular, taking into account that, as at 31 December 2020, the Group Solvency Ratio was equal to 2.16x (using the Partial Internal Model as authorised by IVASS), with a capital surplus of roughly €4.9 billion, having already subtracted the 2020 dividend, the Board of Directors has concluded that all conditions, including the capital strength ratios, have been met for going ahead with the distribution of said dividend, without endangering the ability of the Company to absorb the impacts of the epidemiological emergency on its business model and the consolidated solvency, liquidity and financial position.

In view of the above, the Board of Statutory Auditors did not believe it to be necessary to make observations on the proposed allocation of profit and distribution of the dividend made by the Board of Directors, to submitted for approval to the Shareholders' Meeting on 29 April 2021.

Bologna, 6 April 2021

*On behalf of the Board of
Statutory Auditors*
The Chairman
Dott. Mario Civetta





7

INDEPENDENT
AUDITORS' REPORTS





Independent auditor's report

in accordance with article 14 of Legislative Decree n° 39 of 27 January 2010 and article 10 of Regulation (EU) n 537/2014

To the Shareholders of
Unipol Gruppo SpA

Report on the Audit of the Financial Statements as of 31 December 2020

Opinion

We have audited the financial statements of Unipol Gruppo SpA (the "Company"), which comprise the balance sheet as of 31 December 2020, the income statement, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters to communicate in this auditor's report.

PricewaterhouseCoopers SpA

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, Management uses the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;



- we concluded on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with *governance*, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with *governance* with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with *governance*, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by article 10 of Regulation (EU) n° 537/2014

On 28 April 2011, the Shareholders of Unipol Gruppo SpA in general meeting engaged us to perform the statutory audit of the Company and the consolidated financial statements audit for the years ending 31 December 2012 to 31 December 2020.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) n° 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with *governance*, in their capacity as Audit Committee, prepared pursuant to article 11 of the aforementioned Regulation.



Report on Compliance with other Laws and Regulations

Opinion in accordance with article 14, paragraph 2, letter e), of Legislative Decree n° 39/2010 and article 123-bis, paragraph 4, of Legislative Decree n° 58/1998

Management of Unipol Gruppo SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Unipol Gruppo SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) n° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure, available in Unipol Gruppo SpA website section “Governance”, referred to in article 123-bis, paragraph 4, of Legislative Decree n° 58/1998, with the financial statements of Unipol Gruppo SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Unipol Gruppo SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree n° 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 6 april 2021

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian and in accordance with Italian law, solely for the convenience of international readers.

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

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

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