



Via V Dicembre, 3 - 16121 Genova - Italy
Ph. 0039.010.5546.1 - Telefax 0039.010.5546.400
www.siat-assicurazioni.it
siat@siatass.com

SIAT ASSICURAZIONI | 2021 ANNUAL REPORT



2021 ANNUAL REPORT



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Combining the traditional experience in an “historical” branch with innovation. Following the customer with customized solutions combining advanced digital media. These are the challenges for SIAT, which can offer the historical and consolidated knowledge of Marine Insurance and Shipping combined with an exclusive technological component.

Because your future is on our way.

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REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS



Shareholders,

MACROECONOMIC SCENARIO

Globally, 2021 was a year of economic recovery, with world GDP reckoned to have grown by 5.8% (having fallen in 2020 by 3.5%). The economic recovery was particularly robust in the second quarter of the year, thanks to the lifting of large-scale restrictions and the gradual expansion of the vaccination campaigns. In the third and fourth quarters, however, growth was slowed down by increasing downside risks due, on the one hand, to the spread of new variants of Covid-19 and, on the other, to the emergence of increasingly sustained inflation risks due above all to supply difficulties in value chains and to the increase in prices of raw materials and energy.

In the United States, GDP grew by 5.7% in 2021 (-3.4% in 2020). The recovery was particularly robust in the first and second quarters and continued in the third and fourth quarters. Economic growth was mainly supported by an increase in consumption and private investment, which led to an improvement in the labour market, with the unemployment rate falling from an average of 8.1% in 2020 to 5.4% in 2021. Monetary policy maintained an expansionary stance, with the Fed continuing its policy of purchasing securities and keeping the Fed Funds rate at 0.125%. These factors contributed to an increase in the inflation rate which stood at an average of 4.7% in 2021, up from 1.2% in 2020.

In China, GDP grew by 8.1% in 2021 (+2.2% in 2020). Chinese growth was mainly supported by a robust expansion of industrial production, which offset less brilliant growth in domestic demand. In this context, unemployment stood at 5.1% on average in 2021, while average annual inflation was 0.9%. Even in this phase, it was the Chinese economy that was the driver of growth in emerging countries, estimated at 6.8% in 2021, compared with a decline of 1.6% in 2020.

In Japan, GDP is expected to close 2021 with average growth of 1.6%. Japanese growth was hit (especially in the first and third quarters) by an uncertain trend in the epidemic and by particular supply difficulties due to its strong integration into global value chains. In this context, unemployment remained stable at an annual average of 2.8%. Despite a very accommodative monetary policy (the policy rate was -0.03% on average), average inflation was negative compared with 2020, with deflation of 0.2%.

In the Euro Area, GDP grew by 5.2% in 2021 (-6.5% in 2020). After a negative first quarter (-0.2% on the previous quarter), the economic recovery strengthened, growing respectively by 2.2% in the second and 2.3% in the third quarter. Faced with a new epidemic wave, growth slowed in the fourth quarter, coming in at 0.3% compared with the previous quarter. In 2021, average unemployment rate was 7.7%, with the figure for December 2021 at 7.0%. In this scenario, monetary policy maintained an expansionary stance during the year, with the main refinancing and ECB deposit rates unchanged (at 0.0% and -0.5%, respectively) and implementation of the securities purchase programmes announced during the pandemic (PEPP and APP). These measures permitted a recovery in the rate of inflation, which was 2.6% on average in 2021.

Italy's GDP grew by 6.5% in 2021, after the drop of 9.0% in 2020. After a weak first quarter (+0.3% on the previous quarter), growth strengthened during the year thanks to the recovery on the part of industry and services, reaching 2.7% and 2.6% in the second and third quarter, to close the fourth quarter with a +0.6% on the previous quarter. In this context, average unemployment came to 9.5%, with the figure for December 2021 9.0%. Annual inflation was 1.9% (-0.1% in 2020).

THE FINANCIAL MARKETS

The ECB's announcements in December concerning the interruption of the PEPP from March 2022 and the expectations of a tighter monetary policy pushed all European interest rate curves up to a certain extent, especially on long maturities. The 3-month Euribor rate closed 2021 stable at -0.57%, 3 basis points down compared with the end of 2020, while the 10-year swap rate increased by 56 basis points in the same period, closing 2021 at 0.30%.

The gradual return from expansive monetary policies also helped raise government interest rates in the main Euro Area countries. In Germany, the 10-year Bund closed 2021 at -0.16%, up 39 basis points since the end of 2020, while the 10-year BTP in Italy closed 2021 at 1.19%, up by 66 basis points. The 10-year spread between Italian and German rates amounted to 133 bps at the end of 2021, an increase of 24 bps compared with the end of 2020.

In 2021, European stockmarkets closely with a gain, after having overcome the most acute phase of the pandemic, and ended the year with strong growth. The Eurostoxx 50 index, which reflects stock prices in the Euro Area, showed a 21% rise in 2021 compared with the end of 2020, while the FTSE MIB index, which reflects the prices of Italian listed companies, rose by 14.30% in the same period. The DAX index, which refers to German listed companies, closed 2021 up by +15.79% compared with December 2020.

Unemployment and inflation forecasts, coupled with an analysis of recent labour market trends, are behind the Fed's shift in restrictive rhetoric over the past few weeks. At its December meeting, inflationary risks and progress on the labour market towards full employment prompted the Fed to announce faster tapering of net purchases as part of its securities purchase programme. However, the first three quarters of 2021 were characterised by an expansionary monetary policy and these measures supported US equity markets, allowing the S&P 500 index to close 2021 up by 26.89% on the figures at the end of 2020. The US dollar appreciated against the euro, in fact the EUR/USD exchange rate closed 2021 at 1.14, with an appreciation of the dollar of 7.06% versus the end of 2020.

2021, on the other hand, ended in a varied manner for international stock lists: the Nikkei stock index, for listed companies in Japan, closed 2021 up by 4.91%, while the Morgan Stanley Emerging Markets index fell in the same year by 4.59%.





THE INSURANCE MARKET

As regards the “**Hulls**” sector, 2021 saw a gradual change of scenario in the international Hulls insurance market. An initial phase of consolidation of the rate increases that took place from 2019, caused by a series of natural catastrophic events and accidents of considerable magnitude, was followed in the second part of the year by a gradual slowdown in the upward trend thanks to the entry, especially in the London market, of new underwriting capacity, capital attracted once again by better contractual terms and by rates more in line with the technical equilibrium of the marine policyholders market.

While this circumstance, on the one hand, did not affect our Company’s strategy, deciding to maintain a rigorous underwriting approach with a view to maintaining the recovery in profitability, on the other hand, it caused a decrease in our direct business premiums portfolio of 7% compared with the previous year.

The relationship with our intermediaries and customers continued to be based on continuity and maximum mutual collaboration, facilitated in this by the good recovery of the world economy and the consequent boom in freight traffic that led to freight rates - both for dry cargoes and for container ships - at absolute record levels.

This positive scenario has undoubtedly led most shipowners to pay more attention to the efficiency of their ships, as well as to implementing more and more effective loss prevention measures, also thanks to our constant efforts of persuasion.

As regard the “**Cargo**” sector, during 2021 the recovery of the global economy continued, albeit conditioned by ongoing inflationary tensions, the spread of Covid variants and situations of geopolitical friction.

The difficulties that have arisen in the supply chain caused by the pandemic have led to a sharp rise in the price of raw materials. Within a year, the cost of oil has risen by 40%, coal has doubled and gas has increased all of sixfold. An increase which was initially considered transitory, but now seems destined to continue into next year as well.

The Marine Cargo insurance sector has been affected by the current economic situation in various respects. On the one hand, we are faced with a shortage of new potential policyholders, which leads to strong competition, especially in the most profitable business areas. However, premium income has benefited from the increase in the price of raw materials, goods in which SIAT has a strong insurance tradition, given that this value is the basic parameter for calculating the premium. However, we also see strong concentrations of these goods on the same ship, which lead to greater exposure for insurers. Therefore, in some cases, it is necessary to spread the risk among several companies or sell quotas through optional reinsurance and, consequently, the related premium is also shared or sold.

The Euro/USD exchange rate also favoured us this year.

The marine insurance market suffers from the persistence of certain critical situations, including:

- A widening gap between the general practice of the reinsurance market, oriented towards a generalised increase in premiums regardless of the statistical results, and what is happening in the direct Italian and continental markets, where there is still a soft market with strong competition between insurers. As a result, it is becoming increasingly difficult to find optional reinsurance support for those deals which in the past had always been sold in significant percentages, despite their high exposures or particular nature of the risk;
- A decrease in the number of road hauliers in recent years, with an increase in aggregations which allow for better insurance conditions at lower prices;
- For business in the SME market, which is more profitable and does not require significant capacities or special skills, strong competition persists leading to further declines in premium rates.

In this context, the Company decided to enhance two important skills that make it distinctive on the market: In fact, SIAT is introducing itself to the market with its historical technical competence combined with technological expertise, offering innovative and customized solutions, capable of intercepting business segments where digital solutions represent the real added value. It is also thanks to the introduction of these platforms that production has registered an increase.

As regard the “**Aviation**” sector, in 2021, especially in the fourth quarter of 2021, the aviation sector featured a moderate increase in economic conditions and in some cases we have seen “tel quel” renewals. The upward trend, which we saw in the last year and a half, is now very weak with increases of about 5%. In recent months, the Italian market has also had to defend itself from incursions by foreign brokers.

“Light” general aviation is always unattractive, especially in the ultralight segment, and there is more and more interest in the corporate sector; there is a marked use of co-insurance due to the high commitments.

As for **outward reinsurance**, in 2021 we operated with the same conditions as in 2020 with the exception of the claims excess in the Cargo sector, which was reduced to € 0.3 million (it was previously € 0.8 million), starting with claims from 1 April 2021 onwards.

Based on the latest available official data published by Ania concerning the premiums for Italian direct business written in 2020, the Company continued to strengthen its leadership in the “Marine” sector.

In particular, it came first in the “Hulls” sector and confirmed its fourth place in the “Cargo” sector, with market shares of 28% and 7% respectively (35% and 8% in 2019).

RESULTS OF OPERATIONS

Given all of the above, the company closed 2021 with a profit before taxation of € 5,769 thousand, which was an improvement on € 4,855 thousand reported in 2020.

Net profit amounted to € 4,204 thousand, compared with € 3,441 thousand in the prior year, with a tax rate of 27.1% that was lower than the rate reported in 2020 (29.1%).

The following table summarises the statement of income for 2021, with comparative figures for 2020:

(in thousands of euro)	2021	2020
Underwriting result	5,879	5,638
Net investment income	2,778	2,850
Capital and financial charges	(1,466)	(1,448)
Investment return transferred to the technical account	(730)	(803)
Other income (expenses), net	693	(424)
Net extraordinary income (expenses)	(1,385)	(958)
Profit (loss) before taxes	5,769	4,855
Income taxes for the year	(1,565)	(1,414)
Net profit for the year	4,204	3,441



With respect to the results for 2021, based on the above figures, the main considerations, which will be discussed more fully in the rest of this report, are as follows:

- the improvement in the results for 2021 was attributable to the technical component, despite a reduction in the return from investments transferred from the non-technical account.
Further information on this is provided below in the section on “Insurance management”;
- investment income, net of related capital and financial expenses, amounted to € 1,313 thousand, slightly down on the previous year (€ 1,402 thousand).
Further information on this is provided below in the section on “Property and financial management”;
- a portion of the investment return was transferred to the technical account on the basis of the criteria laid down in art. 22 of ISVAP Regulation 22 of 4 April 2008.
This amount was lower due to a decline in the net profit from investments;
- other income (expenses), net show a higher positive balance compared with the negative one in 2020.
This improvement was mainly due to:
 - a higher release from the “Provision for risks and charges”, € 1,080 thousand, recognised as “Other income”, with respect to the € 664 thousand released in the prior year.
These releases covered costs totalling the same amount, classified as “Non-recurring expenses”, incurred in relation to the VAT disputes regarding the co-insurance relations existing with other firms in the insurance sector;
 - the lack of non-recurring personnel costs, for the purpose of a more appropriate recognition of seniority bonuses on an accrual basis (€ 499 thousand in 2020).

The following items, among others, contributed to this improvement:

- the lack of a provision for bad debts (other than those due from policyholders), provisions to the “allowance for doubtful accounts” for (€ 304 thousand in 2020), while a collection loss of € 56 thousand was recorded (no losses in 2020).
This provision was used for € 242 thousand (not used in 2020);
- the net positive effect of exchange differences, € 158 thousand (€ 53 thousand in 2020).
Exchange differences were mainly due to fluctuations in the US dollar during the year.
In this regard, careful management of the mismatch between foreign currencies has, as in the past, helped to minimise the economic effects of exchange differences.
This has been achieved despite the high incidence of non-Euro currencies in the “Marine” sector including, in particular, the US dollar and the not insignificant fluctuations in its exchange rate during 2021.

For further comments on “Other income” and “Other expenses”, reference should be made to Section 21, points III.7 and III.8, of the notes to the financial statements;

- the negative net non-recurring components totalled € 1,386 thousand, a deterioration from € 958 thousand in 2020.
In particular, the related expenses included:
 - costs of € 1,296 thousand (€ 664 thousand in 2020) incurred following the agreed settlement of certain tax disputes, as mentioned earlier;

- the effective tax rate (27.1%) has decreased with respect to the prior year (29.1%).
Income taxes amount to € 1,565 thousand (€ 1,414 thousand in 2020) and relate to:
 - current taxes, comprising IRES, € 1,590 thousand (€ 1,270 thousand in 2020), and IRAP, € 242 thousand (€ 180 thousand in 2020);
 - deferred tax assets, which had income of € 267 thousand (expenses of € 36 thousand in 2020);
 - there were no deferred tax liabilities (as in 2020).

Further details are provided in Section 21, point III.14, of the Explanatory Notes.

INSURANCE BUSINESS

Underwriting result

The underwriting result for 2021 and 2020 is composed of the following:

(in thousands of euro)	2021	2020
Earned premiums	157,231	152,050
Charges related to claims	(110,733)	(85,221)
Other technical income	(1,475)	(855)
Operating expenses	(33,667)	(32,474)
Gross underwriting result	11,356	33,500
Balance of outward reinsurance	(6,103)	(28,559)
Change in other non-technical reserves	(104)	(106)
Investment return transferred to the non-technical account	730	803
Net underwriting result	5,879	5,638

The above amounts are for direct and indirect business taken as a whole.

These figures show an improvement in the net underwriting result of € 241 thousand. In fact, after reinsurance, it was positive for € 5,879 thousand, versus € 5,638 thousand, also positive, in 2020.

This improvement derives mainly from the incisive restructuring that took place in the portfolio of the “Hulls” sector, starting in the second half of 2019.

This improvement was mostly achieved by not renewing business with unremunerative statistics and, where appropriate, reducing the percentage participation in co-insured business.

Given the reinsurance policies adopted by the Company, reinsurers also benefited from the above improvement. This improvement, which began last year after the significant losses recorded in 2018 and 2019, registered an important turnaround towards positive figures, which ought to be repeated in future years.

A brief analysis of the individual amounts shown above leads to the following considerations:

- gross earned premiums increase compared with the previous year, related to the corresponding production development.
This rise included the reduction of the gross unearned premiums reserve for unexpired risks by € 2,135

thousand during the year (the decrease was of € 1,785 thousand in 2020).

This reduction reflects the significant improvement during the current year in the underwriting results from certain sectors including, in particular, the “Hulls” sector;

- the costs incurred for claims have increased significantly, mainly due to an increase in reserved claims in the 4th quarter;
- other technical income showed a negative balance, as in 2020.
The change refers to various types of items and is adequately reduced within the balance of outward reinsurance;
- operating expenses include commissions recognised to the network of agents and other intermediaries and to transferor companies for the premiums contributed by them (€ 24,415 thousand versus € 23,516 thousand in 2020) and other acquisition and management expenses (€ 9,252 thousand versus € 8,958 thousand in 2020)
The increase in external expenses is essentially linked to the growth in gross production.
- although lower than in 2020, the outward reinsurance balance is positive for reinsurers in 2021 for € 6,103 thousand, down from a positive balance of € 28,559 thousand in 2020.
This balance is shown net of the commission recognised by reinsurers, € 22,057 thousand, an increase compared with € 20,712 thousand in 2020;
- the change in other non-technical reserves is in line with last year;
- the investment return transferred to the non-technical account is lower than on 2020, as a result of the decrease in investment income, net of capital charges.

Gross premiums earned and recorded

The premiums earned in 2021, compared with those of 2020, are as follows:

(in thousands of euro)	2021	2020
Gross premiums written	151,213	149,364
Premiums transferred for reinsurance	(103,073)	(104,677)
Change in the gross unearned premiums reserve	4,795	3,869
Change in the unearned premiums reserve to be borne by reinsurers, including the balance of portfolio movements	(4,278)	(4,219)
Net exchange differences on the incoming unearned premiums reserve	(470)	(514)
Earned premiums, net of reinsurance	49,127	43,923

There has been a lower incidence of total premiums ceded to reinsurers, which comes to 68.2% (versus 70.1% the previous year).

This change was mainly due to the increased, albeit measured, propensity to retain business (especially in the “Cargo” sector).

The following table gives details of premiums earned in 2021, with comparative figures for the previous year:

(in thousands of euro)	2021	2020
Italian direct business		
Hull	83,724	92,804
Marine Cargo	25,316	21,476
	109,040	114,280
Aircraft	2,339	2,159
Aircraft third-party liability	756	879
	3,095	3,038
General third-party liability	5,641	4,559
Motor third-party liability	4,263	3,485
Pecuniary losses	2,072	1,773
Other property damage	1,067	1,285
Personal accident	802	663
Other minor business	25	33
	13,869	11,798
Total direct business	126,004	129,116
Indirect business - Italy		
Marine Cargo	10,810	8,385
Hull	7,094	5,276
Motor third-party liability	4,685	4,670
Other minor business	1,584	875
	24,173	19,206
Indirect business - Abroad	1,036	1,042
Total indirect business	25,209	20,248
Grand total	151,213	149,364

The direct business was generated exclusively in Italy

Comments on these figures are summarised below:

- as in the recent past, 2021 production can be assigned to the “Marine” sector and, to a lesser extent, the “Aviation” sector, which is increasing.
However, as required by the regulations governing financial statements and having regard for the insurance cover provided under contract, part of this production has been partly allocated to sectors other than those typically envisaged for these sectors.
In particular, carrier third-party liability coverage, which comes from the “Cargo” sector with premiums classified to Motor Third-Party Liability, represents almost all of this sector’s premiums;

- in general terms, the production of the year shows a slight increase (1.2%) essentially attributable to direct business, specifically in the “Hulls” sector.
As regards indirect business, the transfers by the direct parent company Unipol Assicurazioni S.p.A. continue to play a significant role.
These figures have been positively affected by the considerable appreciation of the US dollar during the year (its exchange rate against the euro was 1.1326 at 31 December 2021, compared with 1.2271 at 31 December 2020), having revalued by around +7.7% against the EU currency.
In fact, much of our business is written in US dollars, especially in the “Hulls” sector;
- direct premiums from the “Hulls” sector have contracted as planned, due to the elimination of business with negative underwriting statistics and a reduction (significant in some cases) in the quotas accepted on numerous risks. The approach to accepting business was guided by a more rigorous application of the policy that requires positive underwriting results, considering the risks accepted, and retention of the business deemed more remunerative. Renewals were charged higher premiums with variable excesses linked to the statistical performance of each account.
New business was deliberately extremely limited, given the need to accept risks selectively and renewed focus on the quality of the proposals received.
Production was also lower in the yachting sector, again due to a change in the policy for accepting new business, as well as to a repositioning towards medium-large vessels (as their underwriting performance is generally better). For this sector, a review of the tariffs was carried out and the relationship with some intermediaries who presented unsatisfactory results was terminated.
Lastly, with regard to the policies written for fleets, application of the “aggregated excesses” clause has become more frequent and extensive in order to contain the charges associated with repeated claims. Production in this segment has continued to be supported by an “A-” (excellent) rating, which was confirmed in July 2021 by AM Best, a leading international agency that specialises in the insurance sector.
In December 2021, the important international agency DBRS also expressed itself positively, confirming its gratifying “A (high)”.
It is also worth mentioning the upgrade to “A-” (from “BBB”) in the valuation expressed in December 2021 by Fitch;
- the direct premiums of the Marine Cargo sector showed a significant increase, mainly due to the rise in substantial new business and to the increase in prices of raw materials and certain types of trade such as steel and oil, which act as base parameters for the calculation of insurance premiums. This results in a higher contribution of premiums on some policies relating to the transport of such goods.
Moreover, the aim is still to increase diversification of the portfolio and, in fact, the sector is continuing to look for and develop (via medium/small-sized brokers) new business with SMEs, which tends to be more remunerative;
- direct premiums generated from airframes and the related third-party liability cover derive from the “Aviation” sector business launched in the second half of 2018: the objectives here are to consolidate and gradually expand activity, based on a solid underwriting approach.
The business has developed significantly with respect to the prior year, due to the acceptance of new risks, an increase in quota percentages and an increase in the premiums applied on the renewal of policies already written. Very little business was not renewed;

- direct premiums from the elementary sectors have increased, mainly as a result of business sourced from the “Aviation” sector, where the increase in production also benefited the Personal Accident and General Third-Party Liability sectors.
As noted previously, these premiums almost exclusively derive from business generated by the “Marine” sector and, to a lesser extent, the “Aviation” sector. In addition, the indirect business in the Motor third-party liability sector relates entirely to carrier liability business coming from the Cargo sector;
- with regard to indirect business, production grew in Italy and remained stable abroad.
With regard to Italian business, the increase refers generally to all sectors. In addition, as with direct business, note that the Motor third-party liability segment relates solely to business deriving from the “Cargo” sector. The premiums from foreign indirect business derive from the “Hulls” and “Cargo” sectors: respectively € 671 thousand and € 361 thousand (€ 809 thousand and € 233 thousand in 2020);
- indirect premiums from the unrestricted provision of services were not significant, while the related direct premiums generated under that regime remained constant at € 51,648 thousand (€ 51,397 thousand in 2020). These premiums relate to the Hulls sector for € 41,391 thousand (€ 44,106 thousand in 2020) and to the Marine Cargo sector for € 10,257 thousand (€ 7,291 thousand in 2020);
- a geographical analysis of gross direct and indirect premiums is provided below:

(in thousands of euro)	2021	2020
• in Italy	150,194	141,462
• abroad, through the permanent establishment in Germany	1,019	7,902
	151,213	149,364

The reduction in the production of the German permanent establishment was due to the termination of its mandate in August 2020.

Outward reinsurance

The reinsurance policy adopted in 2021 is essentially unchanged with respect to the past, with recourse to proportional reinsurance and using transfers on an optional basis.
Moreover, the residual exposure is usually reduced by stop-loss cover in the event of serious disasters. This claims excess in the Cargo sector was reduced to € 0.3 million (it was previously € 0.8 million), starting with claims from 1 April 2021 onwards.
Similarly to the past, placements to high standing reinsurers have been carried out on the main markets, both in London and in other international countries, again through brokers of primary importance.

Charges related to claims

Charges related to claims in 2021, with comparative figures for 2020, are as follows:

(in thousands of euro)	2021	2020
Gross claims settled	100,059	152,064
Claims settled borne by reinsurers	(68,661)	(120,740)
Change net of recoveries	(905)	(1,511)
Change in the gross claims reserve	15,580	(70,916)
Change in the claims reserve borne by reinsurers, including the balance of portfolio movements	(14,508)	64,086
Net exchange differences on the incoming claims reserve	1,453	2,011
Settlement costs, transferred from the non-technical account	1,272	1,298
Expenses related to claims, net of recoveries and reinsurance	31,385	26,292

This balance has increased with respect to the previous year.

This increase was recorded in both the “Hulls” and “Cargo” sectors. Despite a reduction in the number of claims, for both own and third-party mandates, the Hulls sector saw a significant increase in the loss ratio, mainly on the reserved side. Confirmation of a good trend in claims during the year also generated a benefit for the premium reserve for risks in progress.

The total gross value of it (€ 2.1 million at 31 December 2021, compared with € 4.3 million at the end of 2020) has essentially been reduced thanks to the significant improvement in this sector over the last two years.

The run-off of the claims reserve shows a higher level of insufficiency than the previous year, which was mainly determined by the deterioration of Ex claims, although the amount paid is down considerably (-48%) and the number of claims involved is almost in line with 2020.

For the Cargo sector, despite a lower number of claims than in 2020, the total cost of claims for the year (paid + reserved) was higher than in 2020. This increase is mainly due to significant claims that took place in 2021 (gross amount of SIAT’s quota of more than € 0.2 million). They amounted to € 8.1 million, while in 2020 they came to € 1.6 million. Of these, two that were particularly severe relate to a business acquired under the EU’s freedom to provide insurance services through a French intermediary.

However, the run-off of the claims reserve, which confirmed the usual caution adopted at the time of making the reserve, showed a more limited sufficiency compared with the previous year.

As regards the Aviation sector, there was a greater number of open claims and a corresponding increase in the amount.

These include two serious claims (gross amount in Siat’s quota exceeding € 0.5 million), while none had been reported in the same period of the previous year.

Overall, however, the sector has seen an improvement compared with 2020.

The amount of claims settled in 2021, before recoveries from reinsurers and before allocating internal settlement costs, is summarised below according to the main categories:

(in thousands of euro)	Direct business	Indirect business	Total
Claims settled	86,928	7,646	94,574
Settlement costs	4,409	-	4,409
Direct costs	1,093	-	1,093
	92,430	7,646	100,076

With regard to direct business, the following breakdown by sector of claims settled in 2021 is compared with similar data for the previous year:

(in thousands of euro)	2021	2020
Hull	63,243	114,479
Marine Cargo	14,567	14,655
	77,810	129,134
General third-party liability	4,851	2,695
Motor third-party liability	1,993	2,405
Pecuniary losses	1,214	917
Other property damage	475	639
Personal accident	16	438
Other minor business	569	563
	9,118	7,657
Total direct business	86,928	136,791

Analysis of the above data indicates an overall decrease in the amount of claims paid.

This decrease is essentially attributable to the “Hulls” sector.

Claims relating to carrier third-party cover (from the Cargo sector) represent a significant part of the payments made in relation to the Motor third-party liability sector.

Furthermore, with reference to the periods considered, these payments were also affected by the appreciation of the US dollar against the Euro in 2021.

In addition, with regard to direct Italian business, it is not considered necessary to report the speed of claims settlement in the elementary and motor sectors (excluding the business deriving from the “Marine” and “Aviation” sectors), since the steady reduction in the related portfolio and the sharp contraction in the numbers concerned mean that this indicator is no longer relevant.

On the other hand, for the Hulls and Cargo sectors, the rate of settlement is not given since it is not considered representative of the phenomena concerned.

With regard to the claims payable reserve, it amounts to € 192,530 thousand (€ 176,950 thousand at 31 December 2020) and is made up as follows:

(in thousands of euro)	2021	2020
For reimbursements and settlement costs	158,104	149,340
For accidents occurred, but not reported	34,426	27,610
	192,530	176,950

It is related to direct and indirect business for € 170,695 thousand and € 21,835 thousand respectively (€ 154,181 thousand and € 22,769 thousand at 31 December 2020).



SALES ORGANISATION

While the distribution network in Italy did not change significantly during the year, the situation abroad is discussed below.

In Italy, the distribution network at 31 December 2021 consisted of 26 general agents and 167 brokers (28 and 182, respectively, at 31 December 2020).

Abroad, the distribution structure is represented by 69 brokers (61 brokers at 31 December 2020).

As in the past, intermediaries (in both Italy and abroad) are coordinated solely from the offices in Genoa.

Acquisition expenses totalled € 26,606 thousand (€ 25,903 thousand in 2020).

The increase is due to higher production during the year, as commented on previously.

Of these costs, € 19,901 thousand related to direct business (€ 20,200 thousand in 2020) and € 6,705 thousand to indirect business (€ 5,703 thousand in 2020).

The ratio of commissions paid to third parties for new direct business to the related premium income was 14.7% (14.3% in 2020), whereas the ratio to indirect business was 23.2% (24.6% in 2020).

PERSONNEL AND ADMINISTRATIVE EXPENSES



At 31 December 2021, the Company had 107 employees (107 at 31 December 2020), including 3 executives, 18 middle managers and 86 office staff.

In addition to these, at the same date the staff also included 35 employees of Group companies (39 in 2020) the latter on secondment to the Company principally in the performance of duties related to the operations of the "Marine Hub".

There was also one co-worker on a temporary supply contract (1 in 2020).

The total headcount in 2021, calculated on a full time equivalent (FTE) basis, i.e. considering actual hours worked, was 136 employees (139 in 2020).

After allocating a proportion of personnel expenses and the depreciation of tangible assets to policy acquisition and claims settlement, administrative expenses amounted to € 7,061 thousand (€ 6,571 thousand in 2020), an increase on the previous year.

PROPERTY AND FINANCIAL MANAGEMENT



During 2021, financial management operated in accordance with the guidelines of the Investment Policy adopted by the Company and with the instructions from the Group Investment Committee and the Financial Investment Committee.

The investment policy followed criteria to optimize the risk/return profile of the portfolio.

The criteria of investment marketability and prudence have been the guideline for our investment policy, while maintaining the necessary consistency with the profile of liabilities.

Management activities focused on the bond sector and there were no significant changes in asset allocation in 2021.

Sector exposure to Euro Area government securities (both fixed and variable rate) decreased, while the exposure to corporate issuers increased.

We maintained an adequate cash position in the portfolio to meet the needs of the core business.

Trading on financial markets has been designed to achieve our profitability targets.

At 31 December 2021, the duration of the portfolio is 2.79 years, a decrease on the end of 2020 (2.93 years), while complying with the limits imposed by the Investment Policy.

In the portfolio, which is denominated mainly in euro, there are positions in US Dollars for which the exchange rate risk has not been hedged because of the peculiarities of the core business, which operates mainly in US dollars.

At 31 December 2021 total investments amounted to € 114,694 thousand (€ 113,059 thousand at 31 December 2020), up on the previous year.

Details are provided below:

(in thousands of euro)	2021	2020
Buildings	18,641	18,811
Investments in group and related companies	243	379
Loans to Group companies	3	-
Mutual funds	1,224	1,224
Bonds and other fixed-income securities	93,541	91,566
Loans	17	19
Restricted deposits with banks	402	402
Deposits with ceding undertakings	623	658
	114,694	113,059

Bonds and other fixed-income securities and buildings continue to represent the bulk of total investments (97.8%, compared with 97.6% at 31 December 2020).

With regard solely to financial investments (excluding those in Group companies), shares and mutual funds invested in equities represent 1.5% of the total (1.7% at 31 December 2020) due to continuing caution in this area.

The main comments on each type of investment are as follows:

- properties remain stable in value, decreasing as a result of depreciation and increasing due to improvements. This caption comprises solely the commercial property located in Genoa that houses the Company's headquarters and offices;
- shares and quotas continue to be insignificant.
This caption mainly refers to 68,044 shares of the direct parent company UnipolSai Assicurazioni S.p.A., for an amount of € 127 thousand, and to 33,535 shares of the indirect parent company Unipol Gruppo S.p.A., equal to € 115 thousand.
In addition to the above, this item also includes the quotas of UCI, € 1 thousand;
- the units in mutual funds (most of them equity-based) are unchanged in amount;
- bonds and other fixed-income securities increased during the year as a result of the higher investments made.

There continues to be a distinct preference for government issues (especially domestic ones) which constitute 74.2% of the total (80.9% at 31 December 2020).
The portfolio, mainly in euro, includes positions in US dollars.

These are represented by fixed-income securities, € 83,901 thousand, and variable-income securities, € 9,640 thousand (€ 79,974 thousand and € 11,592 thousand respectively at 31 December 2020).

The long-term securities have a carrying amount of € 50,418 thousand (€ 48,779 thousand at 31 December 2020).

These comprise € 38,065 thousand invested in Italian government securities (fixed-rate BTPs maturing between 2024 and 2033, € 37,115 thousand, and floating-rate CCTs maturing in 2025, € 950 thousand).

They also include € 4,328 thousand invested in Spanish government securities and € 1,988 thousand in Portuguese government securities, as well as (banking) corporate issues totalling € 6,037 thousand.

At the year-end, the total market value of long-term securities amounts to € 56,271 thousand.

During the year, long-term securities have not been sold or transferred to other portfolios;

- the balance of restricted deposits with banks, which consist of cash collateral, remains unchanged;
- deposits with ceding undertakings and loans are essentially unchanged.

No use was made of derivatives during the year and there were no derivative contracts outstanding at 31 December 2021 (as at 31 December 2020).

The following subordinated bonds are held at year end:

Issuer: Credit Agricole
ISIN code: XS1204154410
Par value: 500,000 €
Book value: 499,933 €
Issue: 17 March 2015
Maturity: 17 March 2027
Structure: Tier 2 subordinated bond

Issuer: Intesa San Paolo
ISIN code: XS1109765005
Par value: 500,000 €
Book value: 551,700 €
Issue: 15 September 2014
Maturity: 15 September 2026
Structure: Tier 2 subordinated bond

Issuer: LB – Baden Wuertt
ISIN code: XS1246732249
Par value: 200,000 €
Book value: 199,738 €
Issue: 16 June 2015
Maturity: 16 June 2025
Structure: Tier 2 subordinated bond

Issuer: Bawag Group AG
 ISIN code: XS22302264603
 Par value: 500,000 €
 Book value: 506,827 €
 Issue: 16 September 2020
 Maturity: 23 September 2030
 Structure: Tier 2 subordinated bond

Issuer: AG Insurance S.a.
 Isin code: BE6277215545
 Par value: 500,000 €
 Book value: 489,846 €
 Issue: 31 March 2015
 Maturity: 30 June 2047
 Structure: Tier 2 subordinated bond

Issuer: Aviva Plc
 Isin code: XS1242413679
 Par value: 400,000 €
 Book value: 393,414 €
 Issue: 4 June 2015
 Maturity: 4 December 2045
 Structure: Tier 2 subordinated bond

Issuer: NN Group Nv
 Isin code: XS1550988643
 Par value: 500,000 €
 Book value: 504,010 €
 Issue: 13 January 2017
 Maturity: 13 January 2048
 Structure: Tier 2 subordinated bond

At year-end, the carrying amount of the securities portfolio was € 8,335 thousand lower than its market value at the same date (€ 8,161 thousand at 31 December 2020).

The above unrealised gain comprises:

- € 7,376 thousand (€ 7,595 thousand at 31 December 2020) relating to bonds and other fixed-income securities, including those held for the long term. The latter carry an unrealised net gain of € 5,853 thousand (€ 5,689 thousand at 31 December 2020);
- € 876 thousand relating to mutual funds (€ 510 thousand at 31 December 2020);
- € 83 thousand attributable to the shares and quotas held in Group companies and affiliates (€ 56 thousand at 31 December 2020).

Additional information can be found in the notes to the financial statements.

Summary data regarding income from property and financial management is shown below for each type of investment, with comparative figures for the previous year:

(in thousands of euro)	2021	2020
Net profit from:		
shares		
dividends	35	15
net gains (losses) on disposals	-	-
net write-backs (writedowns)	-	-
	35	15
bonds and other fixed-income securities		
interest income	2,250	2,105
net gains (losses) on disposals	(3)	277
net write-backs (writedowns)	(93)	(4)
	2,154	2,378
other financial investments		
buildings		
rental income	438	442
depreciation	(744)	(726)
	(306)	(284)
Total income, net	1,883	2,109
Expenses		
operating expenses	570	706
interest expense	1	1
Total expenses	571	707

Further information on the individual types of investment is provided below:

- for equities, the above figures confirm the lack of interest in this type of investment. The dividends were received from UnipolSai Assicurazioni S.p.A. and Unipol Gruppo S.p.A. and, for a minor amount, from the unlisted associated company USSC Scarl;
- for bonds and other fixed-income securities, it is worth noting:
 - a slight increase in accrued interest, following a corresponding increase in the portfolio.
 - a strong contraction in the results from trading, which was limited (so as to protect the unrealised gain implicit in the existing portfolio);
 - the balance of write-backs, net of write-downs, are well down on 2020;
- for other financial investments, the result is immaterial, as in the previous year;



- for buildings, represented exclusively by the property in Genoa, where the head office and the company's operations are located, we would point out the following with regard to just the portion intended for use by third parties:
 - rental income net of adjustments (all depreciation) remained stable;
 - the lease of four floors to the parent company UnipolSai Assicurazioni S.p.A. at current market conditions;
 - the identification of the Group company Dyadea for the lease of the ground floor and a portion of the underground floors.

Operating expenses concerned the securities sector for € 321 thousand (€ 444 thousand in 2020) and the property sector for € 249 thousand (€ 262 thousand in 2020).
The latter included IMU of € 88 thousand (€ 88 thousand in 2020).

Interest expense related exclusively to the remuneration of reinsurance deposit accounts.



OWN SHARES, SHARES IN THE PARENT COMPANY AND ITS SUBSIDIARIES

The company forms part of the "Unipol Insurance Group" (recorded in the register of insurance groups at no. 046), in turn subject to the management control and coordination of Unipol Gruppo S.p.A. So, pursuant to articles 2497 *et seq.* of the Civil Code, Unipol Gruppo S.p.A. performs management control and coordination activities for the Company. This activity had no effect on the Company and its results. UnipolSai Assicurazioni S.p.A. is the direct parent company, as it holds 94.69% of the Company's share capital.

Having said this, note that the Company does not hold, nor has it traded during 2021, any of its own shares or shares in companies belonging to "Unipol Insurance Group", except as indicated below.

At 31 December 2021, the Company holds 33,535 ordinary shares in Unipol Gruppo S.p.A. (the indirect parent company that performs management control and coordination activities) and 68,044 ordinary shares in UnipolSai Assicurazioni S.p.A., the direct parent company, with carrying amounts of € 115 thousand and € 127 thousand respectively.

These shares are held to service a compensation plan based on financial instruments (performance shares) in favour of Company executives for the three-year period 2019-2021, which will be completed in 2024.

This plan was approved by the Shareholders' Meeting on 19 November 2019.

The following changes occurred during the year:

- a decrease due to the assignment to top management of 14,821 Unipol Gruppo S.p.A. shares, for an amount of € 46 thousand, and 28,306 UnipolSai Assicurazioni S.p.A. shares, for an amount of € 57 thousand.
- a decrease for 10,528 quotas in UNIPOLSAI Servizi Consortili Scarl, for an amount of € 33 thousand, due to the company's liquidation.

INTERCOMPANY TRANSACTIONS

With regard to transactions with related companies, the principal intragroup activities relate to insurance business in the broadest sense (mainly reinsurance), the management of property and securities, IT services and the settlement of claims.

As required by art. 2427.22-bis of the Italian Civil Code, it is confirmed that these transactions with related parties (which are mentioned below with reference to each Group company) have been carried out at normal market terms.

UnipolSai Assicurazioni S.p.A. has been granted mandates to provide internal audit, compliance, risk management services and actuarial function.

Moreover, the following services were received from the parent company:

- technical and administrative matters, together with services relating to the management of claims in the "non-Marine" sectors;
- Information technology;
- management of personnel and systems;
- purchase of goods;
- purchase of non-insurance services;
- management of property;
- management of financial investments.

Conversely, the Company provides the direct parent company with technical, operational and administrative services in the "Marine Insurance" sector.

The Company and its indirect parent company Unipol Gruppo S.p.A. are parties to a tax group under the joint election made.

In fact, the aforementioned parent company exercised the option for the Group taxation regime, as governed by Title II, Chapter II, section II of Presidential Decree no. 917/86 (TUIR, articles 117 and following), as consolidating company, jointly with the companies belonging to the Unipol Group that meet the regulatory requirements from time to time. The option has a three-year duration and is automatically renewed, unless cancelled. This regime was renewed for the three-year period 2021-2023.

The Company has also joined the Unipol VAT Group, again led by the indirect company, with effect from 1 January 2019. In fact, Unipol Gruppo S.p.A. and its subsidiaries (for which there are the economic, financial and organisational ties according to current legislation) have exercised the joint option for the establishment of a Unipol VAT Group for the three-year period 2019-2021, with tacit renewal until revoked, pursuant to articles 70-bis and following of Presidential Decree no. 633/1972 and Ministerial Decree of 6 April 2018.

This election was approved by the Board of Directors of the Company on 18 December 2018 and, to the extent relevant, by those of the Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. on 8 November 2018. Further information is provided in point C. 7 of Part C. - "Other information", point C.8 of the explanatory notes.

We also have reinsurance relationships with the affiliates Unipol Re and the direct parent company UnipolSai Assicurazioni S.p.A.

More specifically, the first case is outward reinsurance, in relation to the elementary and motor sectors, for claims that took place in years prior to 2005.

With the parent company UnipolSai Assicurazioni S.p.A., on the other hand, we have had active reinsurance relationships in the “Marine Insurance” sector.

The amounts relating to transactions and balances with companies belonging to the “Gruppo assicurativo Unipol” are disclosed in the notes.

Significant transactions in 2021 with companies subject to management control and coordination by the indirect parent company Unipol Gruppo S.p.A. are summarised below, in accordance with the provisions of the Civil Code, art. 2497-bis, paragraph 5:

Insurance and reinsurance transactions				Reserve			
(in thousands of euro)	Debtors	Creditors	Premiums	Claims	Premiums	Claims	Commissions
UnipolSai Assicurazioni S.p.A. (direct parent company)							
Coinurance trans.	12	-	-	-	-	-	-
Reinsurance trans.							
- assets	3,313	-	(4,759)	(16,705)	19,853	(6,310)	(4,594)
- outward	-	-	7	108	(69)	(108)	(10)

Commercial transactions				
(in thousands of euro)	Debtors	Creditors	Costs	Revenues
UnipolSai Assicurazioni S.p.A. (direct parent company)				
- services	963	(965)	(995)	1,858
- personnel on secondment	898	(944)	(1,864)	1,551
- rental income and expenses	15	(79)	-	438

Fiscal relations				
(in thousands of euro)	Debtors	Creditors	Costs	Revenues
Unipol Gruppo S.p.A. (indirect parent company)				
- tax group arrangements	735	(1,590)	-	-
UnipolSai Assicurazioni S.p.A. (direct parent company)				
- Ires repayment claim	270	-	-	-

Key: (...) Payables /Costs

PRIVACY POLICY

The Company has put in place all the required measures to ensure compliance with the obligations imposed by the legislation on the protection of personal data (EU Regulation no. 679/2016), in order to ensure the protection and integrity of the data of customers, employees and anyone else with whom it comes in contact.

ACTIVITIES TO COMBAT AND PREVENT INSURANCE FRAUD IN THE AREA OF THIRD-PARTY LIABILITY ARISING FROM THE USE OF MOTOR VEHICLES (“TPL MOTOR”) AND CLAIM MANAGEMENT

In the field of fraud prevention and detection, Decree Law 1 of 24 January 2012, converted with amendments into Law 27 of 24 March 2012, resulted in IVASS issuing Regulation 44 of 9 August 2012. This Regulation requires insurance companies to send the Authority an annual report containing the information needed to assess the efficiency of processes, systems and people, in order to ensure the adequacy of the Company’s organisation vis-à-vis the objective of preventing and combating fraud in the TPL Motor sector.

The same Decree Law also provides that insurance companies are required to indicate in the report or in the accompanying notes to the annual financial statements, and to publish on their websites or other appropriate form of dissemination, an estimate of the reduction in charges for claims as a result of discovering cases of fraud.

Pursuant to art. 30, paragraph 2, of Decree Law 1/2012, the estimated reduction in charges for claims as a result of combating fraud is unquantifiable, as no claims were assessed for fraud during the year 2020. This is also a result of the low number of policies pertaining to the business sector in question.

The management of complaints is an important and delicate phase in the relations with policyholders and users. They are always dealt with in compliance with the principles of propriety, transparency, diligence and professionalism.

With specific reference to 2021, a total of 2 complaints were received and catalogued (in accordance with Isvap Regulation 24 of 19 May 2008) in the specific Complaints Register. The Company received 2 complaints in 2020.

At 31 December 2021, a total of 2 replies have been sent. One of the complaints was rejected, while the other was settled. Both were closed within an average response time of 21 days.



INFORMATION RELATING TO RISK MANAGEMENT POLICIES (art.2428, Civil Code)

With regard to the identification, assessment and control of business risks, the company makes use of the work performed by the risk management function within UnipolSai Assicurazioni S.p.A..

Set out below are additional disclosures to facilitate an assessment of the Company's financial position.

The control of financial risk is performed by means of periodic monitoring of the key indicators of exposure to interest rate risk, credit risk, equity risk and liquidity risk.

Interest rate risk

At 31 December 2021, the duration of the class C investment portfolio, an indicator of the Company's exposure to interest rate risk, amounted to 2.79 years; with specific reference to the bond portfolio, the duration is equal to 2.97 years.

Risk Sector	Composition	Duration	Increase 10 bps	Increase 50 bps
(Figures in euro)				
Government	80.09%	3.02	-243,148	-1,215,742
Financial	15.52%	3.04	-47,468	-237,339
Corporate	4.39%	1.66	-7,334	-36,668
Bonds	100.00%	2.97	-297,950	-1,489,749

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

Credit risk

Management of the securities portfolio mainly envisages investing in "Investment grade" securities (99.23% of the portfolio). In particular, 14.72% of the bonds are rated double A, 14.23% single A and 70.29% triple B.

Credit risk is monitored by measuring the sensitivity of the portfolio to changes in the credit spread.

Rating	Composition	Increase 1 bps	Increase 10 bps	Increase 50 bps
(Figures in euro)				
AAA	0.00%	0	0	0
AA	14.72%	-4,428	-44,284	-221,422
A	14.23%	-7,590	-75,896	-379,481
BBB	70.29%	-29,600	-296,002	-1,480,012
NIG	0.77%	-307	-3,071	-15,357
Bonds	100.00%	-41,925	-419,254	-2,096,272

Equity risk

Equity risk is monitored by analysing the sensitivity of the equity portfolio to fluctuations in equity markets as represented by sector indices.

Sector	Composition	Beta	Shock -10%
Utilities	0.00%	-	0
Funds	100.00%	1.00	-215,266
Energy	0.00%	-	0
Raw materials	0.00%	-	0
Industrials	0.00%	-	0
Luxury goods	0.00%	-	0
Essential goods	0.00%	-	0
Health	0.00%	-	0
Finance	0.00%	-	0
IT	0.00%	-	0
Communication	0.00%	-	0
Real Estate	0.00%	-	0
Equities	100.00%	1.00	-215,266

Liquidity risk

The construction of the investment portfolio as coverage for reserves is done by giving a preference to highly liquid financial instruments and by limiting the purchases of securities, for which, due to their specific nature and conditions, there is no guarantee that they can be sold promptly on fair terms. From this point of view, the Company constantly monitors cash flow matching between assets and liabilities in order to limit the need to sell off investments without adequate notice.

INFORMATION ON PRUDENTIAL SUPERVISION

As already mentioned, IVASS started the periodic monitoring of solvency on 13 March 2020.

This is to guarantee business continuity and the ability of insurers to provide services to their policyholders.

The monitoring reports sent to IVASS indicated an estimated monthly solvency ratio that has always been at levels that confirmed the financial strength of the Company.

The capital adequacy of the Company is checked in compliance with the *Solvency II* regulation.

On the basis of this regulation, at 31 December 2021 the Company had own funds eligible to cover the capital requirements of 1.68 times (1.74 times at 31 December 2020) and the Solvency Capital Requirement (SCR) of 4.70 times (4.80 times at 31 December 2020) the Minimum Capital Requirement (MCR).



The following table summarizes:

- the amount of own funds available and eligible to cover capital requirements, with details for individual levels;
- the amount of SCR and MCR capital requirements;
- the capital requirements coverage ratios.

Values in thousands of €	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Own funds available to cover the Solvency Requirement	68,150	68,150	-	-	
Own funds available to cover the Minimum Capital Requirement	68,150	68,150	-	-	
Own funds eligible to cover the Solvency Requirement	68,150	68,150	-	-	
Eligible own funds to cover the Minimum Capital Requirement	68,150	68,150	-	-	
Solvency Requirement	40,624				
Minimum Capital Requirement	14,499				
Ratio between eligible own funds and Solvency Requirement	1.68				
Ratio between eligible own funds and Minimum Capital Requirement	4.70				

The individual solvency requirements mentioned above are calculated using the so-called market-wide standard formula.

For the purpose of determining own funds, the volatility adjustment provided for in art. 36-septies of the Private Insurance Code is applied.

OTHER INFORMATION

For information on significant events subsequent to the year end and the outlook for operations, please read Part D of the Notes to the financial statements.

Bologna, 16 March 2022

For the Board of Directors
The Chairman
(Enrico Sanpietro)

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MAX. GROSS WGT. 30.480KGS
67.200LBS
TARE WGT. 3.830KGS
8.440LBS
MAX. CARGO WGT. 26.650KGS
58.760LBS

CAUTION
HIGH
TRAILER

2.9m
012M

ANNUAL ACCOUNTS

Balance sheets
Statement of income
Notes to the financial statements
Attachments

BALANCE SHEETS AS OF 31 DECEMBER 2021 AND 2020

ASSETS	31.12.2021	31.12.2020
(in thousands of €)		
B. INTANGIBLE ASSETS		
5. Other deferred costs	1,737	1,538
C. INVESTMENTS		
C.I Property		
1. Property used for business purposes	6,612	6,739
2. Property used by third parties	12,029	12,072
C.II Investments in group and related companies	246	379
C.III Other financial investments		
2. Mutual fund units	1,224	1,224
3. Bonds and other fixed-interest securities	93,541	91,566
4. Loans	17	19
6. Restricted deposits with banks	402	402
C.IV Deposits with ceding undertakings	623	658
Total	114,694	113,059
D.bis TECHNICAL RESERVES CARRIED BY REINSURERS		
1. Unearned premiums reserve	34,839	39,117
2. Claims payable reserve	127,727	115,254
	162,566	154,371
E. DEBTORS		
E.I Receivables arising out of direct insurance		
1.a Due from policyholders for current premiums	49,280	49,572
1.b Due from policyholders for premiums relating to prior years	2,468	2,953
2. Due from agents and others intermediaries	6,316	7,164
3. Due from insurance companies	513	2,912
4. Due from policyholders and third parties	2,836	3,092
	61,413	65,693
E.II Reinsurance debtors		
1. Insurance and reinsurance companies	18,255	12,625
	18,255	12,625
E.III Other debtors	9,279	7,837
Total	88,947	86,155
F. OTHER ASSETS		
F.I Tangible assets		
1. Furniture and office machine	172	230
3. Plant and equipment	75	0
	247	230
F.II Cash and cash equivalents		
1. Bank accounts	3,716	2,858
2. Cheques and cash	3	5
	3,719	2,863
F.IV Other assets		
2. Other	1,373	1,147
	1,373	1,147
Total	5,339	4,240
G. PREPAYMENTS AND ACCRUED INCOME		
1. Interest	404	542
2. Other	50	26
	454	568
Total assets	373,737	359,931

LIABILITIES AND EQUITY	31.12.2021	31.12.2020
(in thousands of €)		
A. CAPITAL AND EQUITY RESERVES		
A.I Share capital	38,000	38,000
A.IV Legal reserve	2,578	2,406
A.VI Reserve for parent company's shares	242	345
A.VII Other reserves	19,873	18,401
A.IX Net profit (loss) for the year	4,204	3,441
Total	64,897	62,593
B. SUBORDINATED LIABILITIES	0	0
C. TECHNICAL RESERVES		
1. Unearned premiums reserve	48,771	53,566
2. Claims payable reserve	192,530	176,950
5. Other technical reserves	2,476	2,372
	243,777	232,888
E. PROVISIONS FOR RISKS AND CHARGES		
2. Provision for taxation	1,615	2,426
	1,615	2,426
F. DEPOSITS FROM REINSURERS	1,069	1,879
G. CREDITORS AND OTHERS LIABILITIES		
G.I Payables arising out of direct insurance		
1. Due to agents and other intermediaries	12,333	10,737
2. Due to insurance companies	657	3,015
4. Guarantee funds in favour of policyholders	0	0
	12,990	13,752
G.II Reinsurance creditors		
1. Insurance and reinsurance companies	21,910	18,178
2. Reinsurance intermediaries	0	0
	21,910	18,178
G.VII Termination indemnities	740	843
G.VIII Other creditors		
1. Taxes paid by policyholders	510	365
2. Miscellaneous taxes payable	479	441
3. Due to social security and welfare institutions	279	297
4. Sundry creditors	2,513	2,754
	3,781	3,857
G.IX Other liabilities		
2. Commission on premiums to be collected	6,526	6,506
3. Sundry liabilities	16,432	17,009
	22,958	23,515
Total	62,379	60,145
Total liabilities and equity	373,737	359,931

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

I. TECHNICAL ACCOUNT	01.01-31.12.2021	01.01-31.12.2020
(in thousands of €)		
1. EARNED PREMIUMS, NET OF REINSURANCE		
a. Gross premiums written	151,213	149,364
b. Outward reinsurance premiums	(103,073)	(104,677)
c. Change in unearned premium reserve	6,018	2,685
d. Change in unearned premium reserve carried by reinsurers	(5,031)	(3,449)
	49,127	43,923
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT	730	803
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE	942	921
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE		
a. Claims paid		
aa. Gross amount	(101,332)	(153,361)
bb. (less) ceded to reinsurers	68,661	120,739
	(32,671)	(32,622)
b. Change in recoveries, net of reinsurance		
aa. Gross amount	1,886	3,279
bb. (less) ceded to reinsurers	(981)	(1,768)
	905	1,511
c. Changes in claims payable reserve		
aa. Gross amount	11,274	64,861
bb. (less) ceded to reinsurers	11,655	60,042
	381	4,819
Total	(31,385)	(26,292)
6. PROFIT COMMISSIONS, NET OF REINSURANCE	(223)	(139)
7. OPERATING EXPENSES		
a. Acquisition commissions	24,415	(23,512)
b. Other acquisition costs	(2,190)	(2,391)
e. Other administrative expenses	(7,062)	(6,571)
f. Commission and other income from reinsurers	22,057	20,712
	(11,610)	(11,762)
8. OTHER TECHNICAL EXPENSES, NET OF REINSURANCE	(1,598)	(1,711)
9. CHANGE IN OTHER TECHNICAL RESERVES	(104)	(106)
Underwriting result	5,879	5,637

III. NON-TECHNICAL ACCOUNT	01.01-31.12.2021	01.01-31.12.2020
(in thousands of €)		
1. NET INVESTMENT INCOME		
a. Income from shares	35	15
b. Income from other investments		
aa. Income on properties	438	442
bb. Income from financial investments	2,250	2,105
c. Writebacks	0	0
d. Gains on sale of investment	56	288
	2,779	2,850
5. CAPITAL AND FINANCIAL CHARGES		
a. Investment management charges and interest expense	(570)	(707)
b. Writedowns	(838)	(730)
c. Losses on sale of investment	(58)	(11)
	(1,466)	(1,448)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT	(730)	(803)
7. OTHER INCOME	5,643	4,318
8. OTHER EXPENSES	(4,950)	(4,741)
10. EXTRAORDINARY INCOME	188	253
11. EXTRAORDINARY EXPENSES	(1,574)	(1,211)
Non-technical result	(110)	(782)
Profit (loss) before taxes	5,769	4,855
14. INCOME TAXES FOR THE YEAR	(1,565)	(1,414)
Net profit (loss) for the year	4,204	3,441



NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2021 comprise the balance sheet and statement of income, and these explanatory notes and related attachments, prepared in accordance with ISVAP Regulation 22 of 4 April 2008 (the Regulation) and subsequent additions and amendments.

As required by this "Regulation", a statement of changes in financial position is attached to the financial statements.

The financial statements is accompanied by the directors' report on operations.

These financial statements have been prepared in accordance with current civil laws and specific regulations of the insurance sector.

In particular, they have been drawn up in compliance with the provisions of title VIII of the Legislative Decree 209 of 7 September 2005 (the "Insurance Code"), of the Legislative Decree 173 of 26 May 1997, the provisions of "Regulation" and subsequent additions or amendments, and the indications issued by the Supervisory Authority.

Even though not expressly governed by the sector regulations, reference is made to the general provisions of the Italian Civil Code on financial statements, as well as to the accounting standards issued by the Italian Accounting Body ("OIC").

The balance sheet and the income statement are drawn up in Euro, without decimals, while the explanatory notes and the other tables are drawn up in thousands of Euro, unless otherwise indicated.

These notes are organised into the following parts:

Part A: Accounting policies

Part B: Balance sheet and statement of income

Part C: Other information

In addition, they are accompanied by the Attachments, which form an integral part of the Notes.

Comparative figures are provided, as required by the "Regulation", in order to enhance the clarity of presentation.

The presentation of these notes follows the division into parts and sections indicated in Attachment 2 of the above "Regulation" supplying the information required therein.

For simplicity, the comments on the balance sheet and statement of income captions are coded in the same way as the schedules.

The financial statements, have been audited by PricewaterhouseCoopers S.p.A., who were appointed as auditors for the period 2013 - 2021, pursuant to current legislation and the shareholders' resolution of 28 November 2013.

PART A - ACCOUNTING POLICIES

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The accounting policies applied for the preparation of these financial statements are in conformity with applicable laws and refer to the accounting standards issued by the OIC (Italian Accounting Board) for interpretation.

The accounting policies are the same as those applied in the previous year.

The various items in the financial statements have been valued on a prudent, going-concern basis.

Moreover, we have borne in mind the economic function of each asset or liability; in other words, substance has been preferred over form.

The more important accounting policies adopted for the preparation of these financial statements are discussed below:

Start-up and expansion costs and other deferred costs

These are booked at historical cost and systematically reduced by direct amortisation calculated in relation to their estimated useful lives, which does not exceed five years.

Research and advertising costs are charged to the statement of income in the year they are incurred.

Property

Tangible assets are recorded at purchase cost, including related charges and any revaluation made in accordance with specific laws. They are shown net of accumulated depreciation.

The carrying value is written down in the event of permanent losses.

The amounts recorded in the financial statements include improvements and conversion costs incurred to increase the income-earning capacity of property, or prolong its useful life.

Premises used for business purposes directly by the Company or leased to third parties, are systematically depreciated using rates that reflect their residual useful lives

Depreciation of wholly-owned property is calculated on the value of the building, net of the value of the land on which it is built.

Shares, quotas, bonds and other fixed-income securities

Long-term investments

Bonds that the Company intends to keep permanently on its balance sheet are recorded at Carrying value. Carrying value, determined on a weighted moving-average cost basis, is represented by their purchase or subscription cost. It is adjusted or integrated to take account of the amount accrued in the year relating to the negative or positive difference between the redemption value and the purchase cost, with separate disclosure of the amount accrued relating to any issue or trading discounts.

Investments in unlisted companies held as long-term investments are booked at purchase cost, determined on a weighted moving-average basis.

The carrying value is written down in the event of permanent losses.

Original cost is reinstated in future accounting periods if the reasons for any writedowns cease to apply.

Short-term investments

These are stated at the lower of carrying or market value.

Carrying value, determined on a weighted moving-average cost basis, is represented by their purchase or subscription cost, as adjusted in the case of bonds and other fixed-income securities by the accrued net issue discount.

Original cost is reinstated in future accounting periods if the reasons for any writedowns cease to apply.

The market value of securities listed on organised markets is determined as the simple average of stock market prices struck during the last month of the year.

For securities not listed on organised markets, market value is determined with reference to their estimated realisable value considering the market value of listed securities with similar characteristics or, otherwise, using objective criteria applied on a consistent basis.

Debtors

These are stated at their estimated realisable value, as provided for by Legislative Decree no. 173/1997, article 16, paragraph 9.

They are stated net of a writedown.

Tangible assets

Tangible assets are recorded at purchase cost, including related charges, and are stated net of accumulated depreciation.

Depreciation is calculated on a systematic basis, using rates that reflect the residual useful lives of the assets to which they refer, and starts when assets are available for use or, in any case, when they start producing economic benefits.

Accruals and deferrals

Accruals and deferrals are calculated in order to match costs and revenues that refer to more than one year in the accounting periods to which they relate.

Unearned premiums reserve

This includes the apportioned premiums reserve and the provision for unexpired risks, if applicable.

These are calculated together, in accordance with Attachment 15 of “Regulation”, to cover the cost of accidents and the related expenses that will occur after year-end, to the extent of the cover provided by the premiums paid by policyholders.

Direct business

The apportioned premiums reserve is calculated on a detailed, accruals basis considering the gross premiums recorded net of acquisition commissions and other costs directly attributable to the acquisition. This reserve includes specific provisions required by law to cover risks of a particular nature (such as bond insurance, hail and other natural disasters, and those relating to nuclear energy).

In limited cases, with reference to certain premiums accepted by the foreign branches, the accruals basis is applied using inductive systems that are considered to produce essentially the same result.

The reserve for unexpired risks is determined, segment by segment, to cover the risks outstanding after year-end in cases where estimated indemnities and expenses deriving from contracts written before the year-end exceed any related unearned premiums and premiums to be collected. As required by Attachment 15 of “Regulation”, the related calculation is based on the ratio of claims to current generation premiums (net of acquisition commission and other directly attributable acquisition costs), compared with the same ratio in previous years.

The share of the apportioned premiums reserve borne by reinsurers is calculated on a detailed, accrual basis. The share of the reserve for unexpired risks, borne by reinsurers is determined by applying to this gross reserve the ratio of premiums transferred to reinsurers (net of excess-of-loss transfers) to the gross premiums written on direct business.

Indirect business

The apportioned premiums reserve is calculated on an accruals basis with reference to related communications received from reinsurers. If reinsurers do not provide sufficient information for this method to be applied, an overall approach is taken.

In any case, the general principle of sufficiency required by Attachment 15 to the “Regulation” was taken into account.

The reserve for outstanding risks is determined using criteria similar to those employed for direct business.

The share of the unearned premiums reserve carried by reinsurers is determined by applying to this reserve the ratio of premiums transferred to reinsurers to the premiums written on indirect business.

Claims payable reserve

This comprises the reserve for accidents already reported and the reserve for accidents that have occurred, but which have not yet been reported.

These are calculated together, in accordance with Attachment 15 of “Regulation”, to cover the cost of accidents that took place in the current or prior years (regardless of the date of the claim) but which have not yet been settled, together with the related direct and indirect settlement costs.

Direct business

The claims payable reserve is determined on a prudent basis considering all claims not yet settled at year-end, applying objective criteria and taking into account for each segment all foreseeable future charges (using available historical data and considering the specific characteristics of each company), in order to cover a reasonable estimate of all outstanding commitments.

For this reason, the reserve also includes an estimate of accidents that have occurred, but which have not yet been reported at year-end.

The share of the claims payable reserve carried by reinsurers is determined on the basis of the estimated amount recoverable, taking into account the related contractual agreements.

Indirect business

This is determined on the basis of communications from reinsurers or, if unavailable or insufficient, using an inductive approach that takes historical experience into account.

The share of the claims payable reserve carried by reinsurers is determined using the criteria described for direct business.

Equalisation reserve

The reserve for natural disasters, which has been set up to offset the trend in claims over time, and the compensation reserve of the credit insurance business, designed to cover any negative technical balance retained at the end of each year, have been determined on the basis of the criteria laid down in Attachment 15 (paragraph 50) of “Regulation”.

Provisions for risks and charges

These provisions cover known or likely charges, whose timing and extent cannot be determined at year-end. Provisions reflect the best possible estimates, based on the information available.

Creditors

These are stated at their nominal value.

Termination indemnities

This reserve reflects the Company’s liability to all employees, pursuant to art. 2120 of the Italian Civil Code and current labour contracts, taking into account their length of service at year-end and their remuneration.

Premiums

Gross premiums include all amounts earned during the year on insurance contracts, whatever their collection date.

They are booked net of related taxes and duties collected from policyholders and technical cancellations of securities issued during the year.

Direct business premiums include apportioned premiums for the Hulls and related third-party liability businesses.

The accruals basis is applied by provisions to the reserve for unearned premiums.

Claims

The gross value of claims includes sums paid for direct and indirect business in settlement and as claim settlement expenses.

The latter, in particular, include personnel costs and the depreciation and amortisation of the tangible and intangible assets used in the management of claims.

Interest and other costs and revenues

These are booked on an accruals basis.

Dividends

Dividends are recorded when collected.

Income taxes

Income taxes are provided on the basis of an estimate of taxable income made in accordance with current tax laws, taking account of any tax losses carried forward and costs disallowed for fiscal purposes.

When timing differences arise (deductible or taxed) between the results for the year and taxable income for corporate income tax purposes, the related taxation is allocated to other liabilities or assets using the tax rate expected at the time the differences reverse.

Deferred tax assets are only recorded if it is reasonably certain that they will be recovered in the future.

Translation of foreign currency balances

Foreign currency balances are recorded by means of a multicurrency accounting system.

Foreign currency balances (excluding non-current assets) are shown in the financial statements after they have been translated into the functional currency (euro) using year-end exchange rates.

The effects of translation are recorded in the statement of income as either “Other income” or “Other expense”, depending on whether they give rise to a gain or a loss.

When the financial statements are approved and the results allocated, any net profits deriving from this translation represent an unrealised gain and are transferred to a non-distributable reserve until they are realised, pursuant to article 2426, paragraph 8 of the Italian Civil Code.

Exchange rates used

The exchange rates applied for the translation to euro of the principal currencies used by the company are reported below (determined with reference to the official rates at 31 December each year), together with the percentage changes with respect to the prior year:

Exchange rate against the euro	2021	2020	Change (%)
US Dollar	1.1326	1.2271	7.7
British pound	0.8403	0.8990	6.5

Functional currency

All amounts shown in the financial statements are expressed in Euro (€), without decimals.

The only exception to this are the figures shown in the Notes to the financial statements and in the Attachments, which are expressed in thousands of euro, with the roundings envisaged in art. 4 of “Regulation”.

Exemptions pursuant to Art. 2423, paragraph 4, of the Civil Code

No exemptions have been taken in accordance with the article in question.

SECTION 2 - TAX ADJUSTMENTS AND PROVISIONS

As envisaged under current regulations, no adjustments and/or provisions have been recorded solely for tax purposes.



PART B - BALANCE SHEET AND STATEMENT OF INCOME

BALANCE SHEET - ASSETS

SECTION 1 - INTANGIBLE ASSETS (CAPTION B)

B. **"Intangible assets"**, which will all benefit future years, amount to € 1,737 thousand (€ 1,538 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
5. Other deferred costs	1,737	1,538	199

Attachment 4 shows the changes during the year in the above caption, being additions of € 876 thousand and amortisation for the year of € 677 thousand.

B.5 **"Other deferred costs"** refer solely to software, which have a useful life of several years, for the residual portion yet to be amortised.

They are stated net of the direct amortisation charge accumulated at year-end.

The increase recorded during the year is mainly attributable to the development of IT projects and application update.

SECTION 2 - INVESTMENTS (CAPTION C)

C. **"Investments"** total € 114,694 thousand (€ 113,059 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
I. Property	18,641	18,811	(170)
II. Investments in group and other companies	246	379	(133)
III. Other financial investments	95,184	93,211	1,973
IV. Deposits with reinsurers	623	658	(35)
	114,694	113,059	1,635

C.I **"Property"** amounts to € 18,641 thousand (€ 18,811 thousand at 31 December 2020) and comprises:

(in thousands of euro)	2021	2020	Change
1. Property used for business purposes	6,612	6,739	(127)
2. Property used by third parties	12,029	12,072	(43)
	18,641	18,811	(170)

These are shown net of accumulated depreciation at 31 December 2021, amounting to € 9,464 thousand (€ 8,720 thousand at 31 December 2020).

The related depreciation charge for the year (€ 744 thousand) is calculated at 3% per year and starts when the property is available and ready for use.

The buildings concerned are considered to be long-term assets as the company intends to hold them over time as a stable investment.

Attachment 4 shows the changes during the year in the above caption.

At 31 December 2021, the market value of the above property was estimated to be € 25,200 thousand (€ 25,000 thousand at 31 December 2020).

Market value was determined in accordance with the rules laid down by "Regulation", articles from 16 to 20. This represents the price at which each property could be sold, at the time of the valuation, by private contract between a seller and a purchaser, assuming that the sale takes place on normal terms and, for property leased to third parties, taking into account the lease instalments and the expiry date of the contract.

The above market value has been determined on the basis of a separate valuation for each building, as shown in the appraisal prepared by an independent expert, bearing in mind the characteristics and income-earning capacity of each property.

The value of property still owned by the Company was not restated under revaluation laws in previous years.

Property is not mortgaged.

C.I.1 **"Property used for business purposes"** relates entirely to part of the building situated at Via V Dicembre 3, Genoa, where the Company's headquarters are located.

A total of € 231 thousand was invested in improvements during the year.

By contrast, the depreciation charge for the year was € 358 thousand.

C.I.2 **"Property used by third parties"** is only for business purposes and includes a portion of the building situated in via V Dicembre 3, Genoa. This increased by € 343 thousand due to work done in the year on improvements and renovation and decreased by € 386 thousand due to depreciation for the year. Rental income and expense recoveries from tenants (only the Parent Company UnipolSai Assicurazioni S.p.A.) amount to € 375 thousand and € 63 thousand respectively.

No property is subject to finance leasing contracts.

C.II **"Investments in group and other companies"** amount to € 243 thousand (€ 379 thousand at 31 December 2020), a decrease of € 136 thousand.

These are represented entirely by "Shares and quotas".

C.II.1 “Shares and quotas” comprise:

(in thousands of euro)	2021	2020	Change
a) parent companies	242	345	(103)
c) affiliated companies	0	34	(34)
e) other	1	0	1
	243	379	(133)

The shares of the parent companies relate to the ordinary shares of the direct parent UnipolSai Assicurazioni S.p.A. (68,044 shares for an amount of € 127 thousand) and of the indirect parent company Unipol Gruppo S.p.A. (33,535 shares for an amount of € 115 thousand).

These shares are to service the “performance share” stock-based compensation plan for the Company’s top management for the three-year periods from 2019 - 2021.

This plan was approved by the Shareholders’ Meeting on 19 November 2019.

The following changes occurred during the year:

- a decrease due to the assignment to top management of 14,821 Unipol Gruppo S.p.A. shares, for an amount of € 46 thousand, and 28,306 UnipolSai Assicurazioni S.p.A. shares, for an amount of € 57 thousand.
- a decrease for 10,528 quotas in UNIPOLSAI Servizi Consortili Scarl, for an amount of € 33 thousand, due to the company’s liquidation.

These investments, with the exception of the parent companies shares referred to above, are considered to be long-term assets as the companies intend to hold them over time as a stable investment.

The definition of affiliated companies makes reference to Art. 5.1.c) of Legislative Decree 173 of 26 May 1997. “Other” companies mean equity investments as defined in Art. 4.2 of the above mentioned Decree.

Attachments 5 and 7 summarise and analyse the changes in this caption during the year.

General information on equity investments is provided in Attachment 6.

The shares and quotas of parent companies are on deposit at BPER Banca S.p.A., while those of subsidiaries and other companies are on deposit at the companies to which they refer.

C.II.3 “Loans to companies” amount to 4 thousand euro (zero at 31 December 2020) made up as follows:

(in thousands of euro)	2021	2020	Change
e) other	4	-	4
	4	-	4

This is an interest-bearing loan in favour of UCI.

C.III “Other financial investments” amount to € 95,184 thousand (€ 93,211 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
2. Mutual fund units	1,224	1,224	-
3. Bonds and other fixed-income securities	93,541	91,566	1,975
4. Loans	17	19	(2)
6. Restricted deposits with banks	402	402	-
	95,184	93,211	1,973

As indicated in Attachment 8, the above financial investments are all considered short-term, with the exception of the following listed securities that have been classified as long-term investments:

(in thousands of euro)	Par value	Carrying value	Market value
BTP 1 March 2024 – 4.5%	3,000	3,000	3,313
BTP 1 March 2030 – 3.5%	2,500	2,523	3,056
BTP 11 April 2024 – 0.4%	15,500	15,584	16,325
BTP 1 June 2025 – 1.5%	3,000	2,978	3,155
BTP 15 May 2028 – 1.3%	1,000	1,085	1,254
BTP 15 September 2032 – 1.25%	5,000	5,342	6,538
BTP 1 September 2033 – 2.45%	4,000	3,687	4,582
BTP 21 May 2026 – 0.55%	1,000	947	1,069
CCT 15 September 2025	1,000	950	1,009
Rep. of Italy 11 May 2026 CMS	2,000	1,968	2,006
Spain 30 November 2030 – 1.0%	4,000	4,328	5,348
Portugal 21 July 2026 – 2.875%	2,000	1,988	2,299
Dexia Credit Local 18 October 2027 – 1.0%	5,000	5,012	5,300
Unicredit 1.20% 20/01/2026	1,000	1,025	1,017
		50,418	56,271

Attachment 8 also compares the Carrying value of each type of investment with its market value. The latter was determined on the basis described in Part A, Section 1, to which reference is made.

As shown in this Attachment, the Carrying value at 31 December 2021 of “Other financial investments” is € 8,335 thousand (€ 8,161 thousand at 31 December 2020) lower than their market value at that date.

The changes in “Mutual fund units” and “Bonds and other fixed-income securities” during the year are analysed below:

(in thousands of euro)	Mutual fund units	Bonds and other fixed-income securities
Opening balance	1,224	91,566
Purchases	-	48,956
Writebacks	-	-
Issue discounts and trading	-	861
Sales and reimbursements	-	(49,125)
Adjustments	-	(93)
Exchange differences	-	1,376
Closing balance	1,224	93,541

C.III.2 “**Mutual fund units**” comprise open-end funds invested in shares.

Their carrying value is € 876 thousand (€ 510 thousand at 31 December 2020) lower than their year-end market value.

These units are deposited with third parties.

C.III.3 “**Bonds and other fixed-income securities**” consist of:

(in thousands of euro)	2021	2020	Change
a) listed	93,541	91,566	1,975
b) unlisted	-	-	-
	93,541	91,566	1,975

Their carrying value is € 7,376 thousand (€ 7,595 thousand at 31 December 2020) lower than their year-end market value.

This amount includes a net gain of € 5,853 thousand (net loss of € 5,689 thousand at 31 December 2020) on long-term investments.

“Bonds and other fixed-income securities” denominated in euro total € 79,137 thousand, while those in other currencies (exclusively US dollars) amount to € 14,404 thousand (€ 75,076 thousand and € 16,490 thousand at 31 December 2020).

They comprise investments earning interest at fixed rates, € 83,901 thousand, and floating rates, € 9,640 thousand (€ 79,974 thousand and € 11,592 thousand at 31 December 2020).

As for listed “Bonds and other fixed-income securities”, government and corporate securities amount to € 69,446 thousand and € 24,095 thousand, respectively (€ 74,073 thousand and € 17,493 thousand at 31 December 2020).

The issue discounts booked to the statement of income relating to this caption are positive for € 21 thousand and negative for € 13 thousand, while positive and negative trading discounts amount to € 959 thousand and € 106 thousand.

The following analysis of “Bonds and other fixed-income securities” details the significant positions held (more than € 1 million) by issuer, with the clarification that they are all listed in organised markets:

Issuer	Amount
(in thousands of euro)	
Italy	49,601
ESMTB	6,014
Dexia Credit Local	5,012
Spain	4,328
Corp Andina Fom	3,738
Portugal	1,988
USA	1,800
Goldman Sachs	1,322
Barclays Plc	1,268
eBay Inc.	1,252
Bank of America	1,060
Unicredit S.p.A.	1,025

“Bonds and other fixed-interest securities” are all deposited with BPER Banca S.p.A.

C.III.4 “**Loans**” relate to loans granted to employees.

The changes during the year are shown in Attachment 10.

C.III.6 “**Restricted deposits with banks**” relates exclusively to a restricted deposit (without deadline) that has been provided as security on our behalf and for the same amount by a bank in connection with domestic insurance business.

The changes during the year are shown in Attachment 10.

C.IV “**Deposits with ceding undertakings**” amount to € 623 thousand (€ 658 thousand at 31 December 2020) and have decreased by € 35 thousand.

These solely comprise cash deposits held by reinsurers on the basis of contractual terms regarding their reinsurance risks.

Deposits with ceding undertakings were not written down at any time during the year.

SECTION 4 - TECHNICAL RESERVES CARRIED BY REINSURERS (CAPTION D BIS)

D.bis. “**Technical reserves carried by reinsurers**” amount to € 162,566 thousand (€ 154,371 thousand at 31 December 2020) and consist of:

(in thousands of euro)	2021	2020	Change
1. Unearned premiums reserve	34,839	39,117	(4,278)
2. Claims payable reserve	127,727	115,254	12,473
	162,566	154,371	8,195

The changes in this caption are the same as though affecting gross "Technical reserves". Accordingly, reference is made to Section 10 for the related discussion.

The increase in the "Claims payable reserve" is due to having to make reserves for some serious claims of a high amount.

The technical reserves carried by UnipolSai Assicurazioni S.p.A. to cover reinsurance transactions amount to € 115 thousand, of which € 7 thousand by way of unearned premiums reserve and € 108 thousand by way of claims payable reserve.

SECTION 5 - DEBTORS (CAPTION E)

E. "Debtors" total € 88,946 thousand (€ 86,155 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
I. Receivables arising out of direct insurance	61,413	65,693	(4,280)
II. Reinsurance debtors	18,255	12,625	5,630
III. Other debtors	9,278	7,837	1,441
	88,946	86,155	2,791

E.I "Receivables arising out of direct insurance" amount to € 61,413 thousand (€ 65,693 thousand at 31 December 2020) and are:

(in thousands of euro)	2021	2020	Change
1.a Due from policyholders for current premiums	49,280	49,572	(292)
1.b Due from policyholders for premiums relating to prior years	2,468	2,953	(485)
2. Due from agents and other intermediaries	6,316	7,164	(848)
3. Due from insurance companies	513	2,912	(2,399)
4. Due from policyholders and third parties	2,836	3,092	(256)
	61,413	65,693	(4,280)

E.I.1 The amounts "Due from policyholders" for current and prior-year premiums total € 51,748 thousand (€ 52,525 thousand at 31 December 2020).

These are shown net of a provision of € 579 thousand (€ 572 thousand at 31 December 2020).

"Due from policyholders" were written down by € 98 thousand during the year, given that they were considered uncollectable after an analytical valuation; this writedown was charged to "Other technical expenses, net of reinsurance" in the statement of income.

At the same time, the provision for doubtful accounts was reduced by € 91 thousand, being charged to "Other technical income, net of reinsurance transfers" in the income statement. This was the result of changes in estimates during the period equal to € 33 thousand and the use of the provision for doubtful accounts for € 58 thousand.

These receivables include € 21,398 thousand in premium instalments not yet due for the Hull and Aircraft sectors and related accessories (€ 24,135 thousand at 31 December 2020).

E.I.2 The amounts "Due from agents and other intermediaries" are stated net of the related provision, which is zero at 31 December 2020.

In fact, "Due from agents and other intermediaries" were not written down during the year, after an analytical valuation.

These debtors were mostly settled during the early months of the following year.

E.I.3 "Due from insurance companies" relate to current account deposits to secure co-insurance and services performed.

These are shown net of a provision of € 629 thousand (€ 860 thousand at 31 December 2020).

Following a detailed analysis of their recoverability and a change in estimate, the amounts "Due from insurance companies" were written down by € 179 thousand, charged against "Other income" in the statement of income and the provision for doubtful accounts for € 56 thousand.

This caption includes a receivable from the direct parent company UnipolSai Assicurazioni S.p.A. of € 12 thousand for co-insurance transactions.

E.I.4. "Due from policyholders and third parties" amount to € 2,836 thousand and refer to reimbursements of claims paid (€ 3,092 thousand at 31 December 2020).

These mainly relate to the Hulls sector for € 945 thousand and Cargo for € 1,546 thousand (€ 1,097 thousand and € 1,735 thousand respectively at 31 December 2020).

The portion to be transferred to reinsurers has been recorded under "Other liabilities".

E.II "Reinsurance debtors" amount to € 18,255 thousand (€ 12,625 thousand at 31 December 2020) and are due from:

(in thousands of euro)	2021	2020	Change
1. Insurance and reinsurance companies	18,255	12,625	5,630
	18,255	12,625	5,630

E.II.1 Reinsurance receivables from "Insurance and reinsurance companies" are stated net of a provision of € 234 thousand (€ 244 thousand at 31 December 2020) which relates solely to reinsurance current accounts. This amount decreased by € 7 thousand due to changes in estimate and by € 3 thousand due to the total collection of a receivable previously written down.

This caption includes amounts due from UnipolSai Assicurazioni S.p.A. of € 3,313 thousand in relation to reinsurance transactions, while no amount is due from affiliated companies for the same reason.

E.III **“Other debtors”** amount to € 9,278 thousand (€ 7,837 thousand at 31 December 2020).

Their main components are shown below:

(in thousands of euro)	2021	2020	Change
Amounts due from the tax authorities	5,302	4,717	585
Due from the direct parent company	2,146	2,070	76
Deposits with clearing houses	690	705	(15)
Amounts due from tax authorities for disputed tax claim	359	291	68
Amounts due from the indirect parent company	735	14	721
Due from affiliated companies	11	11	-
Other debtors	35	29	6
	9,278	7,837	1,441

These receivables were not written down during the year, nor were any provisions for doubtful accounts recorded in the past, since there were no reasons for doing so.

Amounts due from the tax authorities relate solely to the Italian authorities and comprise:

- the tax advance on insurance policies for 2021 of € 4,618 thousand paid in November 2021. From February 2022, this advance was partially used to offset the tax bill due for the previous month;
- € 669 thousand direct taxes (including € 463 thousand due to be reimbursed and € 206 thousand of IRAP advances paid during 2021);
- € 14 thousand relating to government concession taxes (also due to be reimbursed);
- € 1 thousand of withholding tax on bank interest expense

Since the Company is a member of the domestic tax group, it has transferred its tax credits to the indirect parent company Unipol Gruppo S.p.A. to be deducted from the Group tax liability. The amount concerned, € 735 thousand, has therefore been reclassified to the caption “Amounts due from the indirect parent company”, as described below.

These credits relate to the Ires advances paid during the year.

The amounts due from the direct parent company, UnipolSai Assicurazioni S.p.A. refer to operating costs incurred on behalf of that company and therefore recharged to it.

They relate to services provided to it (€ 963 thousand) and personnel on secondment (€ 898 thousand).

The total also includes € 270 thousand attributable to a tax rebate claim filed in 2013 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel.

These debtors also include a rental credit as per our invoice issued in December for € 15 thousand.

Deposits with clearing houses refer solely to deposits made in France to *Cesam – Comité d’Etudes et des Services des Assureurs Maritimes et Transports*, in the ordinary course of business (under the freedom to provide services regime).

The amounts due from the Tax Authorities for disputed tax claim relate to indirect taxes on coinsurance, direct taxes refer to the residual amounts that were paid on provisional collection of the following tax assessments received:

- in July 2010, € 258 thousand in relation to VAT for the 2003 tax year;
- in December 2018, € 15 thousand, in relation to IRAP for the 2013 tax year;
- in February 2020, € 18 thousand, in relation to IRAP for the 2014 tax year;

- in September 2021, € 17 thousand, in relation to IRAP for the 2013 tax year;
- in October 2021, € 46 thousand, in relation to IRAP for the 2015 tax year;
- in December 2021, € 5 thousand, in relation to IRAP for the 2014 tax year.

Further information about the outstanding tax dispute is provided in point E.2 of Section 12.

The amounts due from the indirect parent company Unipol Gruppo S.p.A. derive from membership of the domestic tax group and reflect the Ires advances paid during the year.

Note that, for the three-year period 2021-2023, the Group tax regime is headed up by Unipol Gruppo S.p.A., the indirect parent company.

Due from affiliated companies refer to staff seconded to Incontra Assicurazioni S.p.A. (€ 6 thousand) and BIM Vita S.p.A. (€ 5 thousand).

SECTION 6 - OTHER ASSETS (CAPTION F)

F. **“Other assets”** total € 5,339 thousand (€ 4,240 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
I. Tangible assets	247	230	17
II. Cash and cash equivalents	3,719	2,863	856
IV. Other assets	1,373	1,147	226
	5,339	4,240	1,099

F.I **“Tangible assets”** of € 247 thousand, are stated net of accumulated depreciation at year-end of € 2,260 thousand, as analysed below:

(in thousands of euro)	Gross value	Accumulated depreciation	Carrying value
1. Furniture and office machines	2,189	(2,017)	172
3. Plant and equipment	318	(243)	75
	2,507	(2,260)	247

These are considered to be long-term tangible assets forming part of the Company's permanent structure. The movements in their gross carrying value during the year were as follows:

(in thousands of euro)	Gross value			
	Balance at	Increase	Decrease	Balance at
	31.12.2020			31.12.2021
1. Furniture and office machines	2,178	11	-	2,189
3. Plant and equipment	243	75	-	318
	2,421	86	-	2,507

Accumulated depreciation amounts to € 2,260 thousand (€ 2,191 thousand at 2020).

During the year it increased by € 69 thousand because of the depreciation charge for the year.

The following table sets out the rates of depreciation rates used for each class of assets:

Category	Rate %
Furniture	12
Fixtures	15
Office machines	20
Equipment	15
Internal communication equipment	25
Publicly registered assets	25

These rates have been applied taking into account the year in which the asset is available and ready for use, also in compliance with current tax law.

No accelerated or advance depreciation has been provided.

F.II **“Cash and cash equivalents”** amount to € 3,719 thousand (€ 2,863 thousand at 31 December 2020) and consist of:

(in thousands of euro)	2021	2020	Change
1. Bank accounts	3,716	2,858	858
2. Cheques and cash	3	5	(2)
	3,719	2,863	856

F.II.1 **“Bank accounts”** include demand deposits and time deposits of less than 15 days.

F.IV **“Other assets”** amount to € 1,373 thousand (€ 1,147 thousand at 31 December 2020) and consist of:

(in thousands of euro)	2021	2020	Change
2. Other	1,373	1,147	226
	1,373	1,147	226

F.IV.2 The main items included in **“Other”** are detailed below:

(in thousands of euro)	2021	2020	Change
Deferred tax assets	1,040	773	267
Other assets	333	374	(41)
	1,373	1,147	226

Deferred tax assets derive from temporary differences between the result reported in the financial statements and taxable income for IRES and IRAP purposes. The recovery of these timing differences against future taxable income is deemed to be reasonably likely.

They are mainly attributable to the taxed provision for doubtful accounts (in particular, for receivables from insurance and reinsurance companies), the change in the provision for net long-term claims outstanding and a provision for personnel costs for future liabilities that are not certain.

The balance was determined using the tax rates that are expected to apply in the year when the related timing differences reverse. The rates used in relation to IRES and IRAP were 24.00% and 6.82% respectively.

Deferred tax assets were fully recognised in prior years.

Other assets mainly include € 164 thousand of the temporary accounting contra-entry for settlements recharged to us by other insurance companies under co-insurance relationships, waiting for supporting documentation or to be reversed.

Balances relating to such claims are recorded as amounts due to these companies or in the claims payable reserve, as the case may be.

They also include € 94 thousand deposited with BPER Banca S.p.A., which is subject to attachment for claims at the request of third parties.

SECTION 7 - PREPAYMENTS AND ACCRUED INCOME (CAPTION G)

G. **“Prepayments and accrued income”** amount to € 455 thousand (€ 568 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
1. Interest	405	542	(137)
3. Other	50	26	24
	455	568	(113)

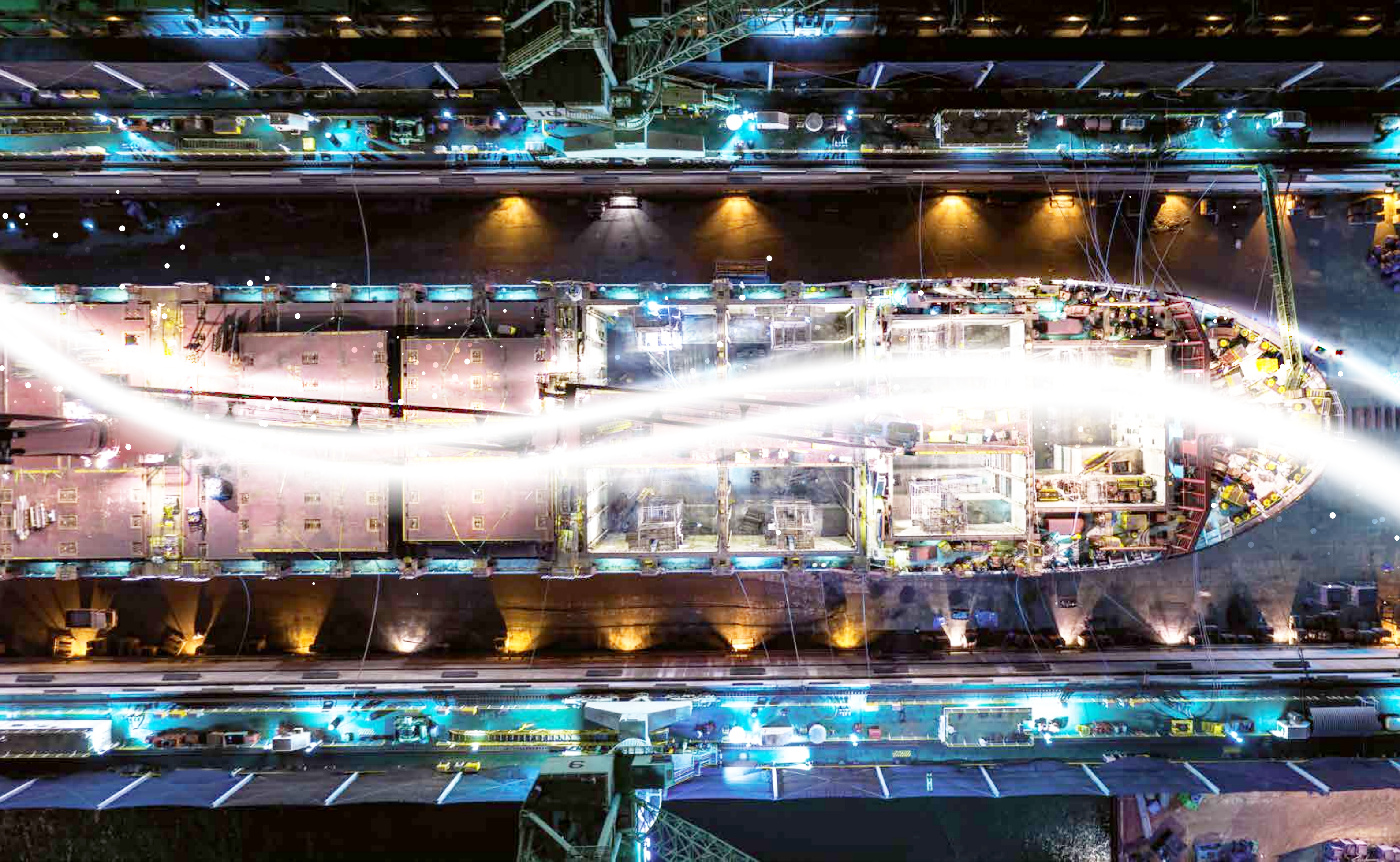
They are analysed as follows:

(in thousands of euro)	Accrued income	Prepayments	Total
1. Interest	405	-	405
3. Other	-	50	50
	405	50	455

Accrued interest income solely concerns bonds and other fixed-income securities.

Non-interest prepayments comprise subscriptions to periodicals (€ 31 thousand), rating agency fees (€ 13 thousand), utilities (€ 4 thousand) and insurance premiums (€ 2 thousand).

No accrued income or prepayments have a duration of more than five years, or more than one year.



BALANCE SHEET - LIABILITIES AND EQUITY

SECTION 8 - CAPITAL AND EQUITY RESERVES (CAPTION A)

A. As at 31 December 2021 equity amounts to € 64,897 thousand (€ 62,593 thousand at 31 December 2020) and consist of:

(in thousands of euro)	2021	2020	Change
I. Subscribed share capital	38,000	38,000	-
IV. Legal reserve	2,578	2,406	172
VI. Reserve for parent company's shares	242	345	(103)
VII. Other reserves	19,873	18,401	1,472
IX. Net profit for the year	4,204	3,441	763
	64,897	62,593	2,304

The changes during the year are summarised as follows:

(in thousands of euro)	Subscribed share capital	Legal reserve	Reserve for parent company's shares	Other reserves	Net profit for the year	Total
Balance at 31.12.2020	38,000	2,406	345	18,401	3,441	62,593
Allocation of 2020 earnings, as resolved by the Shareholders' Meeting on 21 April 2021						
- dividends					(1,900)	(1,900)
- to legal reserve	-	172	-	-	(172)	-
- to other reserves	-	-	-	1,369	(1,369)	-
Transfer to Other reserves, pursuant to art. 2359-bis						
	-	-	(103)	103	-	-
Net profit for 2021	-	-	-	-	4,204	4,204
Balance at 31.12.2021	38,000	2,578	242	19,873	4,204	64,897

As required by Art. 2427, 7-bis of the Italian Civil Code, the following table analyses the various items included in equity at 31 December 2021, explaining their origin, possible use and availability for distribution or other purposes (in thousands of euro):

Caption	Amount	Possible use	Available amount
I. Subscribed share capital	38,000	-	-
IV. Legal reserve	2,578	B	-
VI. Reserve for parent company's shares	242	-	-
VII. Other reserves			
- Reserve for losses	1,953	A, B, C	1,953
- Extraordinary reserve	17,646	A, B, C	17,646
- Reserve for exchange gains	-	A, B	-
- Reserve for purchase of Parent Company's shares	274	-	-

Key: A: for increase in capital - B: to cover losses - C: for distribution to shareholders

The total distributable amount is € 19,599 thousand.

A.I "Subscribed share capital" amounts to € 38,000,000.

This amount did not change during the year.

It is represented by 38,000,000 fully-paid ordinary shares, par value € 1 each.

A.IV The "Legal reserve" amounts to € 2,578 thousand.

It increases by € 172 thousand during the year following the allocation of part of the net profit for 2020, as required by art. 2430 of the Italian Civil Code.

A.VI The "Reserve for parent company's shares" amounts to € 242 thousand.

This reserve has been set up as these shares relating to the direct parent company UnipolSai Assicurazioni S.p.A. (€ 127 thousand) and to the indirect parent company Unipol Gruppo S.p.A. (€ 115 thousand) are to service the "performance share" stock-based compensation plan for the Company's top management. For further information on the above, please refer to what is indicated in the Directors' Report on Operations, in the section "Own shares, shares in the parent company and its subsidiaries".

This reserve has increased by € 103 thousand to adjust it to the carrying amounts in the financial statements of the assets in portfolio, in compliance with the provisions of article 2359 - bis, paragraph 3 of the Italian Civil Code, by transferring the same amount to the reserve for purchase of parent company's shares, included in "Other reserves".

A.VII "Other reserves" amount to € 19,873 thousand.

During the year there were the following changes:

(in thousands of euro)	Balance at 31.12.2020	Increase	Decrease	Balance at 31.12.2021
Reserve for losses	1,953	-	-	1,953
Extraordinary reserve	16,075	1,571		17,646
Reserve for purchase of parent company's shares	171	103		274
Reserve for exchange gains (art. 2426-bis Civil Code)	202	-	(202)	-
	18,401	1,674	(202)	19,873

The changes in the extraordinary reserve and the reserve for exchange gains reflect the resolutions adopted at the Shareholders' Meeting held on 21 April 2021, which approved the financial statements as of 31 December 2020, as well as the resolution adopted at the Shareholders' Meeting held on 19 November 2019 with regard to the purchase of shares in the parent companies (direct and indirect).

The extraordinary reserve showed the following changes:

- increase for the allocation of € 1,369 thousand from the net income for 2020 and, for the transfer of € 202 thousand from the reserve for exchange gains.

The reserve for purchase of parent company's shares showed the following movements:

- increase for the transfer of € 103 thousand from the reserve for parent company's shares; This reserve is to service the "performance share" stock-based compensation plan for the top management.

The reserve for exchange gains has increased due to the transfer of € 202 thousand to the extraordinary reserve, as authorised at the Shareholders' Meeting held on 21 April 2021, pursuant to art. 2426, point 8-bis, of the Italian Civil Code.

This amount represents that part of net profit for 2020 represented by net unrealised exchange losses.

SECTION 9 - SUBORDINATED LIABILITIES (CAPTION B)

B. As in the previous year, there are no Subordinated Liabilities at 31 December 2021.

SECTION 10 - TECHNICAL PROVISIONS (CAPTION C.I)

C.I. **"Technical provisions"** at 31 December 2021 amount to € 243,777 thousand (€ 232,888 thousand at 31 December 2020) and consist of:

(in thousands of euro)	2021	2020	Change
1. Unearned premiums reserve	48,771	53,566	(4,795)
2. Claims payable reserve	192,530	176,950	15,580
5. Other non-technical reserves	2,476	2,372	104
	243,777	232,888	10,889

In compliance with Attachment 15 of "Regulation", these technical provisions have been calculated based on estimates that make the best possible use of available information to ensure that they adequately cover the commitments inherent in insurance policies, to the extent that these are reasonably foreseeable.

The amount of these reserves carried by the direct parent company, UnipolSai Assicurazioni S.p.A. for reinsurance transactions, totals € 21,464 thousand and includes € 4,759 thousand in unearned premiums and € 16,705 thousand for claims.

The changes in the unearned premiums reserve and in the claims payable reserve during the year are detailed in Attachment 13.

C.I.1 The "Premiums payable reserve" amounts to € 48,771 thousand (€ 53,566 thousand at 31 December 2020) and has been calculated in accordance with "Regulation", Attachment 15.

The unearned premiums reserve refers to direct business for € 43,456 thousand (€ 48,333 thousand at 31 December 2020) and to indirect business for € 5,315 thousand (€ 5,233 thousand at 31 December 2020).

This is made up as follows:

(in thousands of euro)	2021	2020	Change
For apportioned premiums	46,646	49,306	(2,660)
For unexpired risks	2,125	4,260	(2,135)
	48,771	53,566	(4,795)

As required, the unearned premiums reserve is analysed by sector below, considering direct business and indirect business separately:

Business segment (in thousands of euro)	Unearned premiums reserve		
	Direct business	Indirect business	Total
Personal accident	210	15	225
Rolling stock	-	-	-
Aircraft	534	21	555
Hulls	39,328	1,629	40,957
Marine Cargo	1,157	2,402	3,559
Fire	-	-	-
Other property damage	33	76	109
Motor third-party liability	841	1,129	1,970
Aircraft third-party liability	140	6	146
Hull third-party liability	11	-	11
General third-party liability	626	37	663
Pecuniary losses	574	-	574
Assistance	2	-	2
	43,456	5,315	48,771

With regard to the unearned premiums reserve for direct business, the above amounts include € 2,125 thousand for unexpired risks (€ 4,260 thousand at 31 December 2020).

The latter refers to the sectors:

- Hull, € 1,490 thousand (€ 3,500 thousand at 31 December 2020);
- Motor third-party liability, € 395 thousand (€ 400 thousand at 31 December 2020);
- Marine Cargo zero balance (€ 100 thousand at 31 December 2020);
- General third-party liability, € 135 thousand (€ 120 thousand at 31 December 2020);
- Personal accident, € 100 thousand (€ 130 thousand at 31 December 2020);
- TPL Hull for € 5 thousand (€ 10 thousand at 31 December 2020);

The unearned premiums reserve for indirect business has a zero balance for unexpired risks (unchanged since 31 December 2020).

Note that any reserve for unexpired risks has been calculated for each business sector taking into account the "Regulation" mentioned above.

In particular, reference was made to the ratio of claims to current generation premiums (net of acquisition commissions and other directly attributable acquisition expenses), compared with the same ratio in previous years.

In addition, as regards the fact that an unearned premiums reserve for unexpired risks has not been set up, except for the one relating to the sectors mentioned above, the following has to be said:

- direct business: the reason is related to the technical performance of the various sectors and, therefore, to the adequacy of the apportioned premium reserve to cover the cost of claims and the related expenses that will take place after the year end;
- indirect business does not require an unexpired risk reserve.

Lastly, the apportioned premium reserve has not been supplemented (€ 377 thousand at 31 December 2020) against risks assumed in previous years for natural disasters.

C.I.2 The **“Claims payable reserve”** amounts to € 192,530 thousand (€ 176,950 thousand at 31 December 2020) and has been calculated in accordance with ISVAP Regulation 16 of 4 March 2008.

The claims payable reserve refers to direct business for € 170,695 thousand (€ 154,181 thousand at 31 December 2020) and to indirect business for € 21,835 thousand (€ 22,769 thousand at 31 December 2020).

This is made up as follows:

(in thousands of euro)	2021	2020	Change
For reimbursements and direct costs	154,688	144,594	10,094
For settlement costs	3,415	4,745	(1,330)
For accidents occurred, but not reported	34,427	27,611	(6,816)
	192,530	176,950	15,580

As indicated earlier in Section 4. with regard to the claims payable reserve carried by reinsurers, the increase in this item is due to having to make reserves for serious claims of a high amount.

As discussed in greater detail in Section I, the valuation of the claims payable reserve was based on a claim-by-claim assessment.

The claims payable reserve has been estimated using the “latest cost method”, where necessary applied on the basis of the insurance cover provided in each sector, bearing in mind how it has evolved from prior generations to the year under review.

In particular, considering the special nature of the Hulls and Cargo sectors, the “latest cost method” was included as part of a broader evaluation of the generation as a whole.

In addition, the claims payable reserve also includes an estimate of accidents that have taken place, but which have not yet been reported at year-end.

This estimate is based on experience in previous years, bearing in mind the frequency of late claims and the average cost of accidents reported during the year.

Lastly, taking into account the type of risks for these sectors of business, no especially onerous or exceptional accidents are reported late.

C.I.5 The **“Other non-technical reserves”** amount to € 2,476 thousand (€ 2,372 thousand at 31 December 2020) and solely comprise the reserve for natural disasters.

It refers to direct business for € 2,391 thousand (€ 2,308 thousand at 31 December 2020) and to indirect business for € 85 thousand (€ 64 thousand at 31 December 2020).

This reserve was established pursuant to Ministerial Decree 705 dated 19 November 1996 (as referred to in Attachment 15 of “Regulation”), in order to offset over time the loss experience associated with the risks concerned.

The following changes took place during the year:

(in thousands of euro)	Balance at	Increase	Decrease	Balance at
	31.12.2020			31.12.2021
Reserve for natural disasters	2,372	104	-	2,476
	2,372	104	-	2,476

The increases during the year related to both direct business, € 83 thousand, and indirect business, € 21 thousand.

SECTION 12 - PROVISIONS FOR RISKS AND CHARGES (CAPTION E)

E. **“Provisions for risks and charges”** amount to € 1,615 thousand (€ 2,426 thousand at 31 December 2020) and are made up as follows:

(in thousands of euro)	2021	2020	Change
2. Provision for taxation	1,440	2,115	(675)
3. Other provisions	175	311	(136)
	1,615	2,426	(811)

The changes in the year for this caption are detailed in Attachment 15.

E.2 The **“Provision for taxation”** includes € 1,440 thousand in relation to the following disputes with the Tax Authorities.

Starting from 2005 the company was subjected to various tax audits, which covered the tax years from 2003 to 2018 included, with the exclusion of the years 2004, 2005, 2009, 2011 and 2012.

The above audits identified minor matters in relation to direct taxation, but major issues with regard to indirect taxes that were followed by notices of assessment and objections.

For the indirect taxation, the above assessments and objections relate to the coinsurance relations established with other insurers, for the tax treatment of which the Company has consistently followed the market practice established over many decades.

The above matters mainly derive from the non-application of VAT to the assignment commissions charged to the co-insurers and failure to correct the assignment commissions charged by the assignors, with the consequent issues of assessments for additional taxation in the first case and objections in the second.

Appeals against all the above assessments were lodged with the competent tax commissions, resulting in the establishment of a lengthy dispute that has continued for several years.

To date, the rulings of the provincial and regional tax commissions and the Court of Cassation have essentially favoured the Company.

However, from 2018, the Court of Cassation has tended to favour the arguments of the Tax Authorities regarding the application of VAT.

Given this and the uncertainties associated with continuing the tax dispute, in 2019 the Company benefited from the assisted settlement of outstanding litigation pursuant to Decree 119/2018, thus closing all open disputes up to 2012, with the exception of the 2003 tax year (since the appeal was essentially accepted by the Court of Cassation, with referral back to the Liguria Regional Tax Commission).

Following amendment of the code of self-regulation governing coinsurance and the willingness indicated by the Tax Authorities to close the open tax years on payment of the tax due on the commission income, plus related interest but without the application of penalties (on both the commission income and commission expense), in 2020 the Company signed agreed assessments for the 2013, 2014 and 2015 tax years with the competent Regional Department.

The tax due for 2013, 2014 and 2015 was all paid in 2020 and 2021.

The "Provisions for taxation" contain the estimated amount required to close the 2016-2018 tax years, totalling € 1,077 thousand (including interest of € 125 thousand), as well as an amount of € 93 thousand which is an estimate of the penalties that may be applied for the year 2018.

They also include € 100 thousand as a provision for the findings relating to IRAP and € 170 thousand for generic provisions for potential tax liabilities.

The commission income and expense accrued in 2019 and 2020 have been and will be settled with the application of VAT and exercise of the related recharge rights.

Following application of the new code of self-regulation, mentioned above, no further assignment commissions will be applied in the coming years.

E.3 **"Other provisions"** relate to charges to be incurred on the departure of employees, in process that began during the year.

F. **"Deposits from reinsurers"** amount to € 1,069 thousand (€ 1,879 thousand at 31 December 2020), down by € 810 thousand compared with the previous year.

This caption solely comprises the cash deposits received under the terms of reinsurance agreements.

SECTION 13 - CREDITORS AND OTHER LIABILITIES (CAPTION G)

G. **"Creditors and other liabilities"** amount to € 62,379 thousand (€ 60,146 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
I. Payables arising out of direct insurance	12,990	13,752	(762)
II. Reinsurance creditors	21,910	18,179	3,731
VII. Termination indemnities	740	843	(103)
VIII. Other creditors	3,781	3,857	(76)
IX. Other liabilities	22,958	23,515	(575)
	62,379	60,146	2,233

G.I **"Payables arising out of direct insurance"** amount to € 12,990 thousand (€ 13,752 thousand at 31 December 2020) and consist of:

(in thousands of euro)	2021	2020	Change
1. Due to agents and other intermediaries	12,333	10,737	1,596
2. Due to insurance companies - current accounts	657	3,015	(2,358)
	12,990	13,752	(762)

G.I.1 **"Due to agents and other intermediaries"** comprise amounts payable to agents, brokers and other intermediaries in connection with their activities.

G.I.2 **"Due to insurance companies"** relate to current account deposits to secure co-insurance relationships and services received.

G.II **"Reinsurance creditors"** amount to € 21,910 thousand (€ 18,178 thousand at 31 December 2020) and are due to:

(in thousands of euro)	2021	2020	Change
1. Insurance and reinsurance companies	21,910	18,178	3,732
	21,910	18,178	3,732

G.II.1 Reinsurance payables deriving from transactions with **"Insurance and reinsurance companies"** relate solely to the balances on reinsurance current accounts.

These include € 14,649 thousand (€ 14,031 thousand at 31 December 2020) in liabilities for premium instalments not yet expired in respect of Hull and related Third-party liability insurance business. Part of these apportioned premiums have been recorded as a reduction of the corresponding asset caption relating to reinsurance transactions, where the intermediary concerned has a residual liability to the company.

They do not include any amount due to the direct parent company UnipolSai Assicurazioni S.p.A. for reinsurance transactions.

G.VII **“Termination indemnities”** amount to € 740 thousand (€ 843 thousand at 31 December 2020) and represent the indemnities accrued in compliance with current laws and labour contracts.

This reflects the liability accrued up to 31 December 2006, as (following the pension reform introduced by Law no. 296/2006) with effect from 1 January 2007, the termination indemnities accruing are transferred either to a supplementary pension fund or to the Treasury Fund set up at INPS and accounted for on an accrual basis, depending on the choice made by the individual employee.

The changes during the year are detailed in Attachment 15.

G.VIII **“Other creditors”** amount to € 3,781 thousand (€ 3,857 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
1. Taxes paid by policyholders	510	365	145
2. Tax authorities for taxes payable	479	441	38
3. Due to social security and welfare institutions	279	297	(18)
4. Other creditors	2,513	2,754	241
	3,781	3,857	(76)

G.VIII.1 **“Taxes paid by policyholders”** include the amount due to the Tax Authorities on insurance policies (€ 500 thousand), net of advances paid during the year.

This amount was duly paid in January 2022.

The total also includes € 10 thousand due to foreign tax authorities (mainly United Kingdom, Germany and Finland) for taxes withheld from policyholders, regarding the provision of unrestricted services.

G.VIII.2 The **“Miscellaneous taxes payable”** comprise € 238 thousand of amounts withheld by the Company acting as a tax agent that were properly paid over in January 2022.

In addition, they include € 242 thousand for IRAP payable related to 2021.

In particular, the transfer of the latter is not allowed for the purpose of the Group's tax group arrangements.

G.VIII.3 **“Due to social security and welfare institutions”** relate to social security contributions payable by the Company and amounts withheld from employees.

This amount was duly paid over in January 2022.

G.VIII.4 **“Sundry creditors”** are analysed below:

(in thousands of euro)	2021	2020	Change
Due to suppliers of goods and services	711	1,356	(645)
Due to the indirect parent company	1,643	1,270	1,523
Due to the direct parent company	79	84	(5)
Due to corporate office bearers	22	43	(21)
Other creditors	58	1	57
	2,513	2,754	909

The amount due to the indirect parent company Unipol Gruppo S.p.A. includes € 1,590 thousand, which, following the company's inclusion in the domestic tax group arrangements, is payable thereto for IRES for 2021.

Note that, for 2018 - 2020, the Group tax regime is headed up by Unipol Gruppo S.p.A.

The other € 52 thousand is VAT payable for the December 2021 liquidation.

The amounts due to the direct parent company Unipol Sai Assicurazioni S.p.A. concern the property rent contract.

Amounts due to corporate officers relate to the Board of Directors.

G.IX **“Other liabilities”** amount to € 22,958 thousand (€ 23,515 thousand at 31 December 2020) and comprise:

(in thousands of euro)	2021	2020	Change
2. Commission on premiums to be collected	6,526	6,505	21
3. Sundry liabilities	16,432	17,010	(578)
	22,958	23,515	(557)

G.IX.2 The reduction in **“Commission on premiums to be collected”** reflects the related decrease in the amount due from policyholders for premiums.

G.IX.3 **“Sundry liabilities”** are analysed below:

(in thousands of euro)	2021	2020	Change
Claims being settled	7,407	8,323	(916)
Due to employees	2,534	2,583	(49)
Amounts due for recoveries	2,503	2,290	213
Invoices to be received from the parent company	1,905	1,930	(25)
Due to insurers and reinsurers	1,747	1,543	204
Due to third parties	259	212	47
Due to related companies	-	15	(15)
Other liabilities	77	114	(37)
	16,432	17,010	(578)

Claims being settled relate to amounts that have already been receipted, but not yet paid to the eligible beneficiaries.

Before being settled, we are waiting to receive a statement of account from the insurance brokers, through whom payment is made.

Amounts due to employees mainly concern:

- for € 1,534 thousand to staff bonuses owed to them (of which € 202 thousand relating to LTI), to be settled in the future;
- for € 476 thousand to seniority bonuses to be paid to staff reaching 25 and 35 years of service with the Company.
- for € 333 thousand to the provision for the renewal of the national and local labour contracts;
- for € 180 thousand in holidays accrued but not yet taken by them.

Amounts due for recoveries relate to claims recoveries.

They refer to amounts owed by reinsurers for insurance excesses and amounts to be recovered from policyholders recorded under “Due from policyholders and third parties”.

These mainly relate to the Hulls sector for € 800 thousand and Cargo for € 1,007 thousand (€ 924 thousand and € 1,130 thousand respectively at 31 December 2020).

The invoices to be received from UnipolSai Assicurazioni S.p.A. relate for € 939 thousand to employees on secondment and for € 965 thousand to services that it provides as the parent company.

The amount due to insurers and reinsurers, following the adjustment of premiums on the business transferred to them, has been recognised in this line item in order to improve its classification.

Amounts due to third parties relate to invoices to be received for goods or services supplied at the end of the year.

SECTION 14 - DEFERRED INCOME AND ACCRUED EXPENSES (CAPTION H)

H.I “Deferred income and accrued expenses” amount to zero (as at 31 December 2020).

SECTION 15 - ASSETS AND LIABILITIES RELATED TO GROUP COMPANIES AND OTHER COMPANIES

Details of assets and liabilities related to Group companies and other companies are given in Attachment 16.

SECTION 16 - RECEIVABLES AND PAYABLES

No payables are secured on the assets of the company.

Receivables and payables booked to captions C. and E. in assets and captions F. and G. in liabilities include the following that are due beyond one year and, of these, due beyond five years:

Caption	Due beyond 12 months	Of which: due beyond 5 years
(in thousands of euro)		
Assets		
E.3 Other debtors	1,106	-

The amount due after one year in relation to E.3 “Other receivables” comprises:

- € 463 thousand in direct taxes relating to 1998 due to be reimbursed in 1999;
- € 270 thousand attributable to a tax rebate claim filed in 2013 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel;
- € 258 thousand paid on provisional collection of the amount demanded in the indirect tax assessment received in relation to the coinsurance transaction carried out in the 2003 tax year;
- € 23 thousand paid on provisional collection of the amounts demanded in the direct tax assessments received in relation to IRAP for the 2014 tax year;
- 32 thousand paid on provisional collection of the amounts demanded in the direct tax assessments received in relation to IRAP for the 2013 tax year;

- € 46 thousand paid on provisional collection of the amounts demanded in the direct tax assessments received in relation to IRAP for the 2015 tax year
- € 14 thousand relating to government concession taxes due to be reimbursed of 2001.

In addition, as required by Art. 2427.6 of the Italian Civil Code, the following is a breakdown of receivables and payables by geographical area:

(in thousands of euro)	Italy	Other E.U. countries	Other non E.U. countries	Total
E. Receivables				
E.1 Receivables arising out of direct insurance	35,293	11,354	14,766	61,413
E.2 Reinsurance debtors	8,026	6,251	4,212	18,489
E.3 Other debtors	8,588	690	-	9,278
Total	51,907	18,295	18,978	89,180

(in thousands of euro)	Italy	Other E.U. countries	Other non E.U. countries	Total
G. Creditors				
G.I Payables arising out of direct insurance	3,113	9,509	368	12,990
G.II Reinsurance creditors	1,591	8,244	12,075	21,910
G.VIII Other creditors	3,673	73	35	3,781
Total	11,427	13,626	10,734	35,787

SECTION 17 - COMMITMENTS, GUARANTEES, CONTINGENT LIABILITIES AND OTHER MEMORANDUM ACCOUNTS

As required by article 2427 of the Italian Civil Code, the following table shows commitments, guarantees and other memorandum accounts at the reporting date, with comparative figures for the previous year:

(in thousands of euro)	2021	2020	Change
Guarantees given by third parties in favour of the Company	1,427	1,224	203

“Guarantees given by third parties in the interests of the Company” relate to guarantees given by leading Italian banks in favour of third parties in connection with insurance activities and are represented on the basis of the contractual value of the commitment versus the beneficiary.

There were no dealings in derivative contracts during the year.

There were no derivative contracts outstanding at 31 December 2021.

The “Property and financial management” section of the report on operations provides more details concerning the subordinated bonds held at year end.

Lastly, it should be noted that at the end of the year:

- there are no known contingent liabilities that are not adequately reflected in the financial statements;
- there are no commitments to associated companies, parent companies or companies controlled by the latter.



STATEMENT OF INCOME

SECTION 18 - INFORMATION ON THE TECHNICAL ACCOUNT OF THE LOSS SECTORS (I)

Summary information on the technical account is given in Attachment 19, breaking down the Italian business into direct and indirect and showing it separately from foreign business.

The main captions of the technical statement of income are shown below.

I.1 **“Earned premiums net of reinsurance”** amounted to € 49,126 thousand, of which € 37,629 thousand of direct business and € 11,497 thousand of indirect business.

I.1.a “Gross premiums written” have been commented on in the report on operations.

As required by ISVAP Regulation 22 of 4 April 2008, this balance does not include the cancellation of securities issued in prior periods (classified as “Other technical charges”).

Within “Gross premiums written”, those related to indirect business include the amount accepted by the direct parent company UnipolSai Assicurazioni S.p.A. (€ 19,853 thousand) for the sectors within the “Maritime and Cargo insurance” segment.

I.1.b “Outward reinsurance premiums” do not include any amount transferred to affiliated companies, whereas premiums transferred to the direct parent company UnipolSai Assicurazioni S.p.A. amounted to € 69 thousand.

I.1.c, I.1.d The “Change in the unearned premiums reserve”, gross and net of outward reinsurance premiums, is summarised as follows:

(in thousands of euro)	Gross	Reinsured	Net
Unearned premiums reserve at 31.12.2020	(53,567)	39,117	(14,450)
Unearned premiums reserve at 31.12.2021	48,771	(34,839)	13,932
Net exchange differences	1,223	(753)	470
Portfolio movements, net	-	-	-
	(3,573)	3,525	(48)

I.2 The **“Share of profit from investments transferred from the non-technical account”** amounts to € 730 thousand and was determined in accordance with the criteria envisaged in art. 22 of “Regulation”.

The investment return, determined in order to calculate the above amount, comprises the sum of the investment income and related capital and financial charges recorded in the non-technical account.

The portion attributable to the technical account pursuant to the above Instructions is obtained by applying the following ratio to the investment return:

- numerator: the average of the technical reserves (net of reinsurance) at the start and the end of the year;

- denominator, the same average plus the average of opening and closing shareholders’ equity at the same dates.

In the 2021 financial statements, this ratio amounted to 55.61% (57.31% in the 2020 financial statements).

I.3 **“Other technical income, net of recoveries and reinsurance”** amounts to € 942 thousand and comprises a variety of items.

These include technical cancellations of amounts due from policyholders for prior-year premiums transferred to reinsurers (€ 290 thousand), use of the allowance for amounts due from policyholders (€ 58 thousand) and cancellation of the related premiums due to intermediaries for the acquisition of that business (€ 92 thousand).

I.4 **“Claims incurred, net of recoveries and reinsurance”** amount to € 31,385 thousand.

I.4.a Gross “Amounts paid” include those relating to the reinsurance business accepted from the direct parent company UnipolSai Assicurazioni S.p.A. (€ 6,310 thousand).

This caption includes, among other things, € 6,621 thousand of accident settlement expenses. These expenses include administrative costs (mainly payroll) incurred for the management of claims totalling € 1,272 thousand.

The portions charged to reinsurers of the amounts paid include the amount pertaining to the direct parent company UnipolSai Assicurazioni S.p.A. for € 31 thousand.

I.4.c The “Change in claims payable reserve”, gross and net of reinsurance, is summarised as follows:

(in thousands of euro)	Gross	Reinsured	Net
Claims payable reserve at 31.12.2020	(176,950)	115,254	(61,696)
Claims payable reserve at 31.12.2021	192,530	(127,727)	64,803
Net exchange differences	(4,306)	2,853	(1,453)
Portfolio movements, net	-	2,035	(2,035)
	11,274	(11,655)	(381)

The net difference between the opening claims payable reserve and the aggregate amount representing prior year payments made during the year, the change in recoveries relating to prior years and the related new reserve at year end, taking portfolio movements and exchange differences into account, represents a positive difference (net of reinsurance) of the opening claims payable reserve.

I. 6 **“Profit commissions, net of reinsurance”** amounted to € 223 thousand and include only the amounts paid to policyholders during the year for profit commissions.

I.7 “Operating expenses” amount to € 11,610 thousand.

I.7.a “Acquisition commissions” mainly includes payments to third parties for the acquisition and renewal of insurance policies.

These commissions also include those recognised on the acceptance of reinsurance business. In particular, the latter refer for € 4,594 thousand to the direct parent company UnipolSai Assicurazioni S.p.a.

I.7.b “Other acquisition costs” are principally attributable to the payroll costs of employees engaged in the acquisition of new policies.

I.7.d “Collection commissions” relate to administrative expenses connected with the collection of premiums.

I.7.e “Other administrative expenses” comprise general costs, net of those allocated to “other acquisition expenses” (€ 2,190 thousand) and “claims incurred” (€ 1,272 thousand).

The general costs include directors’ emoluments (€ 214 thousand), as well as the fees of the statutory auditors (€ 42 thousand) and the members of the supervisory body (€ 16 thousand) for 2021.

I.7.f “Commission and other income from reinsurers” include commission income on transfers and retrocessions.

Commission income comprises commissions related to the direct parent company UnipolSai Assicurazioni S.p.A. amounting to € 10 thousand.

I.8 “Other technical expenses, net of reinsurance” amount to € 1,598 thousand.

They include various items, such as the technical cancellation of amounts due from policyholders for prior-year premiums (€ 506 thousand). They also include the provision writing down amounts due from policyholders for premiums (€ 98 thousand).

I.9 The “Change in the equalisation reserve” during the year amounts to € 104 thousand and is summarised by business sector as follows:

Sector	Opening balance	Utilisations	Provisions	Closing balance
(in thousands of euro)				
Personal accident (1)	105	-	2	107
Motor fire, theft, etc. insurance (3)	68	-	-	68
Marine, aircraft and transport insurance (4,5,6,7,12)	1,870	-	97	1,967
Fire and other property damage (8,9)	329	-	5	334
	2,372	-	104	2,476

For further information on “Other non-technical reserves” please refer to paragraph C.I.5 of Section 10.

SECTION 20 - TECHNICAL RESULTS BY BUSINESS SECTOR

With reference to the Italian business technical account, Attachment 26 summarises all sectors, while Attachment 25 shows the results by individual sector.

Reports from the Company’s management accounting system have been used, for the most part, to allocate common costs to individual business sectors.

Revenues and costs not analysed by the management accounting system are generally allocated, where appropriate, in proportion to the sector’s premiums or claims with respect to the total. In particular cases, specific decisions have been reached on a logical basis.

SECTION 21 - INFORMATION ON THE NON-TECHNICAL ACCOUNT

III.3 “Income from investments” amounts to € 2,778 thousand and is detailed in Attachment 21.

This includes € 375 thousand and € 63 thousand and concerns respectively rental income and expenses related to rental to the direct parent company UnipolSai Assicurazioni S.p.A. of part of the freehold property used by third parties.

Please refer to the report on operations under “Property and financial management” for further information about this caption.

III.5 “Capital and financial charges” amount to € 1,466 thousand and are detailed in Attachment 23.

III.5.a “Investment management charges and interest expense” amounting to € 570 thousand relate to the management of property (€ 321 thousand) and financial investments (€ 249 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 1 thousand). Management charges for financial investments include € 62 thousand relating to fees payable to the indirect parent UnipolSai Assicurazioni S.p.A. for the management of the securities portfolio. Property management charges relate in particular to IMU (local property tax) for € 88 thousand).

III.5.b “Writedowns on investments”, amounting to € 837 thousand, are made up of property depreciation (€ 744 thousand, of which € 386 thousand for properties used by third parties and € 358 thousand for properties used by the Company), as well as writedowns of bonds (€ 93 thousand).

Please refer to the report on operations under “Property and financial management” for further information about this caption.

III.6 For the “Investment return transferred to the technical account”, the same comments apply as were made in point I.2 of Section 18.

III.7 “Other income” amounts to € 5,643 thousand and is detailed below:

(in thousands of euro)	
Revenues from direct parent company	3,409
Releases of the “Provision for risks and charges”	1,080
Exchange gains	811
Gain on long-term indemnity liability	1
Revenues from affiliated companies	20
Bank interest income	30
Other	50
Release of the “Provision for doubtful accounts”	242
	5,643

Revenues from the parent company relate for € 1,858 thousand to services rendered and for € 1,551 thousand to the recovery of costs from UnipolSai Assicurazioni S.p.A.

Revenues from services refer to technical services carried out in the context of managing the Marine Insurance business, as contractually formalised.

The recovery of expenses relates exclusively to the secondment of staff.

The release of the “Provision for risks and charges” offsets the cost of the same amount, recorded in “Extraordinary expenses”, incurred during the year due to the settlement of the tax disputes about VAT for the years 2013 and 2014 on relations with other companies in the insurance sector for co-insurance.

Exchange gains, like exchange losses (totalling € 653 thousand), derive from the application of multicurrency methodologies.

This balance includes both realised gains (€ 92 thousand) and those arising on translation (€ 719 thousand).

The unrealised gain on the long-term indemnity (LTI) liability represents the adjustment made to reflect the market value of the underlying securities.

The latter relate to shares in UnipolSai Assicurazioni S.p.A. and Unipol Gruppo S.p.A. already held in portfolio and to be bought to service the “performance share” stock-based compensation plan for the Company’s top management for the periods 2016-2018 and 2019-2021.

Revenues from affiliated companies are for personnel seconded to BIM Vita S.p.A. (€ 10 thousand) and Incontra Assicurazioni S.p.A. (€ 10 thousand).

III.8 “Other expenses” amount to € 4,950 thousand and comprise:

(in thousands of euro)	
Administrative expenses and costs on behalf of third parties	3,007
Amortisation of intangible assets	677
Exchange losses	653
Losses on debtors	56
Sundry taxes	70
Provisions for risks and charges	405
Operating costs of clearing houses	43
Loss on long-term indemnity liability	11
Other	28
	4,950

The administrative expenses and costs on behalf of third parties relate to the operating costs (expenses and other administrative costs for services provided and seconded personnel) incurred on behalf of the direct parent company, UnipolSai Assicurazioni S.p.A., (€ 2,987 thousand) and affiliated companies (BIM Vita S.p.A. and Incontra Assicurazioni S.p.A., € 10 thousand each).

The amortisation of intangible assets relates to the investment made in information technology.

Exchange losses, like exchange gains (totalling € 811 thousand), derive from the application of multicurrency methodologies.

This balance includes both realised gains (€ 635 thousand) and those arising on translation (€ 17 thousand). In consideration of the fact that there is a net unrealised loss on exchange of € 701 thousand, on approval of the 2021 financial statements, a proposal will be made to reclassify this amount from an equity reserve to the reserve for exchange gains (as provided for in point 8-bis of art. 2426 of the Italian Civil Code).

The provisions for doubtful accounts cover amounts due other than those receivable from policyholders for insurance premiums (as provisions for the latter are classified in the technical account). They relate entirely to the amounts due from insurers and reinsurers.

Sundry taxes mainly include those relating to advertising and the disposal of solid urban waste.

The “Provisions for risks and charges” reflect the adjustment of interest expense to represent the amount accrued, but not yet paid, in relation to the aforementioned VAT disputes regarding the 2018 as well as the penalties referred to that tax years. Other provisions relate to the findings regarding IRAP and other generic provisions for potential future tax liabilities.

The operating costs of clearing houses relate to insurance activities conducted in France under the freedom to provide services regime.

The unrealised loss on the long-term indemnity (LTI) liability represents the adjustment of this liability to the market value of the underlying securities.

The latter relate to shares in UnipolSai Assicurazioni S.p.A. and Unipol Gruppo S.p.A. already held in portfolio and to be bought to service the “performance share” stock-based compensation plan for the Company’s top management for the periods 2019-2021.

III.10 “**Extraordinary income**” amounts to € 188 thousand.

This includes income that does not derive from current operations and refers essentially to out-of-period income.

III.11 “**Extraordinary expenses**” amount to € 1,574 thousand.

They comprise non-operating costs relating to prior periods.

This caption includes costs of € 1,296 thousand incurred in relation to VAT disputes concerning the coinsurance relations with other companies in the insurance sector.

That amount comprises € 658 thousand for the 2013 tax year and € 422 thousand for the 2015 tax year.

The cost is offset by releases of the “Provision for risks and charges” for the same amount; it also includes € 190 thousand of prior-year liabilities from the IRES 2020 tax return and € 26 thousand of IRAP.

III.14 “**Income taxes for the year**”, totalling € 1,565 thousand, include IRES (€ 1,590 thousand), IRAP (€ 242 thousand) and the change in deferred tax assets (€ 267 thousand).

Deferred tax assets and liabilities are discussed further in points F.IV.2 of Section 6 and E.1 of Section 12.

As required by art. 2427.14 of the Italian Civil Code, the following information is provided on the timing differences that have given rise to deferred tax assets and liabilities (in thousands of €):

Deferred tax assets	Amount	IRES tax rate	IRAP tax rate	Deferred tax assets
Net change in claims payable reserve	1,069	24.00%	-	257
Taxed prov. doubtful accounts	561	24.00%	-	135
Long-term indemnity (LTI) liability	230	24.00%	6.82%	71
Liabilities for personnel costs	2,532	24.00%	6.82%	399
Adjustments to the value of equity securities	0	24.00 %	-	0
Depreciation of land used by the Company	300	24.00%	-	72
Depreciation of land used by the Company	258	-	6.82%	18
Provisions for doubtful accounts exceeding the limit set in art. 106.3 Tax Law	216	24.00%	6.82%	66
Remuneration of Independent Auditors	78	24.00%	-	19
Emoluments of Directors	21	24.00%	-	5
<i>Deferred tax assets at 31 December 2021</i>				1,041
<i>Deferred tax assets at 31 December 2020</i>				774
<i>Increase in deferred tax assets</i>				267

Deferred tax liabilities	Deferred tax liabilities
<i>Deferred tax liabilities at 31 December 2021</i>	-
<i>Deferred tax liabilities at 31 December 2020</i>	-
<i>Decrease (increase) in deferred tax liabilities</i>	-

Lastly, with regard to taxation for the year, the following schedule for 2021 reconciles the theoretical IRES rate (24.00%) with the effective rate:

Profit (loss) before taxes (A)	5,769
<i>Theoretical IRES (24.00%)</i>	(1,385)
Tax effect of differences (B)	
<i>Permanent</i>	(135)
<i>Temporary</i>	(106)
Other differences (C)	
<i>Revenue for deferred tax assets - IRES</i>	187
<i>Increase in deferred tax liabilities - IRES</i>	-
<i>Other</i>	(176)
Effective IRES (A) + (B) + (C)	(1,403)
Effective Ires tax rate	24.3%

IRAP has not been taken into consideration since the way the taxable amount is calculated means that it cannot be correlated with the reported pre-tax profit.

For further comments on non-technical statement of income captions, reference should be made to the report on operations.

SECTION 22 - SUNDRY INFORMATION ON THE STATEMENT OF INCOME

Transactions with Group and other companies are summarised in Attachment 30.

Direct business premiums are summarised in Attachment 31.

Charges for personnel, directors and statutory auditors are summarised in Attachment 32.



PART C - OTHER INFORMATION

C.1 Revenue or cost elements of exceptional entity or incidence

Pursuant to article 2427, paragraph 13) of the Italian Civil Code, there were no revenue or cost elements of exceptional entity or incidence in 2021.

C.2 Trend in exchange rates

The exchange rates at the date the financial statements were prepared do not differ significantly from those at 31 December 2020 (especially considering the US dollar, a currency that is widely used in the Marine insurance sector).

C.3 Transactions with related parties

As required by art. 2427-bis of the Italian Civil Code, it is confirmed that no significant transactions with related parties have been conducted on other than market terms.

Information about relations with Group companies during 2021 is provided in the report on operations, to which reference is made.

C.4 Off-balance sheet agreements

As required by art. 2427-ter of the Italian Civil Code, it is confirmed that, at 31 December 2021, there are no off-balance sheet agreements that might result in significant risks or benefits for the Company.

C.5 Financial fixed assets

As required by para. 1 of art. 2427-bis of the Italian Civil Code, it is confirmed that the financial statements for the year ended 31 December 2 include financial fixed assets consisting of:

- investments in parent and associated companies (pursuant to art. 2359 of the Civil Code), as indicated in point C.II.1 of Section 2;
- government securities (mainly Italian) and other non-governmental securities with various maturities and a total carrying amount of € 50,418 thousand, as detailed in point C.III of Section 2.

These financial assets are shown at an amount lower than their fair value.

C.6 Derivative instruments

As mentioned in the report on operations, no use of derivative instruments was made during the year. However, at 31 December 2021, the portfolio contains bonds with subordination clauses (as detailed in the section on "Property and financial management" in the Report on Operations), as the result of trading activities in previous years.

There were no derivative contracts outstanding at 31 December 2011.

C.7 Formation of a domestic tax group

Following the resolution of 10 May 2018 of its Board of Directors, Unipol Gruppo S.p.A., as the consolidating company, informed the Tax Authorities, in the manner foreseen, that it had joined the Group tax regime (as per arts. 117 to 129 of the Income Tax Code).

The company remains in this regime also in the three-year period 2021 – 2023.

An agreement has been signed with Unipol Gruppo S.p.A. to govern the financial transactions deriving from the above.

The related agreement involves the transfer to the indirect parent company of the taxation and advances payable in relation to the Ires taxable income of the company.

Conversely, the company receives from the consolidating company the amount of the tax reduction obtained by the latter via use of any tax losses transferred to it by the company.

C.8 Membership of the Unipol VAT Group

The joint option to participate in the Unipol VAT Group took effect from 1 January 2019.

This election was approved by the Board of Directors of the Company on 18 December 2018 and, to the extent relevant, by those of the Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. on 8 November 2018.

This election is binding for the three-year period 2019-2021, after which it will be renewed automatically each year until revoked.

Following the establishment of this VAT Group, the member companies waived their subjective autonomy for VAT purposes and established a new entity with its own VAT number.

Transfers of goods and the provision of services among the Group members are not subject to VAT.

Unipol Gruppo S.p.A. is the representative of the Group and, in that role, is responsible for satisfying the obligations and exercising the rights of members envisaged in the VAT regulations.

Since the taxpayer representing the VAT Group is just one company, all the other members are deemed to be jointly liable for its activities.

C.9 Transparency in the system of public payments

With reference to the rules governing transparency in the system of public payments, introduced in art. 1, paras. 125 and 125-bis, of Law 124/2017 and subsequent amendments and additions, it is confirmed that the Company has not benefited from any grants, subsidies, advantages, contributions or aid, whether in cash or in kind, drawn from the public resources subject to the above transparency requirements.

C.10 Fees for services provided by the independent auditors

Pursuant to art. 149-duodecies of Consob's Issuers' Regulations, as amended most recently by resolutions 15915 of 3 May 2007 and 15960 of 30 May 2007, the following schedule reports the 2021 fees for services provided to the Company by the independent auditors and companies that are members of its network. Amounts are stated in thousands of euro and include the Consob contribution, VAT and expenses:

Type of service	Provider of the service	Fees
Auditing services	PricewaterhouseCoopers S.p.A.	78
Other certification services	PricewaterhouseCoopers S.p.A.	22

C.11 Interim dividends (if any)

No interim dividends were approved or paid during 2021.

C.12 Changes in shareholders' equity after the year-end

As required by "Regulation", the statement of changes in shareholders' equity after the year-end is reported below:

(in thousands of euro)	Subscribed	Legal	Other	Net profit	Total
	share capital	reserve	reserves	for the year	
Balance at 31.12.2021	38,000	2,578	20,115	4,204	64,897
Allocation of 2021 earnings, as proposed by the Board of Directors on 16 March 2022					
- to legal reserve	-	210	-	(210)	-
- to extraordinary reserve	-	-	954	(954)	-
- dividends	-	-	-	(3,040)	(3,040)
	38,000	2,788	21,069	-	61,857

C.13 Key figures from the separate financial statements of Unipol Gruppo S.p.A.

With reference to the information required by article 2427.22-quinquies and sexies of the Civil Code, the Company is directly controlled by the insurance company UnipolSai Assicurazioni S.p.A. The latter draws up the consolidated financial statements pursuant to art. 154-ter of Legislative Decree 58/1998 (CFA) and ISVAP Regulation 7 of 13 July 2007, and subsequent amendments and additions, in compliance with the IAS/IFRS issued by the IASB and endorsed by the European Union.

A copy of the consolidated financial statements at 31 December 2020 (the latest to be approved) of UnipolSai Assicurazioni S.p.A. is available at the company's registered office, as well as on its website (www.unipolsai.com).

UnipolSai Assicurazioni S.p.A. is directly controlled by the mixed financial holding company Unipol Gruppo S.p.A., a company listed on the Milan Stock Exchange, with registered office in via Stalingrado 45, Bologna.

Unipol Gruppo S.p.A. prepares the consolidated financial statements pursuant to art. 154-ter of Legislative Decree 58/1998 (CFA) and ISVAP Regulation 7 of 13 July 2007, and subsequent amendments and additions, in compliance with the IAS/IFRS issued by the IASB and endorsed by the European Union.

Unipol Gruppo S.p.A. exercises direction and coordination of its direct and indirect subsidiaries. It is also the parent company of Gruppo Assicurativo Unipol, registered in the Register of Insurance Groups at no. 046, and parent company of the Unipol Banking Group.

In addition, Unipol Gruppo S.p.A. operates as a mixed investment holding company at the head of the Unipol financial conglomerate.

A copy of the consolidated financial statements at 31 December 2020 (the latest to be approved) of Unipol Gruppo S.p.A. is available at the company's registered office, as well as on its website (www.unipol.it).

As required by Art. 2497-bis, para. 4 of the Italian Civil Code, the following table provides a summary of the key figures from the statutory and consolidated financial statements at 31 December 2020 (the latest to be approved) of the indirect parent company, Unipol Gruppo S.p.A., as it exercises direction and coordination of the Company:

KEY FIGURES FROM THE FINANCIAL STATEMENTS OF UNIPOL GRUPPO S.P.A.	
(in millions of euro)	31.12.2020
BALANCE SHEET	
ASSETS	
A) SUBSCRIBED CAPITAL UNPAID	-
B) FIXED ASSETS	
I Intangible assets	0.8
II Tangible assets	0.6
III Financial assets	7,570.9
TOTAL FIXED ASSETS	7,572.3
C) CURRENT ASSETS	
I Inventories	-
II Debtors	493.4
III Financial assets not held as fixed assets	1,382.4
IV Cash and cash equivalents	412.5
TOTAL CURRENT ASSETS	2,288.4
D) PREPAYMENTS AND ACCRUED INCOME	0.4
TOTAL ASSETS	9,861.1
LIABILITIES	
A) CAPITAL AND EQUITY RESERVES	
I Share capital	3,365.3
II Share premium reserve	1,345.7
IV Legal reserve	673.1
VI Other reserves	284.0
IX Net profit (loss) for the year	316.3
X Negative reserve for own shares in portfolio	(1.3)
TOTAL CAPITAL AND EQUITY RESERVES	5,983.1
B) PROVISIONS FOR RISKS AND CHARGES	43.2
C) TERMINATION INDEMNITIES	-
D) CREDITORS	3,834.6
TOTAL LIABILITIES	9,861.1
STATEMENT OF INCOME	
A) VALUE OF PRODUCTION	15.4
B) PRODUCTION COSTS	(47.3)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	(31.9)
C) FINANCIAL INCOME AND EXPENSES	244.1
D) ADJUSTMENTS TO FINANCIAL ASSETS	0.4
PROFIT (LOSS) BEFORE TAXES	212.5
INCOME TAXES	103.7
NET PROFIT (LOSS) FOR THE YEAR	316.3

C.15 Data of the companies that prepare consolidated financial statements

The consolidated financial statements are prepared by the direct parent company UnipolSai Assicurazioni S.p.A. and the indirect parent company Unipol Gruppo S.p.A., both with registered office in Via Stalingrado 45, Bologna.

Copies of their consolidated financial statements are available at these companies’ headquarters.

PART D - SIGNIFICANT EVENTS SUBSEQUENT TO YEAR END AND OUTLOOK FOR OPERATIONS

After the strong recovery in Europe and in Italy in 2021, the prospects for 2022 indicate a slowdown in growth, exacerbated by the current geo-political scenario. Having overcome the internal political uncertainties of the beginning of the year and, thanks to the success of the vaccination campaign and the containment of the contagion curve, reduced the concerns about the variants of the pandemic, tensions linked to numerous factors of instability have gradually increased, including first and foremost the resurgence of territorial conflicts between Russia and Ukraine, which have led to war following Russia’s invasion of Ukraine. The effects of the conflict and the sanctions imposed on Russia by the international community are affecting the global economy: among the main impacts, difficulties in the procurement of raw materials are expected, with further upward pressures on prices, and the risk of compromising the supply chain, which was already under stress.

The situations of uncertainty described above and fears about the impacts that may derive from them are producing tensions in financial markets, with sharp falls in international stock markets and upward trends in interest rates. All of this has had repercussions on the Company’s financial investments, with a reduction in unrealised capital gains, and on financial management, which still aims for consistency between assets and liabilities and optimizing the risk/return profile of the portfolio, while also maintaining an adequate level of solvency.

With regard to the performance of the businesses in which the Company operates, there are no particularly significant events to report compared with the trends recorded in 2021.

It should be noted that, as part of the National Recovery and Resilience Plan, UnipolSai has been invited to be a founder of two of the five National Centres of Excellence. In particular, one, based in Bologna, concerns the establishment of the “National Centre for HPC and cloud supercomputing” and “Quantum Computing,” while the other, based in Milan, concerns the establishment of the “National Centre for Sustainable Mobility”. UnipolSai immediately joined both initiatives, which involve areas where the Company has been developing technological innovations for some time.

The Group is completing the new Industrial Plan 2022-2024 which will be presented to the financial community next May.

With the exclusion of currently unforeseeable events, possibly linked to the present uncertainties, the results of operations during year are expected to be positive.

PART E - PROPOSED RESOLUTIONS TO THE ORDINARY SHAREHOLDERS’ MEETING

Resolution concerning the financial statements and the results for the year

You are invited to approve the report on operations and the financial statements for the year ended 31 December 2021, together with the following proposed allocation of the net profit of € 4,203,868:

- Net profit for the year ended 31 December 2021	4,203,868 €
- to the legal reserve, 5%	(210,193) €
- to each of the 38,000,000 shares, a gross dividend of € 0.08	(3,040,000) €
- the balance to Other reserves: Extraordinary reserve	(953,675) €
	-

Resolution with regard to the reserve for exchange gains (as per art. 2426, point 8-bis of the Civil Code)

We submit for your approval the transfer within other reserve of € 701.244 from the extraordinary reserve to the reserve for exchange gains (as per art. 2426, point 8-bis of the Italian Civil Code).

Bologna, 16 March 2022

For the Board of Directors
The Chairman
(Enrico Sanpietro)

PROSPETTO E

Statement of changes in financial position for the year ended 31 December 2021				
(in thousands of euro)	31.12.2021	31.12.2020		
SOURCES OF FUNDS				
Funds generated by management				
Net profit for the year		4,204		3,441
Increase (decrease) of reserves		2,695		(6,375)
<i>premium reserves and other non-life technical reserves</i>	(413)		455	
<i>non life-technical reserves</i>	3,108		(6,830)	
<i>life technical reserves</i>	-		-	
Increase (decrease) of funds		575		864
<i>Depreciation funds</i>	1,490		1,293	
<i>Funds for risks and charges</i>	(914)		(429)	
Investments		137		4,475
<i>Decrease in bonds</i>	-		4,475	
<i>Decrease in shares and participations</i>	137		-	
<i>Decrease in real estate</i>	-		-	
<i>Decrease in class D investments</i>	-		-	
<i>Decrease in loans</i>	-		-	
(Increase) decrease in change in receivables and other assets net of payables and other liabilities		(568)		(1,498)
Increase (decrease) in subordinated liabilities		-		-
Increase (decrease) in deposits received by reinsurers		(810)		(779)
Decrease in deposits with credit institutions		-		-
Decrease in other assets		-		-
Other sources of funds				
Fusion effect on liquidity		-		-
TOTAL SOURCES OF FUNDS		6,233		127
APPLICATION OF FUNDS				
Investments:		2,551		933
<i>Increase in bonds</i>	1,976		-	
<i>Increase in shares and participations</i>	-		259	
<i>Increase in real estate</i>	574		658	
<i>Increase in class D investments</i>	-		-	
<i>Increase in loans</i>	1		17	
Increase in deposits with credit institutions		-		0
Other liquidity assets		926		1,051
Dividends paid		1,900		-
TOTAL APPLICATION OF FUNDS		5,377		1,985
Increase (decrease) in cash and cash equivalents		856		(1,857)
TOTAL		6,233		127
Cash and cash equivalents at beginning of the year		2,863		4,720
Cash and cash equivalents at end of the year		3,719		2,863

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ATTACHMENTS

Distribution of the result for the year between life and non-life business

		Non life business	Life business	Total
Direct margin on insurance business.....	1	5,879 ²¹		41 5,879
Income from investments.....	+ 2	2,778		42 2,778
Financial charges.....	- 3	1,466		43 1,466
Portion of income from investments transferred to direct insurance life result.....	+			44
Portion of income from investments transferred to direct insurance non-life result.....	- 5	730		45 730
Intermediate result.....	6	6,461 ²⁶		46 6,461
Other income	+ 7	5,643 ²⁷		47 5,643
Other expenses.....	- 8	4,950 ²⁸		48 4,950
Extraordinary income.....	+ 9	188 ²⁹		49 188
Extraordinary expenses.....	- 10	1,574 ³⁰		50 1,574
Result before tax.....	11	5,769 ³¹		51 5,769
Income taxes.....	- 12	1,565 ³²		52 1,565
Net result for the year.....	13	4,204 ³³		53 4,204

Year 2021

Changes in intangible assets (Item B.) and property (Item C.I)

		Intangible assets B.	Property C.I
Gross opening balance	+	1 3,764	31 27,531
Increase.....	+	2 876	32 574
due to : Purchases		3 876	33 0
Write backs.....		4 0	34 0
Revaluation		5 0	35 0
Other changes.....		6 0	36 574
Decrease.....	-	7 0	37 0
due to : Sales.....		8 0	38 0
Permanent writedowns.....		9 0	39 0
Other changes.....		10 0	40 0
Gross closing balance.....(a)		11 4,640	41 28,105
Depreciation / Amortisation.....			
Opening balance.....	+	12 2,226	42 8,720
Increase.....	+	13 677	43 744
due to : Depreciation / Amortisation.....		14 677	44 744
Other changes.....		15 0	45 0
Decrease.....	-	16 0	46 0
due to : Sales.....		17 0	47 0
Other changes.....		18 0	48 0
Accumulated depreciation / amortisation.....(b)		19 2,904	49 9,464
Net book value(a - b)		20 1,737	50 18,641
Market value.....			51 0
Total revaluation.....		22 0	52 0
Total writedowns.....		23 0	53 0
(*) of which depreciation / amortisation made solely for tax purposes		24	54

Year 2021

Changes in investments in group and related companies (Item C.II)

		Shares and quotas	Bonds	Loans
Opening balance	+	1 379	21	41
Increase.....	+	2	22	42 4
due to : Purchases		3	23	43 4
Write backs.....		4	24	44
Revaluation		5		
Other changes.....		6	26	46
Decrease.....	-	7 137	27	47
due to : Sales.....		8 137	28	48
Writedowns.....		9	29	49
Other changes.....		10	30	50
Book value.....		11 243	31	51 4
Market value.....		12	32	52 4
Total revaluation.....		13		
Total writedowns.....		14	34	54

The item "Bonds" includes :

Listed Bonds.....	61
Unlisted Bonds.....	62
Book value.....	63
Of which convertible bonds.....	64

Group and related companies

		Listed or Unlisted	Activity carried out	Company name and registered office	Currency
	(1)	(2)	(3)		
1	e	NQ	7	UCI Società Consortile a r.l. Corso Sempione, 39 MILANO	242
3	a	Q	2	UNIPOL GRUPPO S.p.A. Via Stalingrado, 45 BOLOGNA	242
4	a	Q	2	NIPOLSAI ASS.NI S.p.A. Via Stalingrado, 45 BOLOGNA	242

(*) The statement includes all group and related companies, directly or indirectly owned

(1) a = Parent company
b = Controlled company
c = Related company
d = Affiliated company
e = Others

(2) L = Listed
U = Unlisted

(3) 1 = Insurance company
2 = Holding company
3 = Bank
4 = Real Estate company
5 = Fiduciary company
6 = Management or distribution company for unit trusts
7 = Consortium
8 = Industrial company
9 = Other

(4) Original currency

(5) Global percentage owned

: general information (*)

Share capital		Net Worth (**)	Profit / Loss for the last year closed (**)	Participating share (5)		
Amount (4)	Number of Shares			Direct %	Indirect %	Total %
524,639	1,028,703			0.09		0.09
3,365,292,407	717,473,508			0.01		0.01
2,031,456,338	2,829,717,372			0.00		0.00

(**) Only for controlled and affiliated companies

Changes in group and related

companies : shares and quotas

(1)	(2)	(3)	Company name	Increase in the year		
				Purchases		Other Increases
				Number of shares	Amount	
1	e	D	UCI Società Consortile a r.l. Corso Sempione, 39 MILANO			
2	c	D	UNIPOLSAI Servizi Consortili Scarl Via Stalingrado, 37 BOLOGNA			
3	a	D	UNIPOL GRUPPO S.p.A. Via Stalingrado, 45 BOLOGNA			
4	a	D	UNIPOLSAI ASS.NI S.p.A. Via Stalingrado, 45 BOLOGNA			
	a		Parent company			
	b		Controlled company			
	c		Related company			
	d		Affiliated company			
	e		Other			
			Totale D.I			
			Totale D.II			

Decrease in the year			Book value (4)		Purchase cost	Market value
Sales		Other decrease	Number of shares	Amount		
Number of shares	Amount					
			948		1	1
10,528	34					
14,821	46		33,535	115	115	158
28,306	57		68,044	127	127	167

(1) As per annex 6

(2) a = Parent company
b = Controlled company
c = Related company
d = Affiliated company
e = Others

Distribution between long-term and short-term investments : shares and quotas, mutual fund units, bonds and other fixed securities, quotas in mutual investments and other financial investments (Items C.III.1, 2, 3, 5, 7)

I - Non life business

	Long-term investments		Short-term investments		Total	
	Book value	Market value	Book value	Market value	Book value	Market value
1. Shares and quotas:						
a) listed shares	21	41	61		81	101
b) unlisted shares	22	42	62		82	102
c) quotas	23	43	63		83	103
2. Mutual funds units	24	44	64		84	104
3. Bonds and other fixes securities	25	45	1,224	2,100	85	2,100
a1) listed State bonds	50,418	56,271	43,123	44,646	86	93,541
a2) other listed securities	44,381	49,954	25,066	25,633	87	69,446
b1) unlisted State bonds	6,038	6,317	18,057	19,013	88	24,095
b2) other unlisted securities			69		89	
c) convertible bonds						
5. Quotas in mutual investments	30	50	70		90	110
7. Other financial investments	31	51	71		91	111
	32	52	72		92	112
	33	53	73		93	113

II - Life business

	Long-term investments		Short-term investments		Total	
	Book value	Market value	Book value	Market value	Book value	Market value
1. Shares and quotas:						
a) listed shares	141	161	181		201	221
b) unlisted shares	142	162	182		202	222
c) quotas	143	163	183		203	223
2. Mutual funds units	144	164	184		204	224
3. Bonds and other fixes securities	145	165	185		205	225
a1) listed State bonds	146	166	186		206	226
a2) Other listed securities	147	167	187		207	227
b1) Unlisted State Bonds	148	168	188		208	228
b2) Other unlisted securities	149	169	189		209	229
c) convertible bonds	150	170	190		210	230
5. Quotas in mutual investments	151	171	191		211	231
7. Other financial investments	152	172	192		212	232
	153	173	193		213	233

Assets - Changes during the year of other long-term financial investments: shares and quotas, mutual fund units, bonds and other fixed-income securities
shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5, 7)

	Shares and quotas C.III.1	Mutual funds C.III.2	Bonds and other fixed- income securities C.III.3	Shares in investment pools C.III.5	Other financial investments C.III.7
Opening balance	1	21	41	81	101
Increases during the year:	2	22	42	82	102
for: purchases	3	23	43	83	103
writebacks	4	24	44	84	104
transfers from the short-term portfolio	5	25	45	85	105
other changes	6	26	46	86	106
Decreases during the year:	7	27	47	87	107
for: sales	8	28	48	88	108
writedowns	9	29	49	89	109
transfers to the short-term portfolio	10	30	50	90	110
other changes	11	31	51	91	111
Book value	12	32	52	92	112
Current value	13	33	53	93	113

Year 2021

Changes in loans and restricted deposits with banks (Items C.III.4 , 6)

		Loans C.III.4	Restricted deposits with banks C.III.6
Opening balance	+ 1	19	²¹ 402
Increase:	+ 2	4	²²
due to : disbursements.....	3	4	
write backs.....	4		
other changes	5		
Decrease:.....	- 6	7	²⁶
due to : reimbursements.....	7	7	
writedowns	8		
other changes	9		
Book value	10	16	³⁰ 402

Year 2021

Changes in unearned premiums reserve (Item C.I.1) and claims payable reserve (Item C.I.2)

	Year	Prior Year	Change
Unearned premiums reserve :			
Reserve for apportioned premiums	¹ 46,646	¹¹ 49,306	²¹ -2,660
Reserve for unexpired risks	² 2,125	¹² 4,260	²² -2,135
Book value	³ 48,771	¹³ 53,566	²³ -4,795
Claims payable reserve:			
Reserve for claims and direct expenses	⁴ 154,688	¹⁴ 144,594	²⁴ 10,094
Reserve for liquidation expenses	⁵ 3,415	¹⁵ 4,746	²⁵ -1,331
Reserve for IBNR	⁶ 34,427	¹⁶ 27,610	²⁶ 6,817
Book value	⁷ 192,530	¹⁷ 176,950	²⁷ 15,580

Changes in provision for risks and charges (Item E.) and termination indemnities (Item G . VII)

		Provision for retirement	Provision for taxation	Other provisions	Termination Indemnities
Opening balance	+	1	2,115	310	844
Provision for the year	+	2	405		536
Other increase	+	3			0
Use in the year	-	4	1,080	135	640
Other decrease	-	5			
Book value		6	1,440	175	740

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Statement of assets and liabilities for intercompany transactions

I: Assets

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Shares and quotas	1 242	2 0	3 0	4 0	5 0	6 243
Bonds	7 0	8 0	9 0	10 0	11 0	12 0
Loans	13 0	14 0	15 0	16 0	17 4	18 4
Quotas in mutual investments	19 0	20 0	21 0	22 0	23 0	24 0
Restricted deposits with banks	25 0	26 0	27 0	28 0	29 0	30 0
Other financial investments	31 0	32 0	33 0	34 0	35 0	36 0
Deposits with ceding undertakings	37 0	38 0	39 0	40 0	41 0	42 0
Investments linked with mutual funds and other index	43 0	44 0	45 0	46 0	47 0	48 0
Investments deriving from management of pension funds	49 0	50 0	51 0	52 0	53 0	54 0
Receivables arising out of direct insurance	55 12	56 0	57 0	58 0	59 0	60 12
Reinsurance debtors	61 3,313	62 0	63 0	64 0	65 0	66 3,313
Other receivables	67 2,881	69 0	70 22	71 0	72 0	73 2,904
Bank accounts	73 0	74 0	75 0	76 0	77 0	78 0
Other assets	79 0	80 0	81 0	82 0	83 0	84 0
Total	85 6,449	86 0	87 22	88 0	89 4	90 6,475
of which subordinated assets	91 0	92 0	93 0	94 0	95 0	96 0

Statement of assets and liabilities for intercompany transactions

II: Liabilities

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Subordinated liabilities	97 0	98 0	99 0	100 0	101 0	102 0
Deposits from reinsurers	103 2	104 0	105 0	106 0	107 0	108 2
Payables arising out of direct insurance	109 0	110 0	111 0	112 0	113 0	114 0
Reinsurance creditors	115 0	116 0	117 0	118 0	119 0	120 0
Bank overdrafts	121 0	122 0	123 0	124 0	125 0	126 0
Secured payables	127 0	128 0	129 0	130 0	131 0	132 0
Loans	133 0	134 0	135 0	136 0	137 0	138 0
Other payables	139 1,725	140 0	141 0	142 0	143 0	144 1,725
Other liabilities	145 1,909	146 0	147 -2	148 0	149 0	150 1,908
Total	151 3,637	152 0	153 -2	154 0	155 0	156 3,635

Year 2021

Insurance business highlights

	Gross premiums written		Gross premiums earned		Gross claims incurred		Operating expenses		Reinsurance Balance	
Direct insurance:										
Personal accident and health insurance	1	802	2	874	3	56	4	123	5	-683
Motor third party liability	6	4,263	7	4,137	8	2,745	9	1,372	10	189
Motor fire, theft, etc. insurance	11		12		13		14		15	
Marine insurance.....	16	112,151	17	118,197	18	91,360	19	22,032	20	-884
Fire and other property damage.....	21	1,067	22	1,468	23	82	24	300	25	-897
Generale third party liabilities	26	5,641	27	5,451	28	8,950	29	1,298	30	3,467
Credit and bond insurance	31		32		33	-34	34	0	35	-140
Pecuniary losses	36	2,072	37	1,938	38	1,045	39	348	40	-262
Legal defence	41	4	42	4	43		44	0	45	-3
Assistance	46	5	47	5	48		49	1	50	1
Total direct insurance	51	126,004	52	132,074	53	104,204	54	25,474	55	789
Indirect insurance	56	24,173	57	24,121	58	6,289	59	8,029	60	-6,420
Total Italian business	61	150,177	62	156,195	63	110,492	64	33,503	65	-5,632
Foreign business	66	1,036	67	1,036	68	241	69	164	70	-471
Grand total	71	151,213	72	157,231	73	110,733	74	33,667	75	-6,103

Year 2021

Investment income (Items II.2 and III.3)

	Non-life business		Life business		Total	
Income from shares and quotas:						
Dividends from group companies	1	35	41		81	35
Other dividends	2		42		82	
Total	3	35	43		83	35
Income from property.....	4	438	44		84	438
Income from other investment:						
Interest income from group companies	5		45		85	
Interest income on loans granted to group companies	6	0	46		86	0
Income from mutual fund units.....	7		47		87	
Interest income on bonds and other fixed securities	8	2,249	48		88	2,249
Interest income on loans.....	9		49		89	
Income from mutual investments.....	10		50		90	
Interest income on restricted deposits with banks.....	11		51		91	
Interest income on other financial investments.....	12		52		92	
Interest income on deposits with ceding undertakings.....	13		53		93	
Total	14	2,250	54		94	2,250
Writebacks from :						
Property	15		55		95	
Group companies' shares.....	16		56		96	
Group companies' bonds	17					
Other shares and quotas.....	18		58		98	
Other bonds.....	19		59		99	
Other financial investments.....	20		60		100	
Total	21		61		101	
Gains on disposal of :						
Property	22		62		102	
Group companies shares.....	23		63		103	
Group companies bonds.....	24		64		104	
Other shares and quotas	25		65		105	
Other bonds	26	56	66		106	56
Other financial investments.....	27		67		107	
Total.....	28	56	68		108	56
GRAND TOTAL.....	29	2,778	69		109	2,778

Year 2021

Capital and financial charges (Item II.9 and III.5)

	Non-life Business	Life Business	Total
Investment management charges and interest expenses for			
Shares and quotas	1	31	61
Properties.....	2249	32	62249
Bonds.....	3119	33	63119
Mutual fund units	4	34	64
Mutual investments.....	5	35	65
Other financial investments.....	6201	36	66201
Deposits from reinsurers.....	71	37	671
Total.....	8570	38	68570
Writedowns of:			
Properties.....	9744	39	69744
Group companie's shares.....	10	40	70
Group companie's bonds	11	41	71
Other shares and quotas	12	42	72
Other bonds.....	1393	43	7393
Other financial investments.....	14	44	74
Total.....	15838	45	75838
Losses on sale of :			
Properties.....	16	46	76
Shares and quotas	17	47	77
Bonds.....	1858	48	7858
Other financial investments.....	19	49	79
Total.....	2058	50	8058
GRAND TOTAL	211,466	51	811,466

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		Personal accident	Health insurance
Direct business net of reinsurance			
Premiums written.....	+	1 802	1
Change in unearned premiums reserve.....	-	2 -73	2
Claims incurred	-	3 56	3
Change in other technical reserves	-	4	4
Other technical income (expenses) net.....	+	5	5
Operating expenses	-	6 123	6
Underwriting result of direct business (+ o -)..... A		7 696	7
Result of outward reinsurance (+ o -) B		8 -683	8
Net underwriting result of indirect business (+ o -) C		9 10	9
Change in equalisation reserve (+ o -) D		10 2	10
Portion of income from inv. transferred from non technical account..... E		11 1	11
Technical result (+ o -) (A + B + C - D + E)		12 22	12

		Cargo insurance	Fire
Direct business net of reinsurance			
Premiums written.....	+	1 25,316	1
Change in unearned premiums reserve.....	-	2 13	2 -377
Claims incurred	-	3 19,352	3 17
Change in other technical reserves	-	4	4
Other technical income (expenses) net.....	+	5 -948	5
Operating expenses	-	6 7,856	6
Underwriting result of direct business (+ o -)..... A		7 -2,853	7 360
Result of outward reinsurance (+ o -) B		8 2,182	8 -366
Net underwriting result of indirect business (+ o -) C		9 1,139	9
Change in equalisation reserve (+ o -) D		10 31	10
Portion of income from inv. transferred from non technical account..... E		11 134	11
Technical result (+ o -) (A + B + C - D + E)		12 571	12 -6

		General third party liability	Credit insurance
Direct business net of reinsurance			
Premiums written.....	+	1 5,641	1
Change in unearned premiums reserve.....	-	2 190	2
Claims incurred	-	3 8,950	3
Change in other technical reserves	-	4	4
Other technical income (expenses) net.....	+	5 252	5
Operating expenses	-	6 1,298	6
Underwriting result of direct business (+ o -)..... A		7 -4,546	7
Result of outward reinsurance (+ o -) B		8 3,467	8
Net underwriting result of indirect business (+ o -) C		9 -74	9
Change in equalisation reserve (+ o -) D		10	10
Portion of income from inv. transferred from non technical account..... E		11 50	11
Technical result (+ o -) (A + B + C - D + E)		12 -1,102	12

Motor fire, theft, etc. Insurance		Railway carriage insurance		Aircraft insurance		Hull insurance	
1	1		1	2,340	1	83,723	1
2	2		2	-42	2	-5,872	2
3	3	-49	3	1,962	3	69,801	3
4	4		4		4		4
5	5		5		5	-311	5
6	6		6	334	6	13,723	6
7	7	49	7	86	7	5,760	7
8	8	-42	8	-360	8	-2,157	8
9	9	-110	9	-119	9	1,087	9
10	10		10		10	66	10
11	11	1	11	8	11	443	11
12	12	-102	12	-385	12	5,067	12

Other property damage		Motor third party liability		Aircraft third party liability		Hull third party liability	
1	1,067	1	4,263	1	756	1	16
2	-24	2	126	2	-138	2	-6
3	65	3	2,745	3	286	3	9
4		4		4		4	
5	1	5	-166	5		5	
6	300	6	1,372	6	116	6	3
7	727	7	-146	7	492	7	11
8	-531	8	189	8	-497	8	-9
9	16	9	1,221	9	3	9	
10	5	10		10		10	
11	4	11	70	11		11	
12	211	12	1,334	12	-2	12	2

Bond insurance		Pecuniary losses		Legal defense		Assistance	
1		1	2,072	1	4	1	5
2		2	134	2		2	
3	-34	3	1,045	3		3	
4		4		4		4	
5	-59	5	-17	5		5	
6		6	348	6		6	1
7	-24	7	529	7	4	7	4
8	-140	8	-262	8	-3	8	1
9		9		9		9	
10		10		10		10	
11	9	11	9	11		11	
12	-155	12	276	12		12	5

Summary of technical account for non-life business
Italian Business

	Direct insurance		Indirect insurance		Retained risks Total 5 = 1 + 2 + 3 + 4
	Direct risks 1	Ceded risks 2	Indirect risks 3	Retroceded risks 4	
Premiums written.....	1	89,149	24,173	13,381	47,647
Change in unearned premiums reserve.....	2	-5,296	52	265	-987
Claims incurred	3	104,204	6,289	3,492	31,102
Change in other technical reserves	4				
Other technical income (expenses) net.....	5	-1,248	-210		-863
Operating expenses	6	25,474	8,029	3,203	11,560
Underwriting result (+ o -)	7	1,148	9,594	6,420	5,110
Change in equalisation reserve (+ o -)	8				104
Portion of income from inv. transferred from non technical account.....	9	619	111		730
Technical result (+ o -)	10	1,767	9,705	6,420	5,736

Summary of technical account for non-life and life business - foreign business

Section I : Non-life business

		All branches	
Direct business net of reinsurance			
Premiums written.....	+	1	
Change in unearned premiums reserve.....	-	2	
Claims incurred	-	3	
Change in other technical reserves	-	4	
Other technical income (expenses) net.....	+	5	
Operating expenses	-	6	
Underwriting result of direct business (+ o -).....	A	7	
Result of outward reinsurance (+ o -)	B	8	
Net underwriting result of indirect business (+ o -)	C	9	143
Change in equalisation reserve (+ o -)	D	10	
Portion of income from inv. transferred from non technical account.....	E	11	
Tecnical result (+ o -)	(A + B + C - D + E)	12	143

Section II : Life business

		All branches	
Direct business net of reinsurance			
Premiums written.....	+	1	
Claims incurred	-	2	
Change in other technical reserves	-	3	
Other technical income (expenses) net.....	+	4	
Operating expenses	-	5	
Income from investment net of portion transferred to non technical account.....	+	6	
Underwriting result of direct business (+ o -).....	A	7	
Result of outward reinsurance (+ o -)	B	8	
Net underwriting result of indirect business (+ o -)	C	9	
Tecnical result (+ o -)	(A + B + C)	10	

Intercompany transactions

I: Revenues

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investments income						
Income from property	1 438 2	3	4	5	6	438
Dividends	7 32	9	3	11	12	35
Interest income on bonds	13	14		16	18	
Interest on loans	19	20	0	22	24	0
Interest income on other financial investments	25	26	27	28	29	
Interest income on deposits with ceding undertakings	31	32	33	34	36	
Total.....	470 38	39	3	41	42	473
Other revenues						
Interest income on receivables	43	44	45	46	48	
Recovery of administrative expense	49	50	51	52	54	
Others.....	55 3,409 56	57	21 58	59	60	3,431
Total.....	3,409 68	62	64	65	66	
Gains on disposal of investments			21 70	71	72	3,431
Extraordinary revenues.....		74	76	77	78	
GRAND TOTAL.....	3,879 86	87	24 88	89	90	3,904

Intercompany transactions

II: Charges

	Parent companies	Controlled companies	Related companies	Affiliated companies	Others	Total
Investment management charges and interest expenses :						
Investment charges	91 79 92	93	94	95	96	79
Interest expenses on subordinated liabilities	97	98	100	101	102	
Interest expenses on deposits from reinsurers	103	104	106	107	108	
Interest expenses on payables arising out of direct insurance	109	110	111	113	114	
Interest expenses on payables arising out of reinsurance	115	116	117	118	119	
Interest expenses on bank overdrafts	121	122	123	124	126	
Interest expenses on secured payables	127	128	129	130	132	
Other interests expenses	133	134	135	136	138	
Losses on receivable.....	139	140	141	142	144	
Administrative expenses on behalf of third parties.....	145	146	147	148	150	
Other charges	151 300 152	153	4 154	155	156	304
Total.....	379 158	159	4 160	161	162	383
Loss on disposal of investments						
Extraordinary costs.....						
GRAND TOTAL.....	379 182	183	5 184	185	186	384

Direct business : summary of gross premiums written

	Non-life Business		Life Business		Total	
	Permanent establishment	Freedom of services	Permanent establishment	Freedom of services	Permanent establishment	Freedom of services
Premiums written:						
in Italy.....	73,337 ⁵			15	73,337 ²⁵	
in other european countries.....	1,019 ⁶	28,722 ¹²		16	1,019 ²⁶	28,722
in other countries.....		22,926 ¹³		17		22,926
Total.....	74,356⁸	51,648¹⁴		18	74,356²⁸	51,648

Statement of personnel expenses and costs for directors and statutory auditors

I: Personnel expenses

	Non life business		Life business		Total	
Payroll costs						
Italian business :						
- Salaries.....	1	5,572 ³¹		61		5,572
- Social contributions.....	2	1,513 ³²		62		1,513
- Provision for termination indemnities.....	3	417 ³³		63		417
- Other personnel expenses.....	4	694 ³⁴		64		694
Total.....	5	8,196 ³⁵		65		8,196
Foreing business:						
- Salaries.....	6			36		66
- Social contributions.....	7			37		67
- Other personnel expenses.....	8			38		68
Total.....	9			39		69
Grand total	10	8,196 ⁴⁰		70		8,196
Fees for consultancy :						
Italian Business	11			41		71
Foreing business	12			42		72
Total.....	13			43		73
Total personnel expenses	14	8,196 ⁴⁴		74		8,196

II: Splitting of personnel expenses

	Non life business		Life business		Total	
Investment management charges.....	15			45		75
Claims operating expenses	16	745 ⁴⁶		76		745
Other acquisition costs.....	17	1,489 ⁴⁷		77		1,489
Other administrative expenses.....	18	3,575 ⁴⁸		78		3,575
Administrative expenses on behalf of third parties.....	19	2,387 ⁴⁹		79		2,387
	20			50		80
Total.....	21	8,196 ⁵¹		81		8,196

III: Average personnel workforces for the year

	Number	
Managers	91	5
Clerks.....	92	17
	93	85
Others.....	94	2
Total.....	95	109

IV: Directors and statutory auditors

	Number		Emoluments	
Directors.....	96	10 ⁹⁸		204
Statutory auditors	97	3 ⁹⁹		42



AUDITOR'S REPORT

Independent auditor's report

in accordance with article 14 of Legislative Decree n° 39 of 27 January 2010, article 10 of Regulation (EU) n° 537/2014 and article 102 of Legislative Decree n° 209 of 7 September 2005

To the Shareholders of
SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni

Report on the Audit of the Financial Statements as of 31 December 2021

Opinion

We have audited the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni (the “Company”), which comprise the balance sheet as of 31 December 2021, the income statement for the year then ended and notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, and of the result of its operations 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Actuarial estimates of Non-life claims provisions

Notes to the Financial Statements:

Part A: Accounting policies

Part B: Balance sheet and statement of income, Section 10 – Technical provision (Caption C.I)

Technical provisions include Euro 193 million of Non-Life claims provisions representing the 52 per cent of “Total liabilities and equity”.

Non-Life claims provisions is posted to face the amounts incurred by the Company to settle the claims incurred in the current and in previous years and not yet defined at year end. Granted that the valuation of outstanding claims relies on the quality of the underlying data, a range of methods, underlying a number of implicit or explicit assumptions relating to the expected settlement amount and number of claims, may be used to determine these provisions. Change in these assumptions can modify the estimate of the final provisions.

The valuation of Non-Life claims provisions involves the use of significant estimates and relies on a significant professional judgement based on the actuarial assumption adopted.

Professional judgement is involved, for instance, in estimating the period over which claims are expected to settle.

Auditing procedures performed in response to key audit matters

In order to challenge the quality of the data utilized to evaluate the Non-Life claims provisions, we understood and tested the governance process in place to determine the insurance contract liabilities and validated, on a sample basis, the controls in place. In addition, we verified the accuracy and completeness of the data base testing a sample of claims and matching the information included in the IT system with those of the related dossiers.

Our audit procedures applied to verify the actuarial valuation include the following:

- analysis of the methodologies, hypothesis and assumptions adopted by management;
- challenge these methodologies and assumptions by comparing them with those used in the industry and in prior periods;
- analysis of the related information in the notes to the financial statements.

Moreover, for the more relevant LoBs, assisted by our own actuarial experts, we performed a technical-comparative analysis on assumptions and estimates utilized by the Company in the year end and in the previous year together with a statistical analysis based on claims indicators.

PricewaterhouseCoopers SpA

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2132311 - Bari 70122 Via Abate Gimma 72 Tel. 080 5640211 - Bergamo 24121 Largo Belotti 5 Tel. 035 229691 - Bologna 40126 Via Angelo Finelli 8 Tel. 051 6186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - Catania 95129 Corso Italia 302 Tel. 095 7532311 - Firenze 50121 Viale Gramsci 15 Tel. 055 2482811 - Genova 16121 Piazza Piccapietra 9 Tel. 010 29041 - Napoli 80121 Via dei Mille 16 Tel. 081 36181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 - Pescara 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 29 Tel. 06 570251 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Felissent 90 Tel. 0422 696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 - Udine 33100 Via Poscolle 43 Tel. 0432 25789 - Varese 21100 Via Albuzzi 43 Tel. 0332 285039 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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 November 2013, the Shareholders of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni in general meeting engaged us to perform the statutory audit of the Company's financial statements audit for the years ending 31 December 2013 to 31 December 2021.

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 Regulation

Opinion in accordance with article 14, paragraph 2, letter e), of Legislative Decree n° 39/2010

Management of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni is responsible for preparing a report on operations of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as of 31 December 2021, including its consistency with the relevant financial statements and its 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, with the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as of 31 December 2021 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as of 31 December 2021 and is 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.



Opinion drawn up pursuant to article 102, paragraph 2, of Legislative Decree n° 209 of 7 September 2005, Non-Life technical provisions

In execution of the assignment received from SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni, we have performed procedures, in accordance with article 102, paragraph 2, of Legislative Decree n° 209 of 7 September 2005, on the items relating to the Non – Life technical provisions, included in the liabilities section of the balance sheet of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as at 31 December 2021. The Directors are responsible to establish technical provisions to the extent to guarantee the obligations arising from insurance and reinsurance contracts.

On the basis of the procedures performed in accordance with article 102, paragraph 2, of Legislative Decree n° 209 of 7 September 2005, of ISVAP Regulation n° 22/2008 and associated guidelines included in the application document published by IVASS on its website on 31 January 2017, the above mentioned technical provisions, included in the liabilities section of the balance sheet of SIAT – Società Italiana Assicurazioni e Riassicurazioni – per Azioni as at 31 December 2021, are sufficient in accordance with applicable law and regulations and on the basis of correct actuarial techniques, in accordance with ISVAP Regulation n° 22/2008.

Milan, 5 April 2022

PricewaterhouseCoopers SpA

Signed by

Rudy Battagliarin
(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.



RESOLUTION OF THE SHAREHOLDERS' MEETING – EXTRACT

The following resolutions were passed at the Annual General Meeting held on 20 April 2022:

- That the Financial statements at 31 December 2021 be approved, together with the Directors Report on operation.
- That the Directors' proposal regarding the allocation of the net income be approved.
- That the distribution of a unit dividend of € 0.08 per share be approved.
- That the transfer, as part of the Other Reserves, of the amount of € 701,244 from the Extraordinary Reserve to the Reserve for exchange gains (ex art. 2426, point 8-bis del Civil Code) be approved.
- That the members of Directors' board be fixed at 11 persons, and that the following persons be appointed to the Board of Directors for three years 2022-2024: Filiberto Borghi, Monica Cacciapuoti, Alfonso Roberto Galante, Daniela Marucci, Vittorio Alberto Angelo Pini, Roberto Pittalis, Gian Carlo Sangalli, Enrico San Pietro, Giovanni Siciliano e Marco Vesentini.
- That the following gentlemen be appointed to the Board of Statutory Auditors for the three years 2022-2024: Alessandro Contessa – Chaiman, Roberto Chiusoli – Auditor, Roberto Tieghi – Auditor, Claudio Lenoci – Alternative Auditor, Domenico Livio Trombone – Alternative Auditor.
- It is specified that the statutory audit assignment conferred on the company EY S.p.A. with the Annual General Meeting of 21 April 2021 for the financial years 2022-2030, it starts from the date of approval of the financial statements closed on 31 December 2021, ie from today.
- That the Policies of Siat be approved, as far as they are responsible and pertaining to, the Group Policies and the Insurance Policies, in the texts under "A" and "B" and the 2022-2024 Plan, in the text under "C".