2017
ANNUAL REPORT

Unipol GRUPPO

Siat ASSICURAZIONI

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ANNUAL REPORT

1967/2017. SINCE 50 YEARS IN GENOA.

SIAT was founded in Genoa in 1967 by a large Italian industrial group together with a number of important Italian shipowners. It is a specialised insurance company focusing on the Marine sector.
The 50th anniversary is an important milestone and Genoa continues to be the capital of Marine insurance.
We follow tradition and many of our customers have been with us since we were founded. Today we are part of the Unipol group and we are constantly looking towards the future. The story continues.

Leafing through this publication you will find a selection of images of celebratory events taken at the Palazzo Ducale of Genoa and the Lo Zerbino villa.

Siat
ASSICURAZIONI

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PricewaterhouseCoopers S.p.A.

REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS

Shareholders,

THE STATE OF THE ECONOMY

Global economic growth in 2017 was slightly above 3.5%, speeding up considerably compared with 2016.

In 2017, the Eurozone's GDP expanded by around 2.3%, half a percentage point higher than in 2016. It is good to note that growth was fairly homogeneous in the various Eurozone countries. There are several factors that helped bring this about: constant support from the European Central Bank, a less restrictive tax policy, accelerating domestic demand, more employment (unemployment rate of 8.7% in December) and a good trend in international trade.

During 2017, the European Central Bank maintained an expansive monetary policy, continuing with its purchases of securities (Quantitative Easing) in a context of significant economic growth, even though inflation was still far from the 2% target (the December inflation figure was 1.4%).
Recently, the European Central Bank confirmed that the official discount rate will remain anchored to the current level, even beyond the end of Quantitative Easing. The latter was remodulated from January 2018, with a reduction in bond purchases from 60 to 30 billion euro per month and with an extended time horizon at least until next September.

In the United States, economic activity has developed at a rate close to 2.3%, higher than the 1.5% in 2016, thanks to the strong dynamics of domestic demand, boosted by expectations for the effects of the Trump Administration's tax reform.
During 2017, in light of the US economic scenario featuring sustained growth, full employment (the December unemployment rate fell to 4.1%) and with the rise in the consumer price index close to the 2% target, the Federal Reserve raised the official discount rate on three occasions (by 25 basis points each time), bringing it to 1.5% in December.
In addition, in line with the performance of the US economy, in October the Fed announced that it will start gradually reducing the amount of securities that it holds.

In the year just ended, thanks to the continuation of unconventional monetary policies and new fiscal stimuli, Japan achieved a good growth (around 1.6%) in a context of full employment (2.8% unemployment in December).
However, the inflation rate remains far from the Japanese Central Bank's target (the December figure stands at 1%), making a loose approach by the monetary authority still plausible for 2018.

China has achieved economic growth that is higher than the government's expectations (+6.8% against a forecast of +6.5%), largely favoured by the development of the main economic areas for exports and, at the same time, by a slow but steady increase in domestic demand in a country where the savings rate - one of the highest in the world - is close to 40% of GDP.

Lastly, the emerging economies experienced a substantially positive 2017 from an economic point of view, supported by the recovery in the prices of oil and raw materials, in a context of strong growth in international trade.

The Italian economy recorded a positive growth rate for the year of around 1.5%.
Numerous factors have favoured this result: consumption, supported by the decrease in unemployment (10.8% at the year end), a less restrictive tax policy and a recovery in investments, as well as international trade that helped exports.
The continuing intervention of the European Central Bank also has to be mentioned, as this led to particularly favourable financial conditions.
Despite this good economic growth, the level of public debt continues to remain high, unlike that of other Eurozone countries.

Economic expansion is expected to stabilize in 2018, although persistent international geopolitical uncertainty may adversely affect economic trends.
The tensions between North Korea and the United States have not disappeared, there is a worsening of relations between Saudi Arabia and Iran, and the Turkish military intervention in Syrian Kurdistan is worrying. Furthermore, evolution of the Brexit process, the complexity involved in finding a new government for Germany, the Italian political elections in March and the Catalan question could all be elements of instability in Europe.

THE FINANCIAL MARKETS

In 2017, the market rate curve featured modest volatility. There were limited increases in the long-term portion (about 20 base points), while the short-term segment closed the year at more or less the same levels as at the end of 2016. Low volatility also for German government bond yields, though the curve showed an upward shift on all maturities: more intense on the medium-term segment (33 basis points for the 5-year), less marked on the longer maturities (the 10-year increased by 22 basis points).
Italian government bond yields showed an upward trend concentrated on very long maturities (from 15 years onwards), while yields on other maturities increased to a lesser extent than comparable German bonds.
The spread between Italian and German bond yields underwent a slight decline on all maturities of less than 15 years (-10 basis points for the 10-year ones), whereas it increased over the long-term ones (+27 basis points for the 15-year bonds, +11 basis points for the 20-year ones).

The Euro began 2017 at 1.0541 for a US dollar, appreciating during the year to reach 1.1993 at 31 December 2017. This trend is partly linked to the moderate growth prospects that characterise the Eurozone, but also reflects the Trump Administration's approach aimed at economic policies to support domestic production, which imply a weakening of the American currency.

In a context of market rates that gradually rose higher than at the end of 2016, with volatility at all-time lows thanks to the action of the main central banks and in light of a scenario of synchronised global economic growth for the first time in a number of years, equity market performances were positive in 2017.

The Eurostoxx 50 Index, which is the Eurozone's leading blue-chip index, rose by 6.5%. The trend of the German DAX was remarkable with +12.5% (+0.7% in the last quarter of the year). The Italian stock exchange also did well: thanks to the improvement in the climate within the banking system and the stability of government bonds, the FTSE MIB index, which is full of financial stocks, rose by 13.6% (-3.7% in the fourth quarter). Lastly, the IBEX of Madrid, which was partly affected by the political tensions in Catalonia, turned in +7.4% for the year (-3.3% in the last quarter of 2017).

Moving the analysis beyond Europe, the Standard & Poor's 500 index, representative of the main US listed companies, posted +19.4% this year (+6.1% in the fourth quarter), while in Japan the Nikkei index was positively affected by the fiscal and monetary support given to the economy, gaining 19.1% during the whole of 2017 (+11.8% in the fourth quarter).

Lastly, as regards the emerging market stock exchanges, in line with the positive trend of the economy as a whole, the most significant index, the Morgan Stanley Emerging Market, in 2017 achieved an appreciation of 27.8% (+5.3% in the fourth quarter).

The iTraxx Senior Financials index, which is representative of the average spread for companies with a high credit standing in the financial sector, fell by 15.6 basis points from 59.6 to 44.0 in the last quarter (over the whole of 2017, the index moved in the other direction, falling by 49.6 basis points from 93.6 to 44.0). The improvement is largely due to the strengthening of the European banking system, in a context of solid economic growth, and to a steeper market rate curve, which favours the profitability of banks.

MARITIME ACTIVITY

Despite some signs of recovery in 2017, the global context of maritime activity was still suffering, negatively affected by the protracted effects of the severe economic and financial crisis that began in 2007-2008, and by the impact of extraordinary events (such as the slowdown in the Chinese economy, the weakening of many developing countries, the unsolved crisis of the banks, the continuation of terrorist acts, the war in Syria, the humanitarian crisis in the Mediterranean and the attempted coup in Turkey).

At international level, the difficulties of the sector are made evident by the failure of the South Korean giant Hanjin Shipping, one of the leading shipping companies, which has hit hundreds of creditors worldwide.
Overall, cases of bankruptcy are on the increase, jeopardizing transport security. In fact, when debts are high and revenues insufficient, shipowners try to lower the cost of maintenance and crew training, increasing the risks and the consequent loss of business.
Inadequate safety standards remain a problem especially in some areas of Asia, where bad weather, poor maintenance, weak regulatory implementation and excess passengers have contributed to accidents.

In Europe, the ship owners with the most problems are the Germans, who have the fourth largest commercial fleet in the world and have made heavy use of the banking system.
The banks have financed maritime transport to a huge extent, with estimated investments of around Euro 90 billion at the end of 2016, mostly for the container segment. The overvaluation of ships and the drop in freight rates make new investment unprofitable, while receivables are becoming non-performing.

In this way, banks often reject the restructuring projects presented by shipowners, as recently happened to Rickmers, one of the most important shipping groups in Germany, with 114 ships and over 2 thousand employees.
And analysts are now wondering if, after Rickmers, others will be affected, with a domino effect that is hard to manage.

Combinations between large companies are also continuing. The merger between Hapag Lloyd (Germany) and United Arab Shipping Company (UASC) was recently completed, while Hamburg Sud has been absorbed by Maersk Line and the acquisition of OOCL of Hong Kong by the Chinese state giant Cosco is nearing completion. In addition, the strongest companies have joined together in alliances, the most important ones being "The Alliance", "2M" and "Ocean Alliance".

The race for naval gigantism is continuing: 2017 marked new records for the size of container ships being delivering. And it looks as though there will be a high number of mega units in 2018 as well; which confirms that the market is going towards the use of gigantic hulls, with no signs of a rethink to date.
The delivery in May 2017 of the largest container ship in the world, the OOCL Hong Kong of 21,413 teu (unit of measurement referring to a 20-foot container) is emblematic. And the French shipping colossus, CMA CGM, has decided to order even larger ships, of 22 thousand teu. The principle that drives these decisions is always economies of scale.
Moreover, this phenomenon is potentially a harbinger of higher costs related to accidents (especially for the removal of wrecks and environmental impact), put at between 2 and 4 billion dollars.
The increase in size of these new ships raises questions not only about the economic management of shipping companies, as commercial ports around the world will have to invest heavily so that they are equipped to accommodate larger and larger units. Many ports will have to build larger quays and dredge the seabed, if they are not to be cut off from sea trade.
As regards container ships, almost two thirds of the global order book is represented by ships with a transport capacity of more than 12 thousand teu.
Cosco (30 ships on order for a capacity of 521 thousand teu) and Evergreen of Taiwan (32 units on order for 290 thousand teu) are the shipping companies that currently have the most expensive order book.
MSC, the world's number two company by container ship fleet behind Maersk, has announced that, starting from 2019, eleven new units will enter service, all of 22 thousand teu.

With reference to the container transport market, after a long period of crisis, it is now seeing an increase in demand and better freight rates, which have risen to levels close to break-even or slightly higher, but still far from those of 2006/2007.
The difficult situation persists mainly because of the continuing war on loading prices and the persistent and generalised overcapacity, which affects this sector above all.
In fact, the sector is always at the mercy of new ships being delivered, the result of orders commissioned by shipowners up to 2015, which are likely to push freight rates back down to alarming levels.
Moreover, the lower cost of transport determined by large ships could also stimulate rapid growth in the movement of containerised goods.
The sector therefore remains under the sword of Damocles of excess supply, although there has been a certain amount of growth in the volumes transported, a direct consequence of a world economy that is improving on that of 2016.
In fact, the import of containers from Asia, North America and Europe has increased, with a rise in the

demand for containers in 2017 estimated at 5% at least (it was around 4% in 2016).
The two main container routes are from the Far East to Europe, through the Indian Ocean, Suez, the Mediterranean and possibly the North Sea, and from the Far East to the American West Coast, across the Pacific Ocean.
According to international analysts dealing with the shipping industry, this crisis situation will continue for the next two years and we will have to wait until at least 2020 for a complete stabilisation of the sector.

The good performance in the raw materials trade, despite the growing protectionist temptations, has led the relaunch of maritime freight rates for dry cargo, in particular for "capsizes", the dry ships of greater tonnage (120-190 thousand tons), and "panamaxes" (74-84 thousand tonnes).
Hopes of favourable prospects are being inflated by the Baltic Dry Index, which has risen to its highest level for almost three years: at the end of 2017 it reached 1,366 points, with an increase of around 50% in the last few months.
After years of difficulty, which culminated in 2016, a real *annus horribilis*, rates are now profitable again for all segments of the fleet, despite being very far from the peak seen in 2008, when it shot up to over 11,000 points.
As always, when it comes to raw materials, China has played a decisive role in freight rates. After a period of decline, its coal imports increased by over 20% in 2017. A boom which largely depends on Beijing's environmental policies, which have led to the closure of many coal mines and, therefore, to a decline in domestic production. Imports of ferrous minerals continued to gallop for similar reasons. Even soya bean imports are at an all-time high.
And it is precisely the progress of the "One Belt One Road" project, promoted by China as early as 2013, which has helped to maintain the freight rates of the various maritime sectors at an acceptable level.

The top shipowners in the world continue to be the Greeks, followed by the Japanese, growing compared with the past, and then the Chinese.

This confirms that the serious economic crisis that hit Greece, undermining a good part of the national production, did not affect the supremacy of Athens in the shipping field, which preserves a ship-owning system in good health, in terms of its history, culture and regulatory framework.
For Greece, the maritime sector accounts for about 8% of GDP and around 6% of all workers in employment work in the shipping sector.
Companies in the maritime sector (not only ship-owning, but also fleet management for third parties) with headquarters in Greece are granted an advantageous tax regime (more than the tonnage tax, the non taxation of dividends).
Greek shipowners are primarily managers, preferring to leave commercial promotion to others. They are also very active in the second-hand market, where they operate in an anti-cyclical manner. In recent years, they have started speculating again, buying ships, especially bulkers, sometimes keeping them out of service, waiting for a recovery in the market.
The Greeks are shipowners with a fleet of few ships to hire and very high financial sensitivity. They were the first to internationalise their companies, access the financial market and resort to private equity.
Freighter ships owned by Greek companies are mainly bulkers and tankers, followed by container ships.
Even though there is a consolidation going on that is making small operators disappear, there are still many companies with Greek owners that have just one or two of their own ships.

As regards the Italian fleet, based on the latest figures, the bleeding away of tonnage that took place after the peak in 2012 seems to have come to an end in 2016.
In fact, at the end of 2016, the Italian merchant fleet remained stable, with 1,474 ships for a total tonnage of 16.54 million tons (1,476 ships and 16.59 million tons of tonnage at the end of 2015).
Cruise ships and ferries have grown, while general cargo ships have contracted by 23%. Bulk carriers (used for the transport of non-liquid cargoes) have fallen by almost 7%, and the balance of container ships is also negative.
The figures updated in June 2017 confirm the importance of the Italian fleet: it is still third among G20 countries, second in the European Union and fourth in the world among those where the ship's flag corresponds with the owner's nationality. Lastly, Italy is first in the world in the ranking of the main fleets of ferries and "ro-ro paxes" (roll-on roll-off ferries for vehicles and passengers).
Moreover, it should be noted that the local shipowner situation in Italy remains difficult, with a number of long-standing Italian shipping companies changing hands during 2017. The phenomenon of mergers and reorganisations in recent years has recently become even more marked, and now reinvigorated by increasingly insistent large international investment funds wanting to enter this field.

The propensity to demolish ships continued in 2017, but less than in the past, essentially because of a steady increase in charter prices.
The only exception is the oil tanker segment, where demolitions have doubled since 2016. In fact, in 2017, 169 tankers ended up in the breaker's yard, for more than 13 million tons of gross tonnage. This was a new record, a giant leap forward on the 88 units that were removed from the market in 2016, which represented almost 5.3 million tons gross.
Such demolitions frequently occur by stranding the ships in intertidal coastal zones (i.e. subject to very high and very low tides), particularly in Pakistan, Bangladesh and India, and then dismantling them in precarious working conditions.
Shipowners are not the direct senders of ships sent for demolition on Asian beaches, as the end-of-life cycle of a merchant ship passes through the hands of cash buyers, who provide the ships with a new flag of convenience and then sell them to those who offer the best price for the steel.

On the maritime piracy front, the figures updated to September 2017, published by the International Maritime Bureau (IMB), indicate a decline in such acts compared with 2016.
They have concerned in particular Nigeria, the south of the Philippines and Indonesia, as well as the coasts of Somalia. New areas subject to risk have been added, namely by the waters off the coasts of Venezuela and Libya.
The Gulf of Guinea, which also includes the waters off the coast of Nigeria, is the most worrying area, as this is where more than half of the attacks have occurred. The ships attacked in these waters were general cargoes, bulk carriers and tankers (ships used to transport liquids or gases).
Somalia, which in the past had represented an area of maximum danger, after several years of no criminal events, in early 2017 it saw a resurgence of incidents.
The instability of the political situation in the Horn of Africa, particularly the Gulf of Aden overlooked by Somalia, offers asylum to pirates, who infest a stretch of sea essential for European traffic, as it is located on one of the main sea routes for the Middle East and Asia.
Maritime piracy has become a problem of increasing relevance, which not only causes economic costs for damage to ships, stolen goods and delays in arrival, but also endangers the fate of the crew.
The international community has made armed forces available to repress any illegal act closely linked to

piracy, in order to guarantee the freedom of the seas and maritime traffic.
Safeguarding the freedom of the seas and maritime traffic entails considerable costs, which in some way gets passed on to the prices of goods and fuel.

In terms of ecology, also thanks to the new regulations that will come into force in two years, shipowners are also beginning to focus on reducing emissions that pollute by ordering dual-fuel ships, which can also run on liquefied natural gas (LNG).
In fact, starting from 2020, international regulations say that all ships will have to use fuel with a sulphur content of not more than 0.5%. this type of fuel, which is not yet available on the market, is expected to have a high cost. What's more, the same regulations provide that fuel with a 0.1% sulphur content must already be used in the emission control areas (ECA).
So, by 2020, ships will have to equip their engines with "scrubbers" (a sort of catalytic converter, which is expensive and which not always satisfies the needs of some ports). Investments in scrubbers ("catalysing ships") are very expensive, starting at 2 million euro, and to date not more than 300 ships have opted for this emission reduction system.
As an alternative to scrubbers, they will have to find other clean emission systems. One of these, already planned on ferries and on some cruise ships under construction, is to use engines that run on LNG.
The cost of a dual fuel engine decreases in proportion to the total cost of the vessel. A container ship also has to sacrifice about 400 container spaces to make room for tanks containing 18 thousand cubic metres of LNG. This should be sufficient to allow ships to travel between Asia and Europe without having to stop to refuel.
Shipowners can also cope with polluting emissions by reducing the cruising speed of their fleet. Analysts are of the opinion that a 30% reduction in speed, combined with better management of traffic on trade routes, should reduce carbon dioxide emissions globally by 2.5 billion tons.
In any case, many owners have already made a move. The cruise sector is veering more and more towards LNG propulsion, both for new units (as in the case of Carnival) and for retrofits, while some do not disdain hydrogen (e.g. Royal Caribbean).
But green fuel is also coming to the cargo sector, for oil tankers, bulk carriers and container ships.

SHIPBUILDING

The shipbuilding industry still has to come to terms with these difficult times; because, although orders are up compared with 2016, they are still significantly lower than the peak in 2013, which continued until 2015.
In fact, while greater confidence is pushing orders for certain types of bulk carriers, the financial factor continues to be limiting it, as European banks still have to handle major bad debts from the maritime transport sector. With the result that medium-sized companies are encountering considerable difficulties in accessing credit.
The return to orders is also determined by a slightly more speculative attitude in the dry bulk sector (thanks to the recovery in freight rates seen during 2017), while the growth in tankers is more opportunistic (due to the favourable construction prices offered by shipyards).

In 2017 the merchant shipbuilding market continued to be dominated by the sector's three majors: China (48% of new ship orders received at 27 yards), South Korea (27%, at 9 yards) and Japan (9%, at 13 yards).
We can see how China, which in 2015 had been approached by Japan as the top shipbuilding nation in the

world, has regained the world record, with 198 units, against the 112 of South Korea.
Moreover, the latter appears to be the top builder only in larger tankers and container ships.

While the market for non-passenger shipbuilding is still weak, Europe, and especially Italy, is seeing a boom in orders, brought about by the cruise sector. For the latter, the overall world order book at the end of September 2017 counted 80 units to be built by 2025, of which 77 were commissioned to European shipyards.
In fact, the cruise ship sector is going distinctly against the trend and the European shipbuilding industry, with orders mainly for passenger units, has a higher market share than that of Japan and Korea, to an extent that we have not seen since the turn of the century.
Italy has a leading role in this positive European scenario.
Led by Fincantieri, which also controls the Norwegian Vard shipyards, the Italian shipbuilding industry is a leader in the cruise segment, managing a major share of orders worldwide. With the purchase of Stx France by Fincantieri, the Italian shipbuilding industry will consolidate its position of pre-eminence, reaching a share of over 50% of the order book.

With regard to shipbuilding for standard, high-tech and offshore vessels, there has been a fall in this market, also as a consequence of shipowners buying an excessive number of units in recent years, often driven by speculative interests.

THE INSURANCE MARKET

In Italy, the latest figures available refer to the first half of 2017, in which total premium income amounted to € 71.3 billion, down by 7.9% compared with the same period of 2016.
This declining trend is mainly due to the 10.6% decrease in life premium income, which represents three quarters of the total and which last year had already ended its expansionary phase in the period 2013-2015.
During the same period, non-life business increased by 0.7% to € 18.4 billion and reversed the continuing contraction of the sector that began in 2012.

As regards the Solvency II regime, at the end of the second year after its introduction, the first reports were published, including one edited by Ania, in collaboration with a leading international consulting firm.
This last report makes it possible to draw some conclusions about on the Italian insurance market, also in comparison with the rest of Europe.
The picture that emerges is characterised by advanced corporate governance structures on the part of Italian insurance companies, together with high indicators of capital solidity.
In fact, with reference to 2016, Italian companies have an average solvency ratio of 220%, similar to that of our French competitors (223%), but higher than that of the Dutch (177%), Belgians (176%) and British (151%). The Germans lead the ranking (323%), followed by the Danes (304%).
Analysing the Italian market in more detail, the Solvency II metrics highlight the mainly financial nature of Italian companies, also due to the prevalence of the Life segment compared with the Non-Life segment.
But the report in question leaves another question open. Before starting the new prudential supervision system, Eiopa had assumed a significant advantage, in terms of Solvency Capital Requirement, for companies that opted for the internal model (tailor-made by the individual company and approved by the regulatory authorities) and therefore more precise than the standard formula. In other words, they could have saved capital.

However, from the analysis published by Ania, this advantage in terms of capital does not appear so evident, with the result that companies preferred to make this choice rather than take advantage of the opportunity to present their risk profile in a better way.

The introduction of new technologies poses new challenges and new questions for the world of marine insurance, mainly represented by cyber risks (attacks by cyber-pirates in the world have increased by 15%), and by the complexities involved in the upcoming introduction of unmanned ships.

As far as cyber risk is concerned, the challenges faced by insurers in dealing with cyber risk are numerous. The insurance cover for this type of risk has a dual characteristic. On the one hand, it forces companies to map their risks, carry out a vulnerability analysis and an assessment of the challenges. This helps to make companies more aware of their exposure to cyber risk and allows them to rationally assess both the costs of prevention and protection and those of risk transfer through insurance. On the other hand, only the insurer can protect the company from losses that a cyber attack or unintentional error can generate. These losses can be significant and even endanger the survival of the company. The insurance aims to cover the risk that prevention can not avoid.
In Europe, the IT insurance market is progressing, but it is still in its infancy. Europe accounts for less than 10% of cyber coverage. The development of this market will depend not only on an increase in demand, but also on better supply.
The shipping industry has become more aware of these risks with the Maersk and Bw Group computer attacks, as well as the suspicion that the recent collision against the US Navy ship "USS McCain" may have been caused by a cyber attack.
In this sector, the greatest vulnerabilities for insurance companies involve control of the ship, monitoring the passenger access to cruise units and the cartography, which by now is all filed electronically.

As for unmanned ships piloted by an onshore control room or even without human intervention (if not supervision of how the guidance and control systems are working), there are still many unresolved questions, especially of a legal nature, which tend to hinder their introduction.
For example, all international navigation safety conventions, from Unclos to Solas to Marpol, to name a few, are based on the premise that ships have a crew on board. And even the chief remote controller, the person that would govern an automatic ship from an onshore control room, is similar to the captain, but not exactly the same.
Last but not least, there is the question of the interaction between the ship and the technical-nautical services and with the Port State Control.

As regards insurance in the "Hulls" sector, it is affected by the difficulties encountered by the shipping industry as a whole.
The lack of verve in maritime traffic generally, persistently low freight rates, even if they are improving, and excess capacity continue to weigh on premium rates, which are still inadequate compared with the underwriting risk.
Even though international markets are still very competitive, they are showing the initial signs of a slowdown in rate decreases. This is due to the negative results of the Marine sector at a global level, as well as the recent natural disasters (Hurricanes Harvey and Irma, above all), the impact of which on the insurance sector is proving to be very significant.
However, the propensity for short closing (i.e. cancelling existing policies and replacing them with new

ones of longer duration) shown by some international brokers could be a good omen for the expected and hoped-for recovery of insurance quotations.

The Cargo sector in 2017 saw a climate of cautious optimism about the real possibility of an economic recovery. However, the signals still appear to be very weak.
The insurance market in this sector continues to be influenced by the high level of competition, with a downward trend in the premium rates applied to the value of goods and company revenues.
The fall in raw material prices (especially oil) and the contraction in company revenues, which are both parameters for calculating insurance premiums, are also penalising factors.
Customers' attitude of always looking to save on insurance costs and continuously searching on the market for more competitive offers, which has been going on for several years, continued in 2017.
With the aim of increasing the volume of premiums and offering complete insurance solutions to their customers, some companies continue to practice a very aggressive insurance policy, offering very high discounts even where they would not be allowed by underwriting trends.
In this unfavourable context, the Company remained true to its policy, by avoiding the assumption of risks that had not been correctly measured with inadequate premium rates, while we continued to analyse individual risks carefully, without overlooking any technical aspects.

Lastly, as regards the outward reinsurance market, 2017 did not see any significant changes compared with the recent past, with professional operators continuing to show the same interest in the technical validity of the business transferred to them.
In particular, for optional transfers (of both Hulls and Cargo business) the market offers ample capacity and no real changes are expected in the near future.

Based on the latest available official data published by Ania concerning the premiums for Italian direct business written in 2016, the Company continued to rank near the top of the "Marine" sector.
In particular, it came second in the "Hulls" sector and fourth in the "Cargo" sector, with shares of 27% and 7% respectively (22% and 9% in 2015).

In 2017, as in the past, the Company continued in its intent to provide the best possible service to policyholders, while adopting a technical underwriting policy for new business designed to earn satisfactory and adequate margins.
Also of primary importance is the goal to maintain and strengthen the relationship with our customers, with a view to continuity of relationship, which is also sought in dealings with our reinsurance counterparties.

THE REGULATORY FRAMEWORK

Directive 2013/34/EU ("Accounting Directive") was transposed into Italian law through the approval of Legislative Decree no. 139 of 18 August 2015 and Legislative Decree no. 136/2015. It introduced several innovations relating to the preparation of separate and consolidated financial statements.
These changes led to a process of updating the national accounting principles issued by the OIC, already applicable to last year's financial statements.

The new accounting rules also involved the financial statements of insurance companies, which are

governed by a special sector regulations.
In fact, Legislative Decree 139/2015 amends the provisions of the Civil Code regarding the financial statements as well as Legislative Decree 173/1997, but limiting the number of changes that are applicable to the insurance industry. As can also be seen from the parliamentary report accompanying the decree, the legislator intended to exclude the application to insurance companies of accounting standards that could potentially bring into the financial statements misalignments of a purely accounting nature, due to inconsistencies in accounting policies compared with those applicable to typical insurance items.
As a result, neither the amortised cost method for the measurement of securities, receivables and payables nor the measurement of derivatives at fair value apply to insurance companies.

The amendments to the new OIC accounting standards were issued on 29 December 2017 and take effect from the financial statements starting on or after 1 January 2017.
These amendments are also applicable to the financial statements of insurance companies, either because they are of a general nature or because they refer to provisions also implemented by sector specific regulations.
In particular, they are OIC 16 (Tangible Assets), OIC 19 (Creditors), OIC 21 (Investments) and OIC 24 (Intangible Assets).

RESULTS OF OPERATIONS

Given all of the above, the Company closed 2017 with a profit before tax of € 7,312 thousand, which is down on the € 9,118 thousand reported in 2016.

Net profit for 2017 was € 5,186 thousand, compared with € 6,164 thousand in the prior year.
The tax burden has decreased compared with 2016, as a result of the reduction in the IRES rate from 27.50% to 24.00%, which took place as from the current year.

The following table summarises the statement of income for 2017, with comparative figures for 2016:

(in thousands of euro)	2017	2016
Underwriting result	**6,069**	**7,008**
Net investment income	3,511	3,956
Capital and financial charges	(1,572)	(1,538)
Investment return transferred to the technical account	(1,132)	(1,418)
Other income (expenses), net	206	634
Net extraordinary income (expenses)	230	476
Profit (loss) before taxes	**7,312**	**9,118**
Income taxes for the year	(2,126)	(2,954)
Net profit for the year	**5,186**	**6,164**

With respect to the results for 2017, based on the data set out above, the key factors, which will be discussed more fully in the rest of this report, are as follows:

- The underwriting result, net of the reduced investment return transferred from the non-technical account, decreased from the previous year.
  This decrease is mainly due to the unfavourable trend in claims of the "Hulls" sector, penalised by an rising number of serious accidents;

- investment income, net of the related capital and financial charges, shows a decline due to the decrease in gains from sale.
  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. It has decreased essentially because of this decline in investment management;

- other income (expenses) net, show again a positive balance, although with a decrease compared with 2016. This change is mainly attributable to the recognition in "Other expenses" of the non-deductible VAT on administration expenses (€ 580 thousand), which was previously recorded as an ancillary administration expense. The change was made to comply with Group accounting practices.
  The following items, among others, contributed to the formation of this balance:
  • for debtor balances which could prove difficult to recover (other than amounts due from policyholders) a provision for doubtful accounts was made for € 80 thousand (€ 164 thousand in 2016).
    At the same time, this provision was used for € 1,002 thousand (€ 719 thousand in 2016);
  • the effects of the trend in foreign exchange differences, which produced a negative net balance of € 50 thousand (having been positive for € 40 thousand in 2016), is mainly due to fluctuations in the US dollar and UK pound exchange rate.
    In this regard, note that careful management of the mismatching in foreign currencies allowed us, as in the past, to minimise the effects of exchange differences, despite there being a high proportion of foreign currencies (especially the US dollar) used in the Marine sector.
  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.

- extraordinary items, net, have decreased due to lower non-recurring proceeds and mainly include out-of-period income and expenses.

- the tax pressure (29.1%) is lower than the previous year (32.4%), for the reason mentioned above.
  Income taxes of € 2,126 thousand are made up mainly of IRES for € 1,600 thousand (€ 2,400 thousand in 2016) and IRAP for € 350 thousand (€ 350 thousand in 2016).
  As in 2016, they do not include any amount for taxes to be paid in EU countries where there are foreign permanent establishments (which would not be recoverable in Italy), as there is no reason for such a provision.
  Income taxes include deferred tax assets of € 234 thousand (€ 282 thousand in 2016) and deferred tax liabilities of € 58 thousand (€ 78 thousand in 2016)
  Further details are provided in Section 21, point III.14, of the explanatory notes.

Lastly, it is worth mentioning that the very positive result achieved in 2017 was thanks to the usual professionalism and competence demonstrated by the entire staff, to whom we reiterate our esteem. We are counting on their support to do even better in the future.


1967
2012

INSURANCE BUSINESS

Underwriting result

The underwriting result for the years ended 31 December 2017 and 2016 is composed of the following:

(in thousands of euro)	2017	2016
Earned premiums	137,491	134,021
Charges related to claims	(99,657)	(73,358)
Other technical income	(1,350)	(1,599)
Operating expenses	(32,852)	(29,942)
Gross underwriting result	**3,632**	**29,122**
Balance of outward reinsurance	**1,400**	**(23,441)**
Change in other non-technical reserves	(95)	(91)
Investment return transferred to the non-technical account	1,132	1,418
Net underwriting result	**6,069**	**7,008**

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

They show a significant decrease in the gross underwriting result, essentially due to the growth in claims which hit the "Hulls" sector, thwarting the appreciable increase in premiums. Given the reinsurance policies adopted by the Company, this result is improved by the amount charged to the reinsurers.

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

- earned premiums have risen in line with the increase in the volume of premiums written (+10.0% on 2016, despite the weakening of the US dollar that took place during 2017;

- charges related to claims show a significant increase, for the lower impact of serious accidents in the year (in terms of number and amount) related to the "Hulls" sector.

  Moreover, note that the trend in claims during the previous year was particularly favourable for this sector. As in the past, we would reiterate the usual caution that the Company normally applies when making reserves;

- other technical income is substantially stable;

- operating expenses rose as a result of increased production, as they also include the commissions paid to the broker network;

- the amount of the change in other non-technical reserves is in line with that of the previous year;

- as regards the investment return transferred from the non-technical account, it has decreased as a result of the lower return on investments, net of capital charges, compared with 2016.

The foregoing is also reflected in the net combined ratio, which comes to 88.7% and has slight increased compared with the prior year ratio of 86.1%.

Gross premiums earned and recorded

The premiums earned in 2017, compared with those of 2016, are as follows:

(in thousands of euro)	2017	2016
Gross premiums written	146,084	132,854
Premiums transferred for reinsurance	(100,321)	(92,214)
Change in the gross unearned premiums reserve	(6,815)	701
Change in the unearned premiums reserve to be borne by reinsurers, including the balance of portfolio movements	6,097	(499)
Net exchange differences on the incoming unearned premiums reserve	(509)	142
Earned premiums, net of reinsurance	**44,536**	**40,984**

There has been a substantial stability in the incidence of total premiums ceded to reinsurers, which comes to 68.7% (versus 69.4% the previous year).

The following table gives details of premiums earned in 2017, with comparative figures for the previous year:

(in thousands of euro)	2017	2016
Italian direct business		
Hulls	93,245	83,306
Cargo	24,763	23,283
	118,008	**106,589**
Motor third-party liability	3,471	3,323
General third-party liability	2,937	2,568
Pecuniary losses	1,778	1,344
Other property damage	1,015	1,147
Other minor business	377	312
	9,578	**8,694**
Total direct business	**127,586**	**115,283**
Indirect business - Italy		
Cargo	9,760	10,106
Motor third-party liability	3,882	3,504
Hulls	3,067	3,257
Other minor business	549	591
	17,258	**17,458**
Indirect business - Abroad	**1,240**	**113**
Total indirect business	**18,498**	**17,571**
Grand total	**146,084**	**132,854**

Note that direct business is entirely Italian and includes policies issued by permanent establishments abroad, all located in EU member countries.
To be more specific, they are situated in Belgium and Germany.
In this regard, note that, in November 2017, a communication was sent to IVASS to announce the termination of the permanent establishment in Belgium from 1 January 2018. From that date, operations in this country will continue under the unrestricted provision of services.

Comments on these figures are summarised below:

- 2017 production is essentially attributable to the "Marine" sector, as in the past.
  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 allocated to non-Marine 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;

- generally speaking, production for the year shows a considerable increase. This mainly refers to direct business, although indirect premiums have also increased.
  The increase in direct business is essentially attributable to the Hulls sector.
  Indirect business is mainly constituted by transfers from the parent company UnipolSai Assicurazioni S.p.A.
  These figures have been negatively affected by the considerable depreciation (-13.8%) of the US dollar during the year (its exchange rate to the euro was 1.1993 at 31 December 2017, compared with 1.0541 at 31 December 2016) against the EU currency.
  In fact, much of our business is written in US dollars, especially in the "Hulls" sector;

- premiums of the "Hulls" sector show a significant increase mainly due to the acquisition of new policies, also under third-party mandates, and to the strengthening of our presence in international markets. This increase was also helped by the postponement of certain policies for accounting purposes, including those with a duration of more than 12 months.
  In this difficult context the Company maintained its portfolio of Italian and foreign mandates, which represent the backbone of this sector. Where necessary, appropriate contractual changes have been made and, in some cases, our presence in selected, quality business deals has been increased.
  At the same time, we refused to renew certain quotas with unsatisfactory statistics and avoided subscribing new ones, which did not offer sufficient indications of profitability.
  The production related to shipbuilding is increasing, as is that related to boating, while the incidence of war risks is in line with that of the previous year.
  Despite difficult market conditions, the Company managed to maintain its Italian and foreign customer portfolios.

  This increase was helped by the "A-" rating assigned in May 2016 and confirmed in June 2017 by the leading international rating agency AM Best, which specializes in the insurance industry.

  As usual, production was generated by applying unchanged, strict underwriting policies and by focusing on the retention of business that is likely to be remunerative;

- the "Marine Cargo" sector's direct premiums have increased slightly on 2016, but this indicates above all that the decline in production that characterised previous years has come to an end (mainly thanks to portfolio selection).
  This despite the persistently unfavourable economic situation (especially as regards the domestic component).

  In this difficult context, the Company remained true to its policy, by avoiding the assumption of risks that had not been correctly measured with inadequate premiums, while we continued to analyse individual risks carefully, without overlooking any technical aspects. Where possible, lost contracts were replaced by new business;

- direct premiums in the Elementary and TPL Motor sectors as a whole are showing significant changes on the previous year.
  As indicated above, these premiums are fed almost exclusively by business from the "Marine" sector.
  In addition, the indirect business in the Motor third-party liability sector relates entirely to carrier liability business coming from the Cargo sector;

- as regards indirect business, Italian production is not dissimilar from that of 2016 and foreign production has had a good development. The latter is essentially attributable to the business gained on the Dubai and Singapore markets;

- indirect premiums from the unrestricted provision of services were not significant, while the related direct premiums totalled € 43,201 thousand (€ 39,333 thousand in 2016).
  These premiums relate solely to the Hulls sector for € 37,319 thousand (€ 34,489 thousand in 2016) and to the Cargo sector for € 5,882 thousand (€ 4,844 thousand in 2016);

- a geographical analysis of gross direct and indirect premiums is provided below:

(in thousands of euro)	2017	2016	2017	2016
• in Italy			134,821	122,495
• abroad, via permanent establishments located in:				
Belgium	6,139	4,752		
Germany	5,124	5,607	11,263	10,359
			146,084	132,854

Lastly, no new insurance products worthy of mention were launched during the year.

Outward reinsurance

The reinsurance policy adopted in 2017 has had an overall approach that is substantially similar to the usual one of the past, with the same interest being shown by professional operators in the technical value of the business being offered to them.

In general terms, a fairly high percentage of our "Marine" business, especially with reference to the "Hulls" sector, continues to be placed on a proportional basis with reinsurers, in view of the substantial exposures and often large sums insured.

We also made widespread use of optional transfers, especially of the Hulls business, for which the market offers ample capacity. We do not expect significant changes in the near future.

Moreover, the residual exposure is usually reduced by stop-loss cover in the event of serious disasters.

Similarly to the past, placements to reinsurers have been carried out on the main markets, both in London and in other international countries, again through primary brokers.

The outward reinsurance plan and the reinsurance guidelines for 2017 were approved by a special resolution of the Board of Directors, as foreseen in IVASS Circular 574D/2005.

Charges related to claims

Charges related to claims in 2017, with comparative figures for 2016, are as follows:

(in thousands of euro)	2017	2016
Gross claims settled	95,103	100,259
Claims settled borne by reinsurers	(65,081)	(71,765)
Change net of recoveries	(4,698)	(1,515)
Change in the gross claims reserve	15,947	(20,692)
Change in the claims reserve borne by reinsurers, including the balance of portfolio movements	(18,780)	16,524
Net exchange differences on the incoming claims reserve	1,976	(574)
Settlement costs, transferred from the non-technical account	1,300	1,277
Expenses related to claims, net of recoveries and reinsurance	**25,767**	**23,514**

The amount of claims settled in 2017, 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	79,635	9,029	88,664
Settlement costs	4,071	-	4,071
Direct costs	2,368	-	2,368
	86,074	**9,029**	**95,103**

With regard to direct business, the following breakdown by sector of claims settled in 2017 is compared with similar data for the previous year:

(in thousands of euro)	2017	2016
Hulls	65,508	64,109
Cargo	12,465	12,392
	74,973	**76,501**
Motor third-party liability	1,848	3,073
General third-party liability	1,718	4,177
Pecuniary losses	551	1,007
Other property damage	454	1,284
Other minor business	91	22
	4,662	**9,563**
Total direct business	**79,635**	**86,064**

Analysis of the above data indicates a major decrease in direct business claims settled in 2017 compared with the previous year.
The decrease is mainly attributable to sectors other than the Hulls and Cargo sectors and is explained below.

In addition, payments in these periods were affected by the significant depreciation (-13.8%) of the dollar against the euro, with a closing rate at 31 December 2017 of 1.1993, compared with 1.0541 at 31 December 2016.

An analysis of claims settled for direct business is presented below:

- payments in the Hull and Cargo sectors during 2017 were in line with the prior year;

- for the other sectors, the increase is correlated to the settlement of some claims under third-party mandate occurred in 2016.
  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.

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" 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 Hull and Cargo sectors, no indication of settlement speed is given as it is not considered representative of the situation in question.

With regard to the claims payable reserve, it amounts to € 215,038 thousand (€ 199,091 thousand as at 31 December 2016) and is made up as follows:

(in thousands of euro)	31.12.2017	31.12.2016
For reimbursements and settlement costs	188,301	171,042
For accidents occurred, but not reported	26,737	28,048
	215,038	**199,090**

The related increase is mainly attributable to the Hulls sector following the rise in serious claim advices occurred during the year.

It is related to direct and indirect business for € 175,589 thousand and € 39,449 thousand respectively (€ 157,703 thousand and € 41,387 thousand at 31 December 2016).

SALES ORGANISATION

During the year, the distribution organisation did not change, both in Italy and abroad.

In Italy, the distribution network at 31 December 2017 consists of 17 general agents and 195 brokers (16 and 198, respectively, at 31 December 2016).
Geographically, 76.9% are located in the North (163 intermediaries, compared with 165 at 31 December 2016) and 23.1% in the Centre – South (49 intermediaries, unchanged compared with 31 December 2016).

Abroad, the organisational structure consists of permanent establishments located in Belgium, and Germany.

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

Acquisition expenses totalled € 25,682 thousand € (€ 23,029 thousand in 2016), up on the previous year due to the growth in production.
Of these costs, € 20,809 thousand related to direct business (€ 18,742 thousand in 2016) and € 4,873 thousand to indirect business (€ 4,287 thousand in 2016).

The ratio of commissions paid to third parties for new direct business to the related premium income was 16.3% (16.2% in 2016). The one to indirect business was 26.3% (24.4% in 2016).

PERSONNEL AND ADMINISTRATIVE EXPENSES

At 31 December 2017, the Company had 105 employees (102 at 31 December 2016), including 4 executives, 18 middle managers and 83 office staff.
Among them, 48 were on part-time secondments to the Parent Company and to subsidiaries.

In addition to these, at the same date the staff also included 47 employees in Group companies (49 in 2016) the latter on secondments (25 full-time and 22 part-time) seconded to the Company principally in the performance of duties related to the operations of the "Marine Hub".

The full time equivalent (FTE) headcount, that is, considering actual working hours, in 2017 was 144 employees (143 in 2016).

After allocating a proportion of personnel expenses and the depreciation of tangible assets to policy acquisition and claims settlement, administrative expenses amounted to € 7,178 thousand (€ 6,912 thousand in 2016).

PROPERTY AND FINANCIAL MANAGEMENT

During 2017, financial management operated in accordance with the guidelines of the Investment Policy adopted by the Company, and with the guidelines provided by the Group Investment Committee and by 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.

Financial management has focused on the bond sector, where we increased our exposure to Eurozone government bonds and financial corporate issuers and decreased our exposure to industrial corporate issuers.

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 2017, the duration of the portfolio is 2.87 years, a decrease on the end of 2016 (3.16 years), while complying with the limits imposed by the Investment Policy.

In the portfolio, which is denominated mainly in euro, there are positions in other currencies 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 2017 total investments amounted to € 130,292 thousand (€ 124,984 thousand at 31 December 2016), 4.2% up on the previous year.

Details are provided below:

(in thousands of euro)	31.12.2017	31.12.2016
Buildings	19,108	18,348
Shares and quotas	121	150
Mutual fund units	1,224	1224
Bonds and other fixed-income securities	108,595	103,842
Loans	33	68
Restricted deposits with banks	401	491
Deposits with ceding undertakings	810	861
	130,292	**124,984**

Bonds and other fixed-income securities and buildings continue to represent the bulk of total investments (98.0%, compared with 97.8% at 31 December 2016).

With regard solely to financial investments (excluding those in Group companies), shares and mutual funds invested in equities represent 1.2% of the total (1.3% at 31 December 2016) due to continuing caution in this area.

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

- Buildings have increased due to renovation and improvements carried out during the year.
  This caption solely comprises the commercial property that houses the company's headquarters and offices. A significant proportion of this building is rented to the parent company UnipolSai Assicurazioni S.p.A., while another part (which is also destined to be leased) is currently undergoing redevelopment;

- shares and quotas continue to be insignificant.
  This caption mainly refers to 31,384 shares of the indirect parent company Unipol Gruppo S.p.A., for an amount of € 79 thousand, held to service the "performance share" stock-based compensation plan for the Company's top managers.
  In addition to the above, this item also includes the shares of the affiliate UnipolSai Servizi Consortili S.c.a.r.l., for a total of € 41 thousand;

- the units in mutual funds (most of them equity-based) are unchanged in amount;

- bonds and other fixed-interest securities increase on the end of the previous year.

A distinct preference for government issues (especially domestic ones) which constitute 86.5% of the total (83.8% at 31 December 2016).
The portfolio, mainly in euro, includes positions in other currencies (exclusively US Dollars).

These are represented by fixed-income securities, € 79,551 thousand, and variable-income securities, € 29,044 thousand (€ 72,031 thousand and € 31,811 thousand respectively at 31 December 2016).

The long-term securities have a book value of € 29,668 thousand (€ 20,577 thousand at 31 December 2016).

They are represented by BTPs, having varying maturities between 2024 and 2032, with a carrying value of € 23,640 thousand.
In addition, they comprise € 4,050 thousands of Spanish government bonds and € 1,978 thousand of Portuguese government bonds.
At the year-end, the total market value of long term securities amounts to € 31,304 thousand.
During the year, long-term securities have not been sold or transferred to other portfolios.

- restricted deposits with banks, which consist of cash collateral, show a slight decrease in the year-end balance;

- 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 2017 (as at 31 December 2016).

The following subordinated bonds are held at year end:

Issuer: Vodafone Group
ISIN code: US92857WAZ32
Par value: 1,000,000 USD
Book value: 772,022 €
Issue: 26 September 2012
Maturity: 26 September 2022
Structure: make whole, up to maturity

Issuer: Pfizer Inc.
ISIN code: US717081DH33
Par value: 500,000 USD
Book value: 411,284 €
Issue: 3 June 2013
Maturity: 15 June 2023
Structure: callable at par up to maturity

Issuer: Apple Inc.
Isin code: US037833AK68
Par value: 790,000 USD
Book value: 632,992€
Issue: 3 May 2013
Maturity: 3 May 2023
Structure: callable at par up to maturity

Issuer: Monte dei Paschi
ISIN code: IT0005013971
Par value: 150,000 €
Book value: 149,833 €
Issue: 17 April 2014
Maturity: 16 April 2021
Structure: covered bond

Issuer: eBay Inc.
Isin code: US278642AE34
Par value: 1,500,000 USD
Book value: 1,181,419 €
Issue: 24 July 2012
Maturity: 15 July 2022
Structure: callable at par up to maturity

Issuer: AIG Insurance S.a.
Isin code: BE6277215545
Par value: 500,000 €
Book value: 489,464 €
Issue: 31 March 2015
Maturity: 30 June 2047
Structure: callable, on 30 June 2027, at par value

Issuer: Aviva Plc
Isin code: XS1242413679
Par value: 400,000 €
Book value: 392,917 €
Issue: 4 June 2015
Maturity: 4 December 2045
Structure: callable, on 4 December 2025, at par value

Issuer: NN Group Nv
Isin code: XS1550988643
Par value: 500,000 €
Book value: 503,293 €
Issue: 13 January 2017
Maturity: 13 January 2048
Structure: callable, on 13 January 2028, at par value

At year-end, the book value of the securities portfolio was € 6,420 thousand lower than its market value at the same date (€ 5,820 thousand at 31 December 2016).
This unrealised capital gain is related to bonds and other fixed-income securities for € 5,768 thousand, including long-term securities (€ 5,484 thousand at 31 December 2016), to mutual funds for € 611 thousand (€ 304 thousand at 31 December 2016) and to equities for € 41 thousand (€ 32 thousand at 31 December 2016).
As regards the capital gain on bonds and other fixed income securities, the amount related to investment securities was € 1,636 thousand (€ 936 thousand at 31 December 2016).

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)	2017	2016
Net profit from:		
shares		
dividends	8	-
net gains (losses) on disposals	13	3
net write-backs (writedowns)	-	-
	21	**3**
bonds and other fixed-income securities		
interest income	2,865	2,691
net gains (losses) on disposals	142	584
net write-backs (writedowns)	(26)	(55)
	2,981	**3,220**
other financial investments	-	-
buildings		
rental income	443	537
depreciation	(661)	(619)
	(218)	**(82)**
Total income, net	**2,784**	**3,141**
Expenses		
operating expenses	838	714
interest expense	6	8
Total expenses	**844**	**722**

As a whole, investment management produced a result significantly worse than that of 2016, in terms of both income and expenses.
As regards income, bonds obtained the worst return, whereas in terms of expenses, most are attributable to the property sector.

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;

- for bonds and other fixed-interest securities, we note that:

  • an increase in accrued interest, given the gradual rise in fixed-income securities and the related positive trading discounts;
  • a decrease in the trading balance, so as to protect the profitability implicit in the existing portfolio;
  • a balance of write-downs, net of write-ups, marginally decreasing;

- 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:

- a reduction in rents, due to lower expenses recovered from renters;
- a higher charge for depreciation, also for the part for own use, due to the greater value of the property;
- continuing renovations on the ground floor, though they are now at an advanced stage of completion, stepping up the work so that the property can start earning rent;
- the lease of four floors to the parent company UnipolSai Assicurazioni S.p.A. at current market conditions.

Operating expenses concerned the property sector for € 462 thousand (€ 530 thousand in 2016) and the securities sector for € 376 thousand (€ 184 thousand in 2016).
Operating expenses of the property sector decrease mainly thanks to the lower fees incurred for its management (€ 18 thousand, versus € 117 thousand in 2016) and lower IMU (€ 179 thousand, versus € 225 thousand in 2016) due to changes in the land register during the year.

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" (Register of Insurance Groups, no. 046), which in turn is subject to the direction and coordination of Unipol Gruppo S.p.A.
This means that the Company is subject to the direction and coordination of Unipol Gruppo S.p.A., pursuant to arts. 2497 of the Civil Code.
This activity had no effect on the company and its results.
UnipolSai Assicurazioni S.p.A. is the direct parent company, as it holds 94.61% of the share capital of the Company.

Having said that, note that the company does not hold, nor has it traded during 2017, any of its own shares or shares in companies belonging to "Gruppo Assicurativo Unipol", except as indicated below.

In fact, in addition to a marginal investment in UnipolSai Servizi Consortili S.c.r.l. (acquired in previous years), at 31 December 2017 there were ordinary shares of the indirect parent company Unipol Gruppo S.p.A. to service the "performance share" stock-based compensation plan for the Company's top management.
This plan was approved by the Shareholders' Meeting of 18 June 2013 and the acquisition was made in 2016 to implement the resolution of the Shareholders' Meeting held on 18 April 2016.
Of these, 43,192 were held at 31 December 2016 and, in July 2017, the members of top management were awarded 11,808.

INTERCOMPANY TRANSACTIONS

With regard to transactions with related companies, the principal intragroup activities relate to insurance business in the broadest sense (mainly reinsurance and coinsurance), 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.
In addition, reinsurance transactions are entered into with this company, in relation to the Marine sector.

Moreover, the following services were received from the parent company UnipolSai Assicurazioni SpA:
- 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.

The Company and its indirect parent company Unipol Gruppo S.p.A. have in effect a joint option for the tax consolidation.
The related agreement involves the transfer to the indirect parent company of the taxation and advances payable in relation to the Company's taxable income for IRES purposes.
Conversely, the indirect parent company pays over to the Company the amount of any taxes not paid as a result of using the tax losses, if any, transferred to it by the Company.

We also have reinsurance relationships with the affiliates Unipol Re and 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.

Conversely, the Company provides UnipolSai Assicurazioni S.p.A. with technical, operational and administrative services in the "Marine Insurance" sector.

The Company receives services from Unipol Banca S.p.A. relating to the bank account maintained with it, as well as safekeeping of the securities deposited with it.

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

With regard to transactions with companies subject to the management and coordination of the indirect parent company Unipol Gruppo S.p.A., we show below a summary of the significant ones, 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)*							
Coinsurance trans.	-	(20)	-	-	-	-	-
Reinsurance trans.							
- active	2,192	-	(4,239)	(34,508)	17,228	(8,389)	(3,371)
- passive	-	-	18	2	(29)	-	-

Commercial transactions				
(in thousands of euro)	Debtors	Creditors	Costs	Revenues
UnipolSai Assicurazioni S.p.A. *(direct parent company)*				
- services	939	(1,108)	(1,191)	1,785
- personnel on secondment	594	(1,174)	(2,128)	1,220
- rental income and expenses	-	(94)	-	443

Financial transactions				
(in thousands of euro)	Debtors	Creditors	Costs	Revenues
Unipol Banca S.p.A. *(affiliated company)*				
- Bank deposits	1,370	-	(22)	-
- safekeeping of securities	-	(43)	(84)	-

Fiscal relations				
(in thousands of euro)	Debtors	Creditors	Costs	Revenues
Unipol Gruppo S.p.A. *(indirect parent company)*				
- tax group arrangements	1,145	(1,600)	-	-

Key: (…) Creditors /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 (Legislative Decree no. 196/2003), 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")

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 sent 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 2017. This is also a result of the low number of policies pertaining to the business sector in question.

INFORMATION ON COMPANY RISKS

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.

This assessment has been performed in accordance with ISVAP Regulation No. 20 issued in 2008 and Solvency II legislation.

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 2017, the duration of the class C investment portfolio, an indicator of the Company's exposure to interest rate risk, amounted to 2.87 years (3.16 years at 31 December 2016).
With specific reference to the bond portfolio, the duration is equal to 2.98 years (3.35 years at 31 December 2016).

Risk Sector	Composition	Duration	Increase 10 bps	Increase 50 bps
Government	84.69%	2.80	-269,955	-1,349,777
Financial	12.46%	3.88	-55,090	-275,449
Corporate	2.85%	4.39	-14,238	-71,192
Bonds	**100.00%**	**2.98**	**-339,284**	**-1,696,418**

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

Credit risk

The policy is for the securities portfolio to be invested primarily in investment-grade securities (98.66% of the bond portfolio, compared with 96.96% at 31 December 2016).
In particular, 8.03% of the bonds are rated triple A, 0.95% double A and 3.16% single A and 86.52% triple B (0%, 9.28%, 1.22% and 86.46% respectively at 31 December 2016).

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

Rating	Composition	Increase 1 bps	Increase 10 bps	Increase 50 bps
AAA	8.03%	-1,463	-14,628	-73,141
AA	0.95%	-541	-5,406	-27,028
A	3.16%	-1,753	-17,530	-87,651
BBB	86.52%	-41,967	-419,671	-2,098,355
NIG	1.34%	-523	-5,235	-26,175
Bonds	**100.00%**	**-46,247**	**-462,470**	**-2,312,350**

Equity risk

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

Sector	Composition	Beta	Shock -10%
Utilities	0.00%	-	0
Funds	100.00%	1.00	-183,487
Energy	0.00%	-	0
Raw materials	0.00%	-	0
Industrial	0.00%	-	0
Discretionary goods	0.00%	-	0
First necessity goods	0.00%	-	0
Health	0.00%	-	0
Finance	0.00%	-	0
IT	0.00%	-	0
Telecommunications	0.00%	-	0
Shares	**100.00**	**1.00**	**-183,487**

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

Verification of the Company's capital adequacy is determined in accordance with the Solvency II regulation, which came into force on 1 January 2016.
On the basis of this regulation, at 31 December 2017 the Company had own funds eligible to cover the capital requirements of 1.63 times (1.70 times at 31 December 2016) and the Solvency Capital Requirement (SCR) of 4.42 times (4.62 times at 31 December 2016) 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	66,146	66,146		-	-
Own funds available to cover the Minimum Capital Requirement	66,146	66,146		-	-
Own funds eligible to cover the Solvency Requirement	66,146	66,146		-	-
Eligible own funds to cover the Minimum Capital Requirement	66,146	66,146		-	-
Solvency Requirement	40,620				
Minimum Capital Requirement	14,977				
Ratio between eligible own funds and Solvency Requirement	1.63				
Ratio between eligible own funds and Minimum Capital Requirement	4.42				

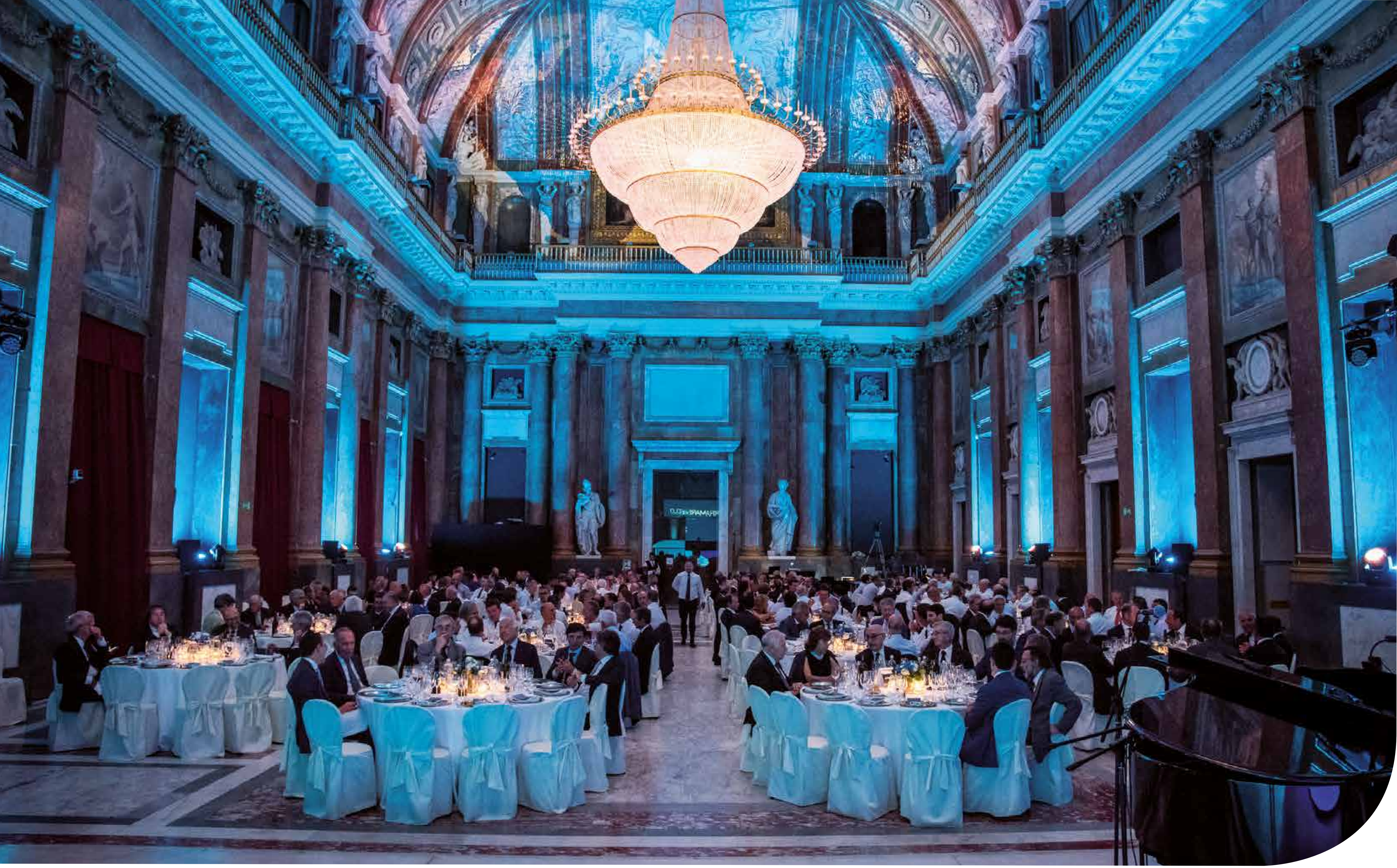
The individual solvency requirements mentioned above are calculated using the so-called market-wide standard formula.
For the purpose of determining own funds, the volatility adjustment provided for in art. 36-septies of the Private Insurance Code is applied.

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 2018

For the Board of Directors
The Chairman
(Fabio Cerchiai)



ANNUAL ACCOUNTS

Balance sheets
Statement of income
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Attachments

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BALANCE SHEETS AS OF 31 DECEMBER 2017 AND 2016

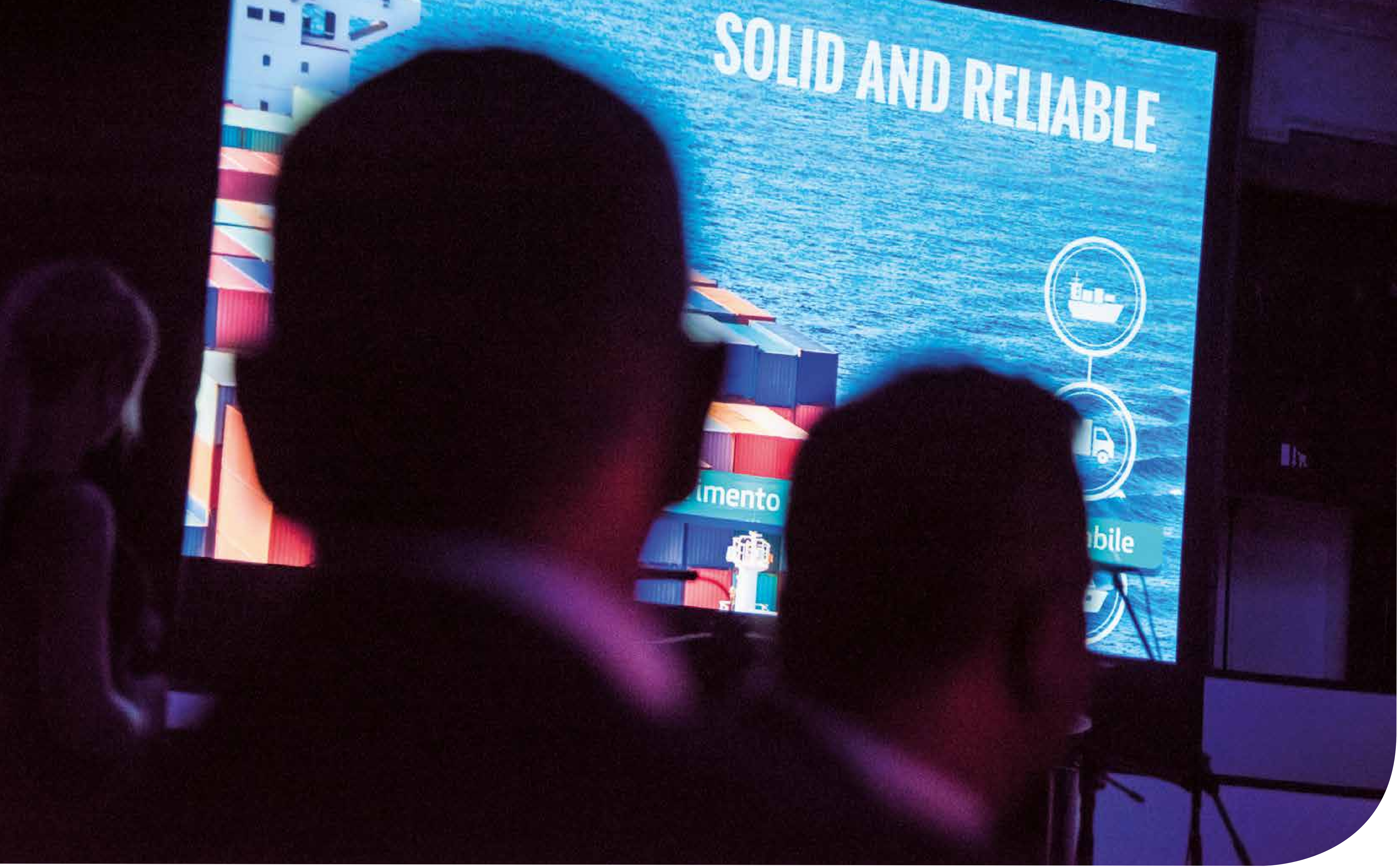
ASSETS	31.12.2017		31.12.2016	
(in thousands of €)				
B. INTANGIBLE ASSETS				
5. Other deferred costs		224		168
C. INVESTMENTS				
C.I Property				
1. Property used for business purposes	7,057		6,252	
2. Property used by third parties	12,052	19,109	12,096	18,348
C.II Investments in group and related companies		121		150
C.III Other financial investments				
1. Shares and quotas	0		0	
2. Mutual fund units	1,224		1,224	
3. Bonds and other fixed-interest securities	108,595		103,842	
4. Loans	33		68	
6. Restricted deposits with banks	401	110,253	491	105,625
C.IV Deposits with ceding undertakings		810		861
Total		130,292		124,984
D.bis TECHNICAL RESERVES CARRIED BY REINSURERS				
1. Unearned premiums reserve	37,148		31,051	
2. Claims payable reserve	140,908	178,056	125,969	157,020
E. DEBTORS				
E.I Receivables arising out of direct insurance				
1.a Due from policyholders for current premiums	53,962		42,403	
1.b Due from policyholders for premiums relating to prior years	1,701		3,733	
2. Due from agents and others intermediaries	7,281		10,214	
3. Due from insurance companies	3,561		4,158	
4. Due from policyholders and third parties	2,065	68,570	3,074	63,582
E.II Reinsurance debtors				
1. Insurance and reinsurance companies	6,083		4,040	
2. Reinsurance intermediaries	0	6,083	0	4,040
E.III Other debtors		7,908		9,761
Total		82,561		77,383
F. OTHER ASSETS				
F.I Tangible assets				
1. Furniture and office machine	164		218	
3. Plant and equipment	26	191	0	218
F.II Cash and cash equivalents				
1. Bank accounts	2,418		4,078	
2. Cheques and cash	6	2,424	4	4,082
F.IV Other assets				
1. Temporary reinsurance accounts	0		0	
2. Other	1,713	1,713	1,331	1,331
Total		4,327		5,631
G. PREPAYMENTS AND ACCRUED INCOME				
1. Interest	798		777	
2. Other	79	877	13	790
Total assets		396,337		365,976

LIABILITIES AND EQUITY	31.12.2017		31.12.2016	
(in thousands of €)				
A. CAPITAL AND EQUITY RESERVES				
A.I Share capital		38,000		38,000
A.IV Legal reserve		2,126		1,818
A.VI Reserve for parent company's shares		79		109
A.VII Other reserves		17,527		16,581
A. IX Net profit (loss) for the year		5,186		6,164
Total		62,918		62,672
B. SUBORDINATED LIABILITIES				0
C. TECHNICAL RESERVES				
1. Unearned premiums reserve	49,959		43,144	
2. Claims payable reserve	215,038		199,091	
5. Other technical reserves	2,063	267,059	1,967	244,202
E. PROVISIONS FOR RISKS AND CHARGES				
2. Provision for taxation	1,411		1,469	
3. Other provisions	0	1,411	0	1,469
F. DEPOSITS FROM REINSURERS		790		136
G.CREDITORS AND OTHERS LIABILITIES				
G.I Payables arising out of direct insurance				
1. Due to agents and other intermediaries	3,555		2,948	
2. Due to insurance companies	2,456		2,551	
4. Guarantee funds in favour of policyholders	0	6,011	0	5,499
G.II Reinsurance creditors				
1. Insurance and reinsurance companies	27,058		21,436	
2. Reinsurance intermediaries	3	27,061	26	21,462
G.VII Termination indemnities		1,089		1,129
G.VIII Other creditors				
1. Taxes paid by policyholders	424		477	
2. Miscellaneous taxes payable	638		780	
3. Due to social security and welfare institutions	334		290	
4. Sundry creditors	2,810	4,206	5,665	7,212
G.IX Other liabilities				
1. Temporary reinsurance accounts	0		0	
2. Commission on premiums to be collected	7,275		6,789	
3. Sundry liabilities	18,517	25,792	15,406	22,195
Total		64,159		57,497
H. DEFERRED INCOME AND ACCRUED LIABILITIES				
1. Interest		0		0
Total liabilities and equity		396,337		365,976

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

I. TECHNICAL ACCOUNT	31.12.2017		31.12.2016	
(in thousands of €)				
1. EARNED PREMIUMS, NET OF REINSURANCE				
a. Gross premiums written	146,084		132,854	
b. Outward reinsurance premiums	(100,321)		(92,214)	
c. Change in unearned premium reserve	(8,591)		1,166	
d. Change in unearned premium reserve carried by reinsurers	7,364	44,536	(822)	40,984
2. INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT		1,132		1,418
3. OTHER TECHNICAL INCOME, NET OF RECOVERIES AND REINSURANCE		1,468		652
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE				
a. Claims paid				
aa. Gross amount	(96,403)		(101,536)	
bb. (less) ceded to reinsurers	65,081	(31,322)	71,765	(29,771)
b. Change in recoveries, net of reinsurance				
aa. Gross amount	19,602		5,515	
bb. (less) ceded to reinsurers	(14,904)	4,698	(4,000)	1,515
c. Changes in claims payable reserve				
aa. Gross amount	(22,598)		22,664	
bb. (less) ceded to reinsurers	23,455	857	(17,921)	4,743
Total		(25,767)		(23,513)
6. PROFIT COMMISSIONS, NET OF REINSURANCE		(197)		(145)
7. OPERATING EXPENSES				
a. Aquisition commissions	(23,258)		(20,712)	
b. Other acquisition costs	(2,424)		(2,317)	
d. Collection commissions	0		(1)	
e. Other administrative expenses	(7,178)		(6,913)	
f. Commission and other income from reinsurers	20,206	(12,653)	19,489	(10,454)
8. OTHER TECNICAL EXPENSES, NET OF REISURANCE		(2,354)		(1,843)
9. CHANGE IN OTHER TECHNICAL RESERVES		(95)		(91)
Underwriting result		6,069		7,008

III. NON-TECHNICAL ACCOUNT	31.12.2017		31.12.2016	
(in thousands of €)				
1. NET INVESTMENT INCOME				
a. Income from shares	8		0	
b. Income from other investments				
aa. Income on properties	443		537	
bb. Income from financial investments	2,865		2,691	
c. Writebacks	22		61	
d. Gains on sale of investment	174	3,511	667	3,956
5. CAPITAL AND FINANCIAL CHARGES				
a. Investment management charges and interest expense	(844)		(722)	
b. Writedowns	(709)		(735)	
c. Losses on sale of investment	(19)	(1,572)	(81)	(1,538)
6. INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT		(1,132)		(1,418)
7. OTHER INCOME		4,509		4,364
8. OTHER EXPENSES		(4,302)		(3,730)
10. EXTRAORDINARY INCOME		284		581
11. EXTRAORDINARY EXPENSES		(55)		(105)
Non-technical result		1,243		2,110
Profit (loss) before taxes		7,312		9,118
14. INCOME TAXES FOR THE YEAR		(2,126)		(2,954)
Net profit (loss) for the year		5,186		6,164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NOTES TO THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2017 comprise the balance sheet and statement of income, prepared in accordance with ISVAP Regulation 22 of 4 April 2008, as amended and supplemented by IVASS Instruction no. 53 of 6 December 2016 and these explanatory notes, prepared in compliance with Attachment 2 of the said Regulation.
As required by this Regulation, a statement of changes in financial position is attached to the financial statements.

The financial statements have been prepared in accordance with Legislative Decree 209 of 7 September 2005, Legislative Decree 173 of 26 May 1997 (for the parts applicable as of today) and the provisions of IVASS Regulation 22 of 4 April 2008, as amended and supplemented by IVASS Instruction no. 53 of 6 December 2016, as well as current laws.

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

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 ISVAP Regulation 22 of 4 April 2008, 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 ISVAP Regulation 22 of 4 April 2008, providing the information required in it.

With Instruction 53 of 6 December 2016, IVASS made changes and additions to ISVAP Regulation 22 of 4 April 2008, introducing numerous innovations related to the preparation of separate and consolidated financial statements and applicable to financial statements for years starting from 1 January 2016.
Among other things, this Instruction also included the amendments in the field of financial reporting introduced by Legislative Decree 139/2015, as well as the changes required by the Code of Private Insurance on harmonization with the Solvency II rules.

Legislative Decree no. 139/2015, among other things, made a number of substantive changes to the articles of the Italian Civil Code governing the preparation of financial statements, giving explicit mandate to the OIC to update the national accounting standards in order to present figures on the economic-financial situation in a more timely and consistent manner. This also in view of the trend towards international accounting standards (IAS/IFRS).
On 22 December 2016, the Italian Accounting Body (OIC) issued the new set of Italian accounting standards, which define the criteria for the preparation and measurement of annual and interim financial statements.

The new accounting rules also involved the financial statements of insurance companies, which - as is well-known - are governed by a special sector regulations.
In fact, Legislative Decree 139/2015 amends the provisions of the Civil Code regarding the financial statements as well as Legislative Decree 173/1997, but limiting the number of changes that are applicable to the insurance industry.

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 translated into English from the original version in Italian solely for the convenience of international readers.

They have been prepared in accordance with the Italian law related to financial statements of insurance companies, interpreted and integrated by the accounting principles established by the Italian Accounting Profession.

Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Italy may not conform with generally accepted principles in other countries.

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 book 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 shown net of a provision for bad and doubtful accounts.

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 ISVAP Regulation 22 dated 4 April 2008, 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 ISVAP Regulation 22 dated 4 April 2008, 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.
The general principle of sufficiency required by Attachment 15 of ISVAP Regulation 22 dated 4 April 2008 is applied in every case.
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 ISVAP Regulation 22 dated 4 April 2008, 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 ISVAP Regulation 50 dated 4 April 2008.

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	31.12.2017	31.12.2016	Change (%)
US Dollar	1.1993	1.0541	(13.8)
Swiss Franc	1.1702	1.0739	(9.0)
British pound	0.8872	0.8562	(3.6)
Japanese Yen	135.01	123.40	(9.4)

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 ISVAP Regulation 22 of 4 April 2008.

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

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 € 224 thousand (€ 168 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
5. Other deferred costs	**224**	**168**	**56**

Attachment 4 shows the changes during the year in the above caption, being additions of € 126 thousand and amortisation for the year of € 70 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.

SECTION 2 - INVESTMENTS (CAPTION C)

C. **"Investments"** total € 130,292 thousand (€ 124,984 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
I. Property	19,109	18,348	761
II. Investments in group and affiliated companies	120	150	(30)
III. Other financial investments	110,253	105,625	4,628
IV. Deposits with reinsurers	810	861	(51)
	130,292	**124,984**	**5,308**

C.I **"Property"** amounts to € 19,109 thousand (€ 18,348 thousand at 31 December 2016) and comprises:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Property used for business purposes	7,057	6,252	805
2. Property used by third parties	12,052	12,096	(44)
	19,109	**18,348**	**761**

These are shown net of accumulated depreciation at 31 December 2017, amounting to € 6,607 thousand (€ 5,945 thousand at 31 December 2016).

The related depreciation charge for the year (€ 661 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 2017, the market value of the above property was estimated to be € 27,690 thousand (€ 26,920 thousand at 31 December 2016).
Market value was determined in accordance with the rules laid down by ISVAP Regulation 22, 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.

This has increased by € 735 thousand for the reclassification from "Property used by third parties", due to a change in use, and by € 445 thousand for renovation and improvements carried out during the year. On the other hand, it has decreased by € 311 thousand due to the depreciation for the year and by € 64 thousand due to the effect of the reclassification on accumulated depreciation.

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 has increased by € 977 thousand due to renovation and improvements carried out during the year and by € 64 thousand due to the reclassification of accumulated depreciation to "Property used for business purposes", as indicated in point C.I.1.
On the other hand, they have decreased by € 735 thousand due to the reclassification to "Property used for business purposes", due to a change in use, and by € 350 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 € 369 thousand and € 74 thousand respectively.

No property is subject to finance leasing contracts.

C.II **"Investments in group and other companies"** amount to € 120 thousand (€ 150 thousand at 31 December 2016), a decrease of € 30 thousand.
These are represented entirely by "Shares and quotas".

C.II.1 **"Shares and quotas"** comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
a) parent companies	79	109	(30)
b) subsidiary companies	-	-	-
c) affiliated companies	40	40	-
e) other	1	1	-
	120	**150**	**(30)**

The decrease in relation to parent companies refers to the distribution to top management of 11,808 ordinary shares of the indirect parent company Unipol Gruppo S.p.A., for a total of € 43 thousand.
This distribution, which resulted in a gain of € 13 thousand, is to service the "performance share" stock-based compensation plan for the Company's top management.
After this distribution, there are still 31,384 shares, whose book value is € 41 thousand lower than their market value at the reporting date.

These investments, with the exception of the indirect parent company's shares referred to above, are considered to be long-term assets as the company intends 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.
The definition of subsidiary and associated companies makes reference to art. 2359 of the Italian Civil Code.
"Other" companies mean equity investments as defined in Art. 4.2 of Legislative Decree 173 of 26 May 1997.

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 are all on deposit with the companies to which they refer.

C.III **"Other financial investments"** amount to € 110,253 thousand (€ 105,625 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
2. Mutual fund units	1,224	1,224	-
3. Bonds and other fixed-income securities	108,595	103,842	4,753
4. Loans	33	68	(35)
6. Restricted deposits with banks	401	491	(90)
	110,253	**105,625**	**4,628**

As indicated in Attachment 8, the above financial investments are all considered to be short term, with the exception of certain listed government bonds that have been allocated to long-term investments.

(in thousands of euro)	Par value	Book value	Market value
BTP 1 March 2024 – 4.5%	3,000	2,999	3,626
BTP 1 March 2030 – 3.5%	2,000	2,037	2,296
BTP 11 April 2024 – 0.4%	14,500	14,431	14,646
BTP 1 June 2025 – 1.5%	1,500	1,495	1,515
BTP 15 May 2028 – 1.3%	1,000	1,017	1,079
BTP 15 September 2032 – 1.25%	1,500	1,661	1,588
Spain 30 November 2030 – 1.0%	4,000	4,050	4,358
Portugal 21 July 2026 – 2.875%	2,000	1,978	2,196
		29,668	**31,304**

Attachment 8 also compares the book 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 book value at 31 December 2017 of "Other financial investments" is € 6,420 thousand (€ 5,820 thousand at 31 December 2016) 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	103,842
Purchases	-	28,734
Writebacks	-	22
Issue discounts and trading	-	339
Sales and reimbursements	-	(22,649)
Adjustments	-	(48)
Exchange differences	-	(1,645)
Closing balance	**1,224**	**108,595**

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

Their book value is € 611 thousand (€ 304 thousand at 31 December 2016) 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)	31.12.2017	31.12.2016	Change
a) listed	108,591	103,835	4,756
b) unlisted	4	7	(3)
	108,595	**103,842**	**4,753**

Their book value is € 5,768 thousand (€ 5,484 thousand at 31 December 2016) lower than their year-end market value.
This unrealised capital gain relates to long term securities for € 1,636 thousand (€ 936 thousand at 31 December 2016).

"Bonds and other fixed-income securities" denominated in euro total € 94,866 thousand, while those in other currencies (exclusively US dollars) amount to € 13,729 thousand (€ 92,615 thousand and € 11,227 thousand at 31 December 2016).

They comprise investments earning interest at fixed rates, € 79,551 thousand, and floating rates, € 29,044 thousand (€ 72,031 thousand and € 31,811 thousand at 31 December 2016).

As for listed "Bonds and other fixed-income securities", government and corporate securities amount to € 93,957 thousand and € 14,638 thousand, respectively (€ 87,017 thousand and € 16,825 thousand at 31 December 2016).

The issue discounts booked to the statement of income relating to this caption are positive for € 116 thousand and negative for € 5 thousand, while positive and negative trading discounts amount to € 425 thousand and € 197 thousand.

An analysis of significant positions by issuer is presented below, it being understood that all of the securities shown here are listed on regulated markets:

Issuer (in thousands of euro)	Amount
Italy	74,589
Spain	4,738
Netherlands	3,938
EIB	3,279
Cassa Depositi e Prestiti	1,995
Portugal	1,978
Nordic Investment Bank	1,519
Goldman Sachs	1,246
Barclays Plc	1,196
eBay Inc.	1,181
Chile	1,095

Note that the bonds and other fixed-income securities have been measured without recourse to the option (provided for by ISVAP Regulation 43 of 12 July 2012) to measure them at other than market value at 31 December 2017.

The bonds and other fixed-income securities are all on deposit with third parties. In particular, those that are listed are on deposit with Unipol 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 € 810 thousand (€ 861 thousand at 31 December 2016) and have decreased by € 51 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 € 178,056 thousand (€ 157,020 thousand at 31 December 2016) and consist of:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Unearned premiums reserve	37,148	31,051	6,097
2. Claims payable reserve	140,908	125,969	14,939
	178,056	**157,020**	**21,036**

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

The amount of technical reserves carried by the parent company UnipolSai Assicurazioni S.p.A. amount to € 20 thousand, of which € 2 thousand by way of claims payable reserve and € 18 thousand by way of unearned premiums reserve.

SECTION 5 - DEBTORS (CAPTION E)

E. **"Debtors"** total € 82,561 thousand (€ 77,383 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
I. Receivables arising out of direct insurance	68,570	63,582	4,988
II. Reinsurance debtors	6,083	4,040	2,043
III. Others debtors	7,908	9,761	(1,853)
	82,561	**77,383**	**5,178**

E.I **"Receivables arising out of direct insurance"** amount to € 68,570 thousand (€ 63,582 thousand at 31 December 2016) and are due from:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1.a Due from policyholders for current premiums	53,962	42,403	11,559
1.b Due from policyholders for premiums relating to prior years	1,701	3,733	(2,032)
2. Due from agents and other intermediaries	7,281	10,214	(2,933)
3. Due from insurance companies	3,561	4,158	(597)
4. Due from policyholders and third parties	2,065	3,074	(1,009)
	68,570	**63,582**	**4,988**

E.I.1 **"Due from policyholders"** for current and prior year premiums amount in total to € 55,663 thousand (€ 46,136 thousand at 31 December 2016) and increase mainly due to the rise in production during the year. These are shown net of a provision of € 1,253 thousand (€ 978 thousand at 31 December 2016).

"Due from policyholders" were written down by € 315 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 € 40 thousand as a result of uses and changes in estimates; this amount was charged against "Other technical expenses, net of reinsurance" in the statement of income.

These receivables include € 31,288 thousand in premium instalments not yet due for the Hull and related third-party liability sectors (€ 25,764 thousand at 31 December 2016).

E.I.2 **"Due from agents and other intermediaries"** are stated net of a writedown of € 92 thousand (€ 12 thousand at 31 December 2016).

"Due from agents and other intermediaries" were written down during the year by € 80 thousand, given that they were considered uncollectable after an analytical valuation; the writedown was charged to the statement of income under "Other expenses".

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 € 852 thousand (€ 901 thousand at 31 December 2016).

During the year, the provision for doubtful accounts was reduced by € 49 thousand as a result of changes in estimates; this amount was charged to "Other income" in the statement of income.

This balance does not include any amounts due from the parent company UnipolSai Assicurazioni S.p.A. or subsidiaries.

E.I.4. **"Due from policyholders and third parties"** refer to reimbursements of claims paid mainly relating to Hulls for € 1,100 thousand and Cargo for € 848 thousand (€ 2,299 thousand and € 365 thousand at 31 December 2016 respectively).
This caption takes into account the estimated recovery value of each reimbursement.
The portion to be transferred to reinsurers has been recorded under "Other liabilities".

E.II **"Reinsurance debtors"** amount to € 6,083 thousand (€ 4,040 thousand at 31 December 2016) and are due from:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Insurance and reinsurance companies	6,083	4,040	2,043
2. Reinsurance intermediaries	-	-	-
	6,083	**4,040**	**2,043**

E.II.1 Reinsurance receivables from **"Insurance and reinsurance companies"** are stated net of a provision of € 450 thousand (€ 1,403 thousand at 31 December 2016) which relates solely to reinsurance current accounts.

During the year, this provision was reduced by € 953 thousand as a result of uses to cover losses of € 727 thousand and changes in estimates of € 226 thousand; the amount was charged to "Other income" in the statement of income.

These receivables include an amount of € 2,192 thousand due from UnipolSai Assicurazioni S.p.A. for active reinsurance.

E.II.2 **"Receivables due from reinsurance intermediaries"** show a zero balance (as at 31 December 2016).

E.III **"Other debtors"** amount to € 7,908 thousand (€ 9,761 thousand at 31 December 2016). Their main components are shown below:

(in thousands of euro)	31.12.2017	31.12.2016	Change
Amounts due from the Tax Authorities	2,649	2,572	77
Amounts due from tax authorities for disputed tax claim	1,639	2,104	(465)
Amounts due from the parent company	1,541	1,679	(138)
Amounts due from the indirect parent company	1,145	2,584	(1,439)
Deposits with clearing houses	733	522	211
Due from affiliated companies	26	34	(8)
Other debtors	175	266	(91)
	7,908	**9,761**	**(1,853)**

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 tax authorities all refer to the Italian tax authorities.
They relate to:
- the tax advance on insurance policies for 2018 of € 1,501 thousand paid in May 2017. From February 2018, this advance was partially used to offset the tax bill due for the previous month;
- € 1,132 thousand direct taxes (including € 740 thousand due to be reimbursed and € 392 thousand of IRAP advances paid during 2017);
- € 14 thousand relating to government concession taxes (also due to be reimbursed);
- € 2 thousand of excess contributions paid to the National Health Service in 2007.

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, € 705 thousand, has therefore been reclassified to the caption "Amounts due from the indirect parent company", as described below.

The receivables for disputed tax claims concerns indirect taxes on coinsurance and relates to a payment made in July 2010 to settle a tax demand issued by the Tax Authorities, following an unfavourable sentence issued by the Liguria Regional Tax Commission for the 2003 tax year.
As explained in more fully in point E.2 of Section 12 below, it is worth noting that on 8 March 2017 the Supreme Court filed a long-awaited judgement, that was very detailed and well motivated, which upheld the Company's argument, enshrining a principle of law that is favourable to us, referring the case to another section of the Tax Commission.
As a result of the above, in November 2017 the Company filed an appeal with the Liguria Regional Tax Commission based on this judgement.

The amounts due from the 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 (€ 939 thousand) and personnel on secondment (€ 594 thousand).

The amounts due from the indirect parent company Unipol Gruppo S.p.A. arise from the national tax consolidation and include:
- € 705 thousand of IRES advances paid during the year;
- € 440 thousand attributable to a tax rebate claim filed in February 2013 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel.

Note that, for 2015 -2017, the Group tax regime is headed up by Unipol Gruppo S.p.A., the indirect parent company.

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.

Due from affiliated companies refer to staff seconded to Pronto Assistance S.p.A. (€ 16 thousand), Incontra Assicurazioni S.p.A. (€ 5 thousand) and BIM Vita S.p.A. (€ 5 thousand).

Other receivables include the VAT credit of € 139 thousand, mainly because it is deductible in instalments.


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SECTION 6 - OTHER ASSETS (CAPTION F)

F. **"Other assets"** total € 4,327 thousand (€ 5,631 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
I. Tangible assets	190	218	(28)
II. Cash and cash equivalents	2,424	4,082	(1,658)
IV. Other assets	1,713	1,331	382
	4,327	**5,631**	**(1,304)**

F.I **"Tangible assets"** of € 190 thousand, are stated net of accumulated depreciation at year-end of € 1,962 thousand, as analysed below:

(in thousands of euro)	Gross value	Accumulated depreciation	Book value
1. Furniture and office machines	1,909	(1,745)	164
3. Plant and equipment	243	(217)	26
	2,152	**(1,962)**	**190**

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

(in thousands of euro)	Gross value			
	Balance at 31.12.2016	Increase	Decrease	Balance at 31.12.2017
1. Furniture and office machines	1,914	34	(39)	1,909
2. Publicly registered assets	15	-	(15)	-
3. Plant and equipment	203	40	-	243
	2,132	**74**	**(54)**	**2,152**

Accumulated depreciation amounts to € 1,962 thousand (€ 1,915 thousand at 2016).
During the year it increased by € 62 thousand due to the depreciation charge for the year and decreased by € 15 thousand due to reversals on the disposal of publicly registered assets.

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 € 2,424 thousand (€ 4,082 thousand at 31 December 2016) and consist of:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Bank accounts	2,418	4,078	(1,660)
2. Cheques and cash	6	4	2
	2,424	**4,082**	**(1,658)**

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

These amounts include interest income accrued up to year-end.

Bank deposits at Unipol Banca S.p.A. (a related company) amounted to € 1,370 thousand,.

F.IV **"Other assets"** amount to € 1,713 thousand (€ 1,331 thousand at 31 December 2016) and consist of:

(in thousands of euro)	31.12.2017	31.12.2016	Change
2. Other	1,713	1,331	382
	1,713	**1,331**	**382**

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

(in thousands of euro)	31.12.2017	31.12.2016	Change
Deferred tax assets	986	1,220	(234)
Disbursements for accident claims to be settled	439	-	439
Other	288	111	177
	1,713	**1,331**	**382**

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) and the change in the provision for net long-term claims outstanding.
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.

The disbursements for accident claims to be settled represent the temporary contra-entry to account for fees paid to outside consultants (mainly technical experts and loss adjusters) for claims not yet settled at the end of the year.
These fees have been accounted for as part of the valuation of the claims payable reserve.

Other assets mainly include 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 € 92 thousand for the amount deposited with the related company Unipol 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 € 876 thousand (€ 791 thousand at 31 December 2015) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Interest	797	777	20
2. Rents	14	2	12
3. Other	65	12	53
	876	**791**	**85**

They are analysed as follows:

(in thousands of euro)	Accrued income	Prepayments	Total
1. Interest	797	-	797
3. Other	-	79	79
	797	**79**	**876**

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

Other prepayments not for interest are for subscriptions to publications (€ 76 thousand) and insurance premiums (€ 3 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 2017 these amount to € 62,918 thousand (€ 62,672 thousand at 31 December 2016) and consist of:

(in thousands of euro)	31.12.2017	31.12.2016	Change
I. Subscribed share capital	38,000	38,000	-
IV. Legal reserve	2,126	1,818	308
VI. Reserve for parent company's shares	79	109	(30)
VII. Other reserves	17,527	16,581	946
IX. Net income for the year	5,186	6,164	(978)
	62,918	**62,672**	**246**

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 31.12.2016	**38,000**	**1,818**	**109**	**16,581**	**6,164**	**62,672**
Allocation of 2016 earnings authorised at the shareholders' meeting held on 26 April 2017:						
- dividends	-	-	-	-	(4,940)	(4,940)
- to legal reserve	-	308	-	-	(308)	-
- to other reserves	-	-	-	916	(916)	-
Transfer to Other reserves, pursuant to art. 2359-bis	-	-	(30)	30	-	-
Net profit for 2017	-	-	-	-	5,186	5,186
Balance at 31.12.2017	**38,000**	**2,126**	**79**	**17,527**	**5,186**	**62,918**

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 2017, 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	2,126	B	-
VI. Reserve for parent company's shares	79	-	-
VII. Other reserves			
- Reserve for losses	1,953	A, B, C	1,953
- Extraordinary reserve	14,892	A, B, C	14,892
- Reserve for exchange gains	486	B	486
- Reserve for purchase of parent company's shares	196	-	-

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

A.I **"Subscribed share capital"** amounts to € 38,000,000 and has not changed 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 € 2,126 thousand following an increase of € 308 thousand during the year on allocation of part of the net profit for 2016, as required by art. 2430 of the Italian Civil Code.

A.VI The **"Reserve for parent company's shares"** amounts to € 79 thousand. This reserve been set up as these shares (of the indirect parent company Unipol Gruppo S.p.A.) are to service the "performance share" stock-based compensation plan for the Company's top management.
This plan was approved by the Shareholders' Meeting on 18 June 2013.

In order to implement it, in June 2016, 55,000 ordinary shares of the indirect parent company Unipol Gruppo S.p.A. were purchased. The purchase was made in compliance with the resolution of the Shareholders' Meeting of 18 April 2016.
Subsequently, 23,616 shares were assigned to management.
Therefore, at 31 December 2017, there are still 31,384 shares of Unipol Gruppo S.p.A., with a carrying value of € 79 thousand.

This reserve has been adjusted in relation 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 € 30 thousand to the reserve for purchase of parent company's shares, included in "Other reserves".

A.VII **"Other reserves"** amount to € 17,527 thousand after the following changes during the year:

(in thousands of euro)	Balance at 31.12.2016	Increase	Decrease	Balance at 31.12.2017
Reserve for losses	1,953	-	-	1,953
Extraordinary reserve	14,044	848	-	14,892
Reserve for purchase of parent company's shares	166	30	-	196
Reserve for exchange gains (art. 2426-bis Civil Code)	418	68	-	486
	16,581	**946**	**-**	**17,527**

The increases for the year in the extraordinary reserve and in the reserve for exchange gains were made in accordance with a resolution passed by the Shareholders' Meeting on 26 April 2017 that was held to approve the financial statements for the year ended 31 December 2016.

The increase of € 30 thousand in the reserve for purchase of parent company's shares is the consequence of the transfer of an equal amount to this item from the reserve for parent company's shares, as already explained in point A.VI of this Section.
This reserve is to service the "performance share" stock-based compensation plan for the Company's top management as approved by the Shareholders' Meeting on 18 June 2013.

None of these reserves has been used in the last three years (including 2017).

SECTION 9 - SUBORDINATED LIABILITIES (CAPTION B)

B. As in the previous year, there are no subordinated liabilities at 31 December 2017.

SECTION 10 - TECHNICAL PROVISIONS (CAPTION C.I)

C.I **"Technical provisions"** at 31 December 2017 amount to € 267,059 thousand (€ 244,202 thousand at 31 December 2016) and consist of:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Unearned premiums reserve	49,958	43,144	6,814
2. Claims payable reserve	215,038	199,090	15,948
5. Other technical reserves	2,063	1,968	95
	267,059	**244,202**	**22,857**

In compliance with Attachment 15 of ISVAP Regulation 22 of 4 April 2008, 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 indirect parent company, UnipolSai Assicurazioni S.p.A. for reinsurance transactions, totals € 38,747 thousand and includes € 4,239 thousand in unearned premiums and € 34,508 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 **"Unearned premiums reserve"** amounts to € 49,958 thousand (€ 43,144 thousand at 31 December 2016) and has been calculated in accordance with Attachment 15 of IVASS Regulation 22 of 4 April 2008.

The unearned premiums reserve refers to direct business for € 45,348 thousand (€ 38,677 thousand at 31 December 2016) and to indirect business for € 4,610 thousand (€ 4,467 thousand at 31 December 2016).

This is made up as follows:

(in thousands of euro)	31.12.2017	31.12.2016	Change
For apportioned premiums	46,958	42,254	4,704
For unexpired risks	3,000	890	2,110
	49,958	**43,144**	**6,814**

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

Business segment	Unearned premiums reserve		
(in thousands of euro)	Direct business	Indirect business	Total
Personal accident	39	-	39
Rolling stock	23	3	26
Aircraft	69	-	69
Hulls	42,051	1,182	43,233
Cargo	671	2,330	3,001
Fire	664	-	664
Other property damage	73	67	140
Motor third-party liability	615	980	1,595
Aircraft third-party liability	40	-	40
General third-party liability	426	48	474
Pecuniary losses	677	-	677
	45,348	**4,610**	**49,958**

With regard to the unearned premiums reserve for direct business, the above amounts include € 3,000 thousand for unexpired risks (€ 850 thousand at 31 December 2016).
It relates to Hulls (€ 2,500 thousand), Motor third-party liability (€ 400 thousand), General third-party liability (€ 50 thousand) and Other property damage (€ 50 thousand).

With regard to the unearned premiums reserve for indirect business, the same has a zero balance for unexpired risks (€ 40 thousand at 31 December 2016).

Note that any reserve for unexpired risks has been calculated for each business sector taking into account the ISVAP 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, € 664 thousand has been added to the apportioned premium reserve (€ 736 thousand at 31 December 2016) against risks related to previous years for natural disasters.

C.I.2 The **"Claims payable reserve"** amounts to € 215,038 thousand (€ 199,090 thousand at 31 December 2016) and has been calculated in accordance with ISVAP Regulation 16 of 4 March 2008.

The claims payable reserve refers to direct business for € 175,589 thousand (€ 157,703 thousand at 31 December 2016) and to indirect business for € 39,449 thousand (€ 41,387 thousand at 31 December 2016).

This is made up as follows:

(in thousands of euro)	31.12.2017	31.12.2016	Change
For reimbursements and direct costs	177,144	159,024	18,120
For settlement costs	11,156	12,018	(862)
For accidents occurred, but not reported	26,738	28,048	(1,310)
	215,038	**199,090**	**15,948**

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 **"Other technical reserves"** amount to € 2,063 thousand (€ 1,968 thousand at 31 December 2016) after the following changes during the year:

(in thousands of euro)	Balance at 31.12.2016	Increase	Decrease	Balance at 31.12.2017
Equalisation reserve for natural disasters	1,966	97	-	2,063
Compensation reserve	2	-	(2)	-
	1,968	**97**	**(2)**	**2,063**

The equalisation reserve for natural disasters was established pursuant to Ministerial Decree 705 dated 19 November 1996 (as referred to in Attachment 15 of ISVAP Regulation 22 of 4 April 2008), in order to offset over time the loss experience associated with the risks concerned.
It refers exclusively to direct business.

The compensation reserve was set up pursuant to Attachment 15 of ISVAP Regulation 22 of 4 April 2008 to offset potential underwriting losses on credit insurance business.

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

E. **"Provisions for risks and charges"** amount to € 1,411 thousand (€ 1,469 thousand at 31 December 2016) and are made up as follows:

(in thousands of euro)	31.12.2017	31.12.2016	Change
2. Provision for taxation	1,411	1,469	(58)
	1,411	**1,469**	**(58)**

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

E.2 The **"Provision for taxation"** includes a provision of € 911 thousand for disputes with the tax authorities and a provision of € 500 thousand relating to expected defence costs and other potential liabilities in relation to the tax dispute detailed below.

These provisions do not include any deferred tax liabilities which might burden future financial years, since none are due.

The latest tax audits at the Company were carried out:

- **in 2005** (for the tax year 2003, for direct and indirect taxes);

- **in 2009** (for the tax years 2006, 2007 and 2008 for indirect taxes and 2006 for direct taxes);

- **in 2014** (for the tax year 2010, for direct and indirect taxes).

No significant matters emerged in relation to direct taxes, while certain irregularities were notified for indirect taxes regarding co-insurance relationships and the related VAT requirements (as mentioned in section 6).
In particular, these irregularities related to the failure to tax the recharge made to co-insurers of the "settlement rights" due to the delegated company under co-insurance agreements.
In addition, the Liguria Regional Tax Authorities in the tax audit carried out in 2005 on tax year 2003, also challenged the failure to subject to VAT the expenses incurred by the Company as manager of the claim, that were recharged to co-insurers.

With regard to these co-insurance relationships, the company has always followed the tax approach adopted by the insurance industry over the past decades, which does not envisage and has never envisaged that these transactions be subjected to VAT.
Accordingly, the company believes that current legislation has been properly applied, in the absence of official interpretations to the contrary. In particular, with regard to the settlement fees, the approach adopted is supported by a circular issued on 22 March 2013 by the trade association.

Support for this comes from the sentence handed down by the Genoa Provincial Tax Commissioners on 4 October 2007, in relation to the 2003 tax inspection, which fully accepted the Company's appeal against

the indirect taxation. The same orientation was also shared by other Commissions around the country.

However, in January 2008, the Genoa Tax Office appealed against this ruling to the Liguria Regional Tax Commissioners.
The hearing before this Commission was held in December 2008 and but the ruling was filed on 3 February 2010.
The ruling accepts the Tax Office's appeal and confirms in full the tax assessment appealed by the company.

Recourse was made to this Court in September 2010, and, in response to which, the Attorney General of the State, on behalf of the tax authorities, has lodged a counter appeal in November 2010.

After the hearing held in February 2016, the Supreme Court upheld the Company's appeal against the sentence passed by the Regional Tax Commission of Liguria, with judgement no. 5885/2017, filed on 8 March 2017.
This judgement, which was very detailed and well motivated, accepted almost all of the Company's grounds of appeal and referred the case to another section of the Liguria Regional Tax Commission, which has not yet expressed itself on the matter.
As a result of the above, in November 2017 the Company filed an appeal with the latter Commission based on this judgement.

The legal principle expressed by the Supreme Court, to which the Regional Tax Commission must comply when deciding the dispute, is sufficiently clear and circumstantial to render full acceptance of the Company's appeal also by the referring court reasonably probable, which should lead to cancellation of the assessment notice.

In light of the above, management is of the opinion that it is not necessary to have any specific provision for this matter.

Note that, following the above sentence of the Regional Tax Commission of Liguria of February 2010, in May 2010, the Tax Authorities issued a payment notice.
This was duly settled in July 2010 for a total amount of € 1,716 thousand (of which € 1,639 thousand for tax due and € 76 thousand for collection fees).
The amounts paid as provisional collection of higher taxes assessed are shown under "Other receivables" for the reasons set out below, whereas the collection fees were charged to the statement of income in 2010 under "Other expenses".

A similar approach to the one taken for the payment above (i.e. appeal filed and the tax paid accounted for under "Other receivables"), again on the question of the indirect taxes applicable to co-insurance relationships, was also adopted by the Company for:

- the payment notice served by the Tax Authorities in July 2012 based on the audit carried out by the Fiscal Police in 2009 on the 2006 tax year.
  The amount involved, € 169 thousand (of which € 161 thousand for tax charges and € 8 thousand for collection fees), was settled in August 2012. The Tax Authorities reimbursed the entire amount in December 2017.

With regard to this verification, in November 2011 we received a notice of assessment for € 1,477 thousand (including interest and penalties) and in February 2012 we filed an appeal with the Provincial Tax Commission of Genoa.
The Commission accepted this appeal in April 2014. The Tax Authorities appealed against this ruling in 2015, which the Regional Tax Commission rejected in September 2017, reaffirming the conclusions of first degree;

- the payment notice served by the Tax Authorities in October 2012, for the audit carried out by the Tax Police in 2009 on the 2007 tax year.
  The amount involved, € 254 thousand (all for tax charges), was settled in December 2012. The Tax Authorities reimbursed the entire amount in October 2014.
  With regard to this verification, in October 2012 we received a notice of assessment for € 1,744 thousand (including interest and penalties) and in January 2013 we filed an appeal with the Provincial Tax Commission of Genoa.
  In November 2013 the Tax Commission accepted the above appeal.
  The Tax Authorities appealed against this ruling in September 2014.
  Once this ruling was filed, upholding the appeal submitted by the Company, in June 2016, the Regional Tax Commission of Liguria rejected the appeal proposed by the Tax Authorities.
  In January 2017, the Attorney General of the State filed an appeal with the Supreme Court;

- the notice of assessment notified by the Tax Authorities in December 2013 for the tax year 2008, in respect of the audit carried out by the Tax Police in 2009, for an amount equal to € 1,193 thousand (including penalties and interest up to the beginning of December 2013).
  In January 2014, in relation to the foregoing, payment was made of one third of the additional tax assessed plus interest, amounting to € 256 thousand. The Tax Authorities reimbursed the entire amount in October 2014.
  In the same way as was done for prior tax years, again for this notice, an appeal was filed (in February 2014) as the same considerations that were made for the 2006 and 2007 tax years also apply here.
  In July 2014 the Provincial Tax Commission of Genoa accepted this appeal.
  In view of this judgement, the Attorney General of the State filed an appeal in January 2015, but the Regional Tax Commission has not yet announced the date of the hearing;

- the notice of assessment notified by the Tax Authorities in December 2015 for the tax year 2010, in respect of the audit carried out by the Tax Police in 2014, for an amount equal to € 1,682 thousand (including penalties and interest up to the beginning of 31 December 2015).
  In February 2016, in relation to the foregoing, payment was made of one third of the additional tax assessed plus interest, amounting to € 312 thousand. The Tax Authorities reimbursed the entire amount in January 2017.
  As was done in previous tax years, the amount paid was also accounted for under "Other receivables".
  Similarly to what was done for prior tax years, again for 2010, an appeal was filed with the Provincial Tax Commission (in February 2016) as the same considerations that were made for the 2006, 2007 and 2008 tax years also apply here.
  In a ruling of May 2016, the Provincial Tax Commission upheld this appeal, against which the Attorney General of the State appealed in January 2017. The Regional Tax Commission has not yet announced the date of the hearing.

Furthermore, with regard to coinsurance relationships with third parties, following the checks carried out at their premises by the Tax Authorities, the following notices of assessment for indirect tax purposes were served on the Company:
- € 135 thousand and € 310 thousand for the 2009 and 2011 tax years respectively. For them, the Provincial Tax Commission accepted the appeal presented by the Company;
- € 762 thousand for the tax year 2012. They were received in December 2017 and the appeal to the Provincial Tax Commission is awaiting submission.

F. **"Deposits from reinsurers"** amount to € 790 thousand (€ 136 thousand at 31 December 2016), up by € 654 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 € 64,159 thousand (€ 57,498 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
I. Payables arising out of direct insurance	6,011	5,499	512
II. Reinsurance creditors	27,061	21,462	5,599
VII. Termination indemnities	1,089	1,129	(40)
VIII. Other creditors	4,206	7,212	(3,006)
IX. Other liabilities	25,792	22,196	3,596
	64,159	**57,498**	**6.661**

G.I **"Payables arising out of direct insurance"** amount to € 6,011 thousand (€ 5,499 thousand at 31 December 2016) and consist of:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Due to agents and other intermediaries	3,555	2,948	607
2. Due to insurance companies	2,456	2,551	(95)
	6,011	**5,499**	**512**

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.

They include € 20 thousand due to the parent company, UnipolSai Assicurazioni S.p.A.

G.II **"Reinsurance creditors"** amount to € 27,061 thousand (€ 21,462 thousand at 31 December 2016) and are due to:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Insurance and reinsurance companies	27,058	21,436	5,622
2. Reinsurance intermediaries	3	26	(23)
	27,061	**21,462**	**5,599**

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

These include € 21,500 thousand (€ 15,234 thousand at 31 December 2016) 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 parent company UnipolSai Assicurazioni S.p.A.

G.II.2 Reinsurance payables deriving from transactions with **"Reinsurance intermediaries"** include the direct relationship with them.

G.VII **"Termination indemnities"** amount to € 1,089 thousand (€ 1,129 thousand at 31 December 2016) 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 € 4,206 thousand (€ 7,212 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
1. Taxes paid by policyholders	424	477	(53)
2. Miscellaneous taxes payable	638	780	(142)
3. Due to social security and welfare institutions	334	290	44
4. Sundry creditors	2,810	5,665	(2,855)
	4,206	**7,212**	**(3,006)**

G.VIII.1 **"Taxes paid by policyholders"** include the amount due to the Tax Authorities on insurance policies (€ 370 thousand), net of advances paid during the year. This amount was duly paid over in January 2018.

The total also includes € 54 thousand due to foreign tax authorities (mainly United Kingdom and Germany) for taxes withheld from policyholders, regarding the provision of unrestricted services.

G.VIII.2 **"Miscellaneous taxes payable"** include IRAP payable for € 350 thousand related to 2017. In particular, the transfer of the latter is not allowed for the purpose of the Group's tax group arrangements.

They also include taxes of € 288 thousand for which the Company acted as withholding agent; this amount was duly paid over in January 2018.

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 2018.

G.VIII.4 **"Sundry creditors"** are analysed below:

(in thousands of euro)	31.12.2017	31.12.2016	Change
Due to the indirect parent company	1,604	2,400	(796)
Due to suppliers of goods and services	695	796	(101)
Due to shareholders for dividends	316	271	45
Due to parent company	94	157	(63)
Due to corporate officers	43	43	-
Payables for claims management	-	1,967	(1,967)
Other creditors	58	31	27
	2,810	**5,665**	**(2,855)**

The amount due to the indirect parent company Unipol Gruppo S.p.A. includes € 1,600 thousand, which, following the company's inclusion in the domestic tax group arrangements, is payable thereto for IRES for 2017.
Note that, for 2015-2017, the Group tax regime is headed up by Unipol Gruppo S.p.A.

Amounts due to the parent company UnipolSai Assicurazioni S.p.A. relate to services provided by it in the field of property management.

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

G.IX **"Other liabilities"** amount to € 25,792 thousand (€ 22,196 thousand at 31 December 2016) and comprise:

(in thousands of euro)	31.12.2017	31.12.2016	Change
2. Commission on premiums to be collected	7,275	6,789	486
3. Sundry liabilities	18,517	15,407	3,110
	25,792	**22,196**	**3,596**

G.IX.2 **"Commission on premiums to be collected"** have increased mainly as a result of higher premiums receivable from direct insurance policyholders.

G.IX.3 **"Sundry liabilities"** are analysed below:

(in thousands of euro)	31.12.2017	31.12.2016	Change
Claims being settled	12,518	8,413	4,105
Invoices to be received from the parent company	2,282	1,986	296
Amounts due for recoveries	1,650	2,586	(936)
Due to employees	1,439	1,577	(138)
Due to third parties	308	399	(91)
Due to reinsurers and co-insurers	218	183	35
Due to affiliated companies	54	47	7
Other liabilities	48	216	(168)
	18,517	**15,407**	**3,110**

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.

The invoices to be received from UnipolSai Assicurazioni S.p.A. relate for € 1,174 thousand to employees on secondment and for € 1,108 thousand to services that it provides as the parent company.

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 € 781 thousand and Cargo for € 813 thousand (€ 1,807 thousand and € 231 thousand respectively at 31 December 2016).

Amounts due to employees mainly relate for € 449 thousand to staff bonuses owed to them (of which € 192 thousand relating to LTI), to be settled in the future, and for € 438 thousand to the provision for the renewal of the national and local labour contracts.
They also include € 282 thousand relating to holidays accrued but not yet taken by them, € 239 thousand to the variable performance bonus to officers and employees for the year 2017, already accrued and due to be paid in 2018, and € 85 thousand to seniority bonuses to be paid to staff reaching 35 years of service with the Company.

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

Amounts due to reinsurers and co-insurers relate to relationships of a technical nature, for which no technical documentation exists yet in support of the payable.

Amounts due to affiliated companies are for services provided by Unipol Banca S.p.A. for € 43 thousand and by UnipolSai Servizi Consortili S.c.a r.l. for € 11 thousand.

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

H.I **"Deferred income and accrued expenses"** amount to zero (as in 2016).

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		
C.III.4 Loans		
c) other loans	12	-
E.3 Other debtors	2,833	-

As for the amount due after one year relative to E.3 "Other receivables", note that it refers:
- for € 1,639 thousand to indirect taxes in connection with the dispute about co-insurance, already paid on receipt of the tax assessments sent by the Tax Authorities and, according to our legal counsel, likely to be cancelled by the Supreme Court of Cassation;
- for € 740 thousand to direct taxes relating to 1998 due to be reimbursed;
- € 440 thousand attributable to a tax rebate claim filed in February 2013 for the excess IRES paid during the period 2007 to 2010 because of the non-deductibility of IRAP on personnel;
- € 14 thousand relating to government concession taxes due to be reimbursed;

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	40,176	17,643	10,751	68,570
E.2 Reinsurance debtors	2,422	2,500	1,161	6,083
E.3 Other debtors	7,174	734	-	7,908
Total	**49,772**	**20,877**	**11,912**	**82,561**

(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	748	4,945	318	6,011
G.II Reinsurance creditors	19,657	1,037	6,367	27,061
G.VIII Other creditors	3,901	305	-	4,206
Total	**24,306**	**6,287**	**6,685**	**37,278**

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)	31.12.2017	31.12.2016	Change
Guarantees given by third parties in favour of the Company	1,257	1,255	2

"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 2017.
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 € 44,536 thousand, of which € 35,446 thousand of direct business and € 9,090 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 parent company UnipolSai Assicurazioni S.p.A. (€ 17,228 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 amounted to € 29 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 31.12.2016	(43,144)	31,051	(12,093)
Unearned premiums reserve at 31.12.2017	49,959	(37,148)	12,811
Net exchange differences	1,776	(1,267)	509
Portfolio movements, net	-	-	-
	8,591	**(7,364)**	**1,227**

I.2 The **"Share of profit from investments transferred from the non-technical account"** amounts to € 1,132 thousand and was determined in accordance with the criteria envisaged in art. 22 of ISVAP Regulation 22 of 4 March 2008.

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 2017 financial statements, this ratio amounted to 58.4% (58.7% in the 2015 financial statements).

I.3 **"Other technical income, net of recoveries and reinsurance"** amount to € 1,468 thousand and consist of various items, including technical write-offs of amounts due from policyholders for prior-year premiums transferred to reinsurers (€ 217 thousand).

I.4 **"Claims incurred, net of recoveries and reinsurance"** amount to € 25,767 thousand.

I.4.a Gross "Amounts paid" include those relating to the reinsurance business accepted from the parent company UnipolSai Assicurazioni S.p.A. (€ 8,389 thousand).

This caption includes, among other things, € 5,239 thousand of accident settlement expenses.
These expenses include administrative costs (mainly payroll) incurred for the management of claims totalling € 7,178 thousand.

The portions of the amounts paid that are due from reinsurers include the amount pertaining to Unipol Re (€ 7 thousand).

No portion of claims paid has been recharged to UnipolSai Assicurazioni S.p.A.

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 31.12.2016	(199,090)	125,969	(73,121)
Claims payable reserve at 31.12.2017	215,038	(140,908)	74,130
Net exchange differences	6,650	(4,675)	1,975
Portfolio movements, net	-	(3,841)	(3,841)
	22,598	**(23,455)**	**(857)**

The significant increase in the gross claims payable reserve is mainly related to complaints received during the year against certain cases of serious damage in the Hulls sector.
Moreover, considering the level of retention on such claims, a similar significant change also took place in the caption "Claims payable reserve carried by reinsurers".

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 about 20% of the opening claims payable reserve.
This balance is significantly affected by the recovery of a significant amount during the year against the claim relating to the Norman Atlantic ferry, paid in previous years.

I. 6 **"Profit commissions, net of reinsurance"** amounted to € 197 thousand and include only the amounts paid to policyholders during the year for profit commissions.

I.7 **"Operating expenses"** amount to € 12,653 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 € 3,371 thousand to the 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" (€ 2,424 thousand) and "claims incurred" (€ 1,300 thousand).

This caption also includes depreciation (€ 62 thousand), as well as the 2017 emoluments of directors (€ 159 thousand) and statutory auditors (€ 37 thousand).

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

Commission income does not include any amounts from either the parent company UnipolSai Assicurazioni S.p.A. or affiliated companies.

I.8 **"Due from policyholders"** amount to € 2,354 thousand.

These consist of various items, including the provision for writedowns on amounts due from policyholders for premiums (€ 315 thousand) and technical cancellations of receivables from policyholders for prior year premiums (€ 298 thousand).

I.9 The **"Change in the equalisation reserve"** during the year amounts to € 95 thousand and is summarised by business sector as follows:

Sector (in thousands of euro)	Opening balance	Utilisations	Provisions	Closing balance
Personal accident (1)	101	-	-	101
Motor fire, theft, etc. insurance (3)	68	-	-	68
Marine, aircraft and transport insurance (4,5,6,7,12)	1,486	-	92	1,578
Fire and other property damage (8,9)	313	-	3	316
	1,968	**-**	**95**	**2,063**

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 € 3,511 thousand and is detailed in Attachment 21.

This includes € 369 thousand and € 74 thousand and concerns respectively rental income and expenses related to rental to the 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 € 1,572 thousand and are detailed in Attachment 23.

III.5.a "Investment management charges and interest expense" amounting to € 844 thousand relate to the management of property (€ 462 thousand) and financial investments (€ 376 thousand), as well as to interest expense on deposits withheld from reinsurers in relation to risks transferred (€ 6 thousand).
In particular, management charges for investment property relate to renovation work in the year (€ 283 thousand), not qualifying for capitalisation, on property used by third parties. In addition, € 179 thousand related to the tax burden for IMU.
Management charges for financial investments include, among other things, € 84 thousand payable to Unipol Banca S.p.A. for the safekeeping of securities and € 66 thousand relating to fees payable to UnipolSai Assicurazioni S.p.A. for managing the securities portfolio.

III.5.b "Writedowns on investments", amounting to € 709 thousand, are made up of property depreciation (€ 661 thousand, of which € 350 thousand for properties used by third parties and € 311 thousand for properties used by the Company), as well as writedowns of bonds (€ 48 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 € 4,509 thousand and is detailed below:

(in thousands of euro)	
Revenues from parent company	3,005
Releases of the "Provision for doubtful accounts"	1,002
VAT refund	220
Exchange gains	141
Revenues from affiliated companies	57
Revenues from indirect parent company	24
Other	60
	4,509

Revenues from the parent company relate for € 1,785 thousand to services rendered and for € 1,220 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.

Releases of the "Provision for doubtful accounts" relate entirely to insurance and reinsurance companies. The same offset € 727 thousand booked to "Other expenses" as losses on debtors and for the other thousand 275 thousand refer to changes in the estimate relating to doubtful accounts previously allocated to this provision.

The VAT refund relates to the VAT expensed during the year which can be reclaimed due to the pro-rata recoverability which the Company will use in 2017.

Exchange gains, like exchange losses (totalling € 190 thousand), derive from the application of multicurrency methodologies. This balance includes both realised gains (€ 128 thousand) and those arising on translation (€ 13 thousand).

Revenues from affiliated companies are for personnel seconded to Pronto Assistance S.p.A. (€ 37 thousand), BIM Vita S.p.A. (€ 10 thousand) and Incontra Assicurazioni S.p.A. (€ 10 thousand).

Revenues from the indirect parent company Unipol Gruppo S.p.A. refer to the recovery of training costs.

III.8 **"Other expenses"** amount to € 4,302 thousand and comprise:

(in thousands of euro)	
Administrative expenses and costs on behalf of the parent company	2,524
Losses on debtors	727
Non-deductible VAT on administrative expenses	579
Exchange losses	190
Provisions for doubtful accounts	80
Amortisation of intangible assets	70
Sundry taxes	65
Loss on long-term indemnity liability	34
Operating costs of clearing houses	25
Other	7
	4,302

Administrative expenses and costs on behalf of the parent company refer for € 1,939 thousand to personnel costs and for € 580 thousand to operating costs incurred on its behalf.

The losses on debtors relate to insurance and reinsurance companies and the provision was used against them for the same amount as part of "Other income".

Non-deductible VAT on administrative expenses is a new item to comply with Group accounting practices. Previously, the item in question was recognised in the broader context of administrative expenses.

Exchange losses, like exchange gains (totalling € 141 thousand), derive from the application of multicurrency methodologies.
This balance includes both realised losses (€ 2 thousand) and those arising on translation (€ 188 thousand).
In consideration of the fact that there is a net unrealised loss on exchange of € 175 thousand, on approval of the 2017 financial statements, a proposal will be made to reclassify this amount from the reserve for exchange gains to an equity reserve (as provided for in point 8-bis of art. 2426 of the Italian Civil Code).

The provisions for doubtful accounts relate to debtors other than those from policyholders for insurance premiums.
In particular, they relate entirely to amounts due from insurance and reinsurance companies.
These provisions will be added back in the determination of taxable income on the preparation of the tax return and, accordingly, a deferred tax asset has been computed thereon.

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

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 the shares of the indirect parent company Unipol Gruppo S.p.A., to service the "performance share" stock-based compensation plan for the Company's top management in the period 2013-2015.

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

III.10 **"Extraordinary income"** amounts to € 284 thousand.
They include non-recurring proceeds and refer to out-of-period income, of which € 231 thousand from previous years' tax returns.

III.11 **"Extraordinary expenses"** amount to € 54 thousand.
They include non-recurring proceeds and refer to out-of-period income, of which € 42 thousand from previous years' tax returns.

III.14 **"Income taxes for the year",** totalling € 2,126 thousand, include IRES (€ 1,600 thousand) and IRAP (€ 350 thousand).
These include charges for deferred tax assets (€ 234 thousand) and income for deferred tax (€ 58 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	1,990	24.00%	-	478
Taxed prov. doubtful accounts	995	24.00%	-	239
Long-term indemnity (LTI) liability	192	24.00%	6.82%	59
Adjustments to the value of equity securities	23	24.00 %	-	6
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 Tax Law	298	24.00%	6.82%	91
Remuneration of Independent Auditors	54	24.00%	-	13
Emoluments of Directors	43	24.00%	-	10
Deferred tax assets at 31 December 2017				986
Deferred tax assets at 31 December 2016				(1,220)
Decrease (increase) in deferred tax assets				**234**

Deferred tax liabilities	Deferred tax liabilities
Deferred tax liabilities at 31 December 2017	-
Deferred tax liabilities at 31 December 2016	58
Decrease (increase) in deferred tax liabilities	**58**

Lastly, with regard to taxation for the year, the following schedule for 2017 reconciles the theoretical IRES rate (24.00%) with the effective rate:

Profit (loss) before taxes (A)	**7,312**
Theoretical IRES (24.00%)	*(1,755)*
Tax effect of differences (B)	
Permanent	*(59)*
Temporary	*280*
Other differences (C)	
Decrease in deferred tax assets - IRES	*(245)*
Increase in deferred tax liabilities - IRES	*58*
Other	*(66)*
Effective IRES (A) + (B) + (C)	**(1,787)**
Effective Ires tax rate	***24.44%***

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 Civil Code, there were no revenue or cost elements of exceptional entity or incidence in 2017.

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 2017 (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. 2427.22-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 2017 is provided in the report on operations, to which reference is made.

C.4 Off-balance sheet agreements

As required by art. 2427.22-ter of the Italian Civil Code, it is confirmed that, at 31 December 2017, 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. 2427.2-bis of the Italian Civil Code, it is confirmed that the financial statements for the year ended 31 December 2017 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;
- Italian long-term treasury bonds (BTPs) and Spanish and Portuguese government bonds with various maturities and a total carrying amount of € 29,668 thousand as indicated in point C.III of Section 2.

These financial assets are reported at an amount higher 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 2017, 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 18 June 2015 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 resolved to join the tax regime for the period 2015 - 2017 at the meeting of its Board of Directors on 28 July 2015.
In order to govern the financial relations deriving from the above, an agreement has been signed with Unipol Gruppo S.p.A., under which the company is committed to making the necessary funds available to the former in order to settle the taxes deriving from the company's taxable income for IRES purposes.
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 Annual return for reporting premiums, ancillary income and the NHS contributions collected in 2007

The annual return for reporting premiums, ancillary income and the NHS contributions collected in 2007 was filed late (on 5 June 2008 instead of on 3 June 2008, taking account of the extensions granted for public holidays). However, the monthly payments related to these matters have always been paid regularly by the legal deadline.
As a consequence of this late filing, on 27 January 2009 the Genoa Tax Office notified issuance of a fine for the amount not declared (€ 5,240 thousand), even though it had been paid promptly.
Based on a reasoned legal opinion, indicating solid reasons and valid arguments for the annulment of this measure, the fine has been challenged by filing an appeal to the Provincial Tax Commission.
With a sentence filed on 22 September 2010, the Commission, giving a well-argued and reasoned decision, annulled the fine, reducing it to a minimum of € 103.
To refute that ruling, on 12 October 2011 the Tax Authorities applied to the Regional Tax Commission.
The hearing was held on 26 November 2012 and the Regional Tax Commission, in its judgement of 8 February 2013, confirmed the conclusions previously expressed by the Provincial Commission, i.e. rejecting the appeal brought by the Tax Authorities.
However, in view of this judgement, on 26 April 2013, the Attorney General of the State, on behalf of the Tax Authorities, filed a further appeal, requesting a final decision by the Court of Cassation. The latter's ruling has not yet been issued.

C.9 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 2017 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.	126

C.10 Interim dividends (if any)

No interim dividends were approved or paid during 2017.

C.11 Changes in shareholders' equity after the year-end

As required by ISVAP Regulation 22 of 4 April 2008, the statement of changes in shareholders' equity after the year-end is reported below:

(in thousands of euro)	Subscribed share capital	Legal reserve	Other reserves	Net profit for the year	Total
Balance at 31.12.2017	38,000	2,126	17,606	5,186	62,918
Allocation of 2017 earnings, as proposed by the Board of Directors on 16 March 2018					
- to legal reserve	-	259	-	(259)	-
- to extraordinary reserve	-	-	747	(747)	-
- dividends	-	-	-	(4,180)	(4,180)
	38,000	2,385	18,353	-	58,738

C.12 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 2017 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.

Following the complete spin-off of Finsoe S.p.A., which took effect on 15 December 2017, Unipol Gruppo S.p.A. also took on the role of a mixed financial holding company at the top of the Unipol financial conglomerate.

A copy of the consolidated financial statements at 31 December 2017 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 2016 (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)	31.12.2016
BALANCE SHEET	
ASSETS	
A) SUBSCRIBED CAPITAL UNPAID	-
B) FIXED ASSETS	
I Intangible assets	4.7
II Tangible assets	1.7
III Financial assets	6,420.2
TOTAL FIXED ASSETS	6,426.2
C) CURRENT ASSETS	
I Inventories	-
II Debtors	553.6
III Financial assets not held as fixed assets	105.3
IV Cash and cash equivalents	1,064.8
TOTAL CURRENT ASSETS	1,723.7
D) PREPAYMENTS AND ACCRUED INCOME	0.7
TOTAL ASSETS	8,150.6
LIABILITIES	
A) CAPITAL AND EQUITY RESERVES	
I Share capital	3,365.3
II Share premium reserve	1,410.0
III Revaluation reserves	20.7
IV Legal reserve	545.7
VI Other reserves	282.1
VIII Profit (loss) brought forward	(292.8)
IX Net profit (loss) for the year	159.9
X Negative reserve for own shares in portfolio	(15.5)
TOTAL CAPITAL AND EQUITY RESERVES	5,475.4
B) PROVISIONS FOR RISKS AND CHARGES	737.2
C) TERMINATION INDEMNITIES	0.3
D) CREDITORS	1,937.8
TOTAL LIABILITIES	8,150.7
STATEMENT OF INCOME	
A) VALUE OF PRODUCTION	44.3
B) PRODUCTION COSTS	(77.7)
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	(33.4)
C) FINANCIAL INCOME AND EXPENSES	227.2
D) ADJUSTMENTS TO FINANCIAL ASSETS	(55.6)
PROFIT (LOSS) BEFORE TAXES	138.2
INCOME TAXES	21.7
NET PROFIT (LOSS) FOR THE YEAR	159.9

C.13 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

No events worthy of mentioning in this report have taken place since the end of the year and up to now.

Having regard for the information available to date and subject to any events that cannot be foreseen at this time, it is reasonable to expect that 2018 will be another profitable year.

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 2017, together with the following proposed allocation of the net profit of € 5,186,310:

- Net profit for the year ended 31 December 2017	5,186,310 €
- to the legal reserve, 5%	(259,315) €
- to each of the 38,000,000 shares, a gross dividend of € 0.11	(4,180,000) €
- the balance to Other reserves: Extraordinary reserve	(746,995) €
	-

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 reserves of € 175,456 from the reserve for exchange gains (as per art. 2426, point 8-bis of the Civil Code) to the extraordinary reserve.

Bologna, 16 March 2018

For the Board of Directors
The Chairman
(Fabio Cerchiai)

ATTACHMENT

Statement of changes in financial position for the year ended 31 December 2017		
(in thousands of euro)	**2017**	**2016**
Sources of funds		
Net profit for the year	5,186	6,164
Writedown of receivables	483	647
Depreciation and amortisation of property, tangible and intangible assets	793	752
Adjustments to financial investments	48	116
Provisions for termination indemnities	375	352
Decrease in deposits with insurance and reinsurance companies	51	-
Decrease in investments in Group and other companies	30	-
Increase in deposits from reinsurers	654	-
Net increase in technical reserves	1,821	975
Net change in other receivables and payables	-	2,543
Net change in other assets and liabilities	3,214	6,175
Total sources of funds	**12,655**	**17,724**
Application of funds		
Dividends paid	4,940	3,040
Increase in financial investments	4,676	7,601
Increase in investments in Group and other companies	-	109
Increase in deposits with insurance and reinsurance companies	-	26
Decrease in deposits from reinsurers	-	451
Utilisation of termination indemnities	415	460
Utilisation of provisions for risks and charges	58	236
Net change in other receivables and payables	1,153	-
Net change in debtors and creditors from/to insurance and reinsurance operations	1,403	7,496
Increase in investment in property	1,422	1,277
Increase in tangible and intangible assets	161	212
Net change in accruals and deferrals	85	5
Total application of funds	**14,313**	**20,913**
Increase (decrease) in cash and cash equivalents	**(1,658)**	**(3,189)**
Cash and cash equivalents:		
- beginning of the year	4,082	7,271
- end of the year	2,424	4,082
Increase (decrease) in cash and cash equivalents	**(1,658)**	**(3,189)**

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ATTACHMENTS

Attachment 3

Year 2017

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 6,069	21	41 6,069
Income from investments	+	2 3,511		42 3,511
Financial charges	-	3 1,572		43 1,572
Portion of income from investments transferred to direct insurance life result	+		24	44
Portion of income from investments transferred to direct insurance non-life result	-	5 1,132		45 1,132
Intermediate result		6 6,876	26	46 6,876
Other income	+	7 4,509	27	47 4,509
Other expenses	-	8 4,302	28	48 4,302
Extraordinary income	+	9 284	29	49 284
Extraordinary expenses	-	10 54	30	50 54
Result before tax		11 7,312	31	51 7,312
Income taxes	-	12 2,126	32	52 2,126
Net result for the year		13 5,186	33	53 5,186

Attachment 4

Year 2017

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

			Intangible assets B.		Property C.I
Gross opening balance	+	1	1,602	31	24,293
Increase	+	2	126	32	1,422
due to : Purchases		3	126	33	0
Write backs		4	0	34	0
Revaluation		5	0	35	0
Other changes		6	0	36	1,422
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	1,728	41	25,715
Depreciation / Amortisation					
Opening balance	+	12	1,434	42	5,946
Increase	+	13	70	43	661
due to : Depreciation / Amortisation		14	70	44	661
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	1,504	49	6,607
Net book value (a - b)		20	224	50	19,109
Market value				51	0
Total revaluation		22		52	0
Total writedowns		23		53	
(*) of which depreciation / amortisation made solely for tax purposes		24		54	

Attachment 5

Year 2017

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

			Shares and quotas		Bonds		Loans
Opening balance	+	1	150	21		41	
Increase	+	2		22		42	
due to : Purchases		3		23		43	
Write backs		4		24		44	
Revaluation		5					
Other changes		6		26		46	
Decrease	-	7	30	27		47	
due to : Sales		8	30	28		48	
Writedowns		9		29		49	
Other changes		10		30		50	
Book value		11	121	31		51	
Market value		12	162	32		52	
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	

Attachment 6

Year 2017

Group and related companies : general information (*)

	(1)	Listed or Unlisted (2)	Activity carried out (3)	Company name and registered office	Currency	Share capital Amount (4)	Share capital Number of Shares	Net Worth (**) (4)	Profit / Loss for the last year closed (**) (4)	Partecipating share (5) Direct %	Partecipating share (5) Indirect %	Partecipating share (5) Total %
1	e	NQ	7	UCI Società Consortile a r.l. Corso Sempione, 39 MILANO	242	527,850	1,035,000			0.09		0.09
2	c	NQ	7	UNIPOLSAI Servizi Consortili Scarl Via Stalingrado, 37 BOLOGNA	242	5,200,000	10,000			0.11		0.11
3	a	Q	2	UNIPOL GRUPPO S.p.A. Via Stalingrado, 45 BOLOGNA	242	3,365,292,407	717,473,508			0.01		0.01

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

(**) Only for controlled and affiliated companies

(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

Attachment 7

Year 2017

Changes in group and related companies : shares and quotas

(1)	(2)	(3)	Company name	Increase in the year			Decrease in the year			Book value (4)		Purchase cost	Market value
				Purchases		Other Increases	Sales		Other decrease	Number of shares	Amount		
				Number of shares	Amount		Number of shares	Amount					
1	e	D	UCI Società Consortile a r.l. Corso Sempione, 39 MILANO							948			
2	c	D	UNIPOLSAI Servizi Consortili Scarl Via Stalingrado, 37 BOLOGNA							10,528	41		41
3	a	D	UNIPOL GRUPPO S.p.A. Via Stalingrado, 45 BOLOGNA				11,808	30		31,384	79	79	121
	a		Parent company					30			79	79	121
	b		Controlled company										
	c		Related company								41		41
	d		Affiliated company										
	e		Altre										
			Totale D.I										
			Totale D.II										

(1) As per annex 6

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

Attachment 8

Year 2017

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:	1	21	41	61	81	101
a) listed shares	2	22	42	62	82	102
b) unlisted shares	3	23	43	63	83	103
c) quotas	4	24	44	64	84	104
2. Mutual funds units	5	25	45 1,224	65 1,836	85 1,224	105 1,836
3. Bonds and other fixes securities	6 29,668	26 31,304	46 78,927	66 83,060	86 108,595	106 114,364
a1) listed State bonds	7 29,668	27 31,304	47 64,289	67 67,660	87 93,957	107 98,964
a2) other listed securities	8	28	48 14,634	68 15,396	88 14,634	108 15,396
b1) unlisted State bonds	9	29	49	69	89	109
b2) other unlisted securities	10	30	50 4	70 4	90 4	110 4
c) convertible bonds	11	31	51	71	91	111
5. Quotas in mutual investments	12	32	52	72	92	112
7. Other financial investments	13	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:	121	141	161	181	201	221
a) listed shares	122	142	162	182	202	222
b) unlisted shares	123	143	163	183	203	223
c) quotas	124	144	164	184	204	224
2. Mutual funds units	125	145	165	185	205	225
3. Bonds and other fixes securities	126	146	166	186	206	226
a1) listed State bonds	127	147	167	187	207	227
a2) Other listed securities	128	148	168	188	208	228
b1) Unlisted State Bonds	129	149	169	189	209	229
b2) Other unlisted securities	130	150	170	190	210	230
c) convertible bonds	131	151	171	191	211	231
5. Quotas in mutual investments	132	152	172	192	212	232
7. Other financial investments	\	153	173	193	213	233

Notes to the financial statements - Attachment 9

Company SIAT Società Italiana Assicurazioni e Riassicurazioni p.A.

Year 2017

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 20,577	81	101
Increases during the year:	+	2	22	42 9,445	82	102
for: purchases		3	23	43 9,018	83	103
writebacks		4	24	44	84	104
transfers from the short-term portfolio		5	25	45	85	105
other changes		6	26	46 427	86	106
Decreases during the year:	-	7	27	47 354	87	107
for: sales		8	28	48 153	88	108
writedowns		9	29	49	89	109
transfers to the short-term portfolio		10	30	50	90	110
other changes		11	31	51 201	91	111
Book value		12	32	52 29,668	92	112
Current value		13	33	53 31,304	93	113

Attachment 10

Year 2017

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 68	21 491
Increase:	+	2 6	22 0
due to : disbursements		3	
write backs		4	
other changes		5 6	
Decrease:	-	6 41	26 91
due to : reimbursements		7 35	
writedowns		8	
other changes		9 6	
Book value		10 33	30 401

Attachment 13

Year 2017

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 46,959	11 42,294	21 4,665
Reserve for unexpired risks	2 3,000	12 850	22 2,150
Book value	3 49,959	13 43,144	23 6,815
Claims payable reserve:			
Reserve for claims and direct expenses	4 177,144	14 159,025	24 18,119
Reserve for liquidation expenses	5 11,155	15 12,018	25 -862
Reserve for IBNR	6 26,739	16 28,048	26 -1,310
Book value	7 215,038	17 199,091	27 15,947

Attachment 15

Year 2017

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	11 1,469	21	31 1,129
Provision for the year	+	2	12 0	22	32 400
Other increase	+	3	13 0	23	33 0
Use in the year	-	4	14 58	24	34 426
Other decrease	-	5	15	25	35 13
Book value		6	16 1,411	26	36 1,089

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Attachment 16

Year 2017

Statement of assets and liabilities for intercompany transactions

I: Assets

		Parent companies		Controlled companies		Related companies		Affiliated companies		Others		Total
Shares and quotas	1	79	2	0	3	41	4	0	5	0	6	121
Bonds	7	0	8	0	9	0	10	0	11	0	12	0
Loans	13	0	14	0	15	0	16	0	17	0	18	0
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	0	56	0	57	0	58	0	59	0	60	0
Reinsurance debtors	61	2,192	62	0	63	6	64	0	65	0	66	2,198
Other receivables	67	2,678	68	0	69	26	70	0	71	0	72	2,703
Bank accounts	73	0	74	0	75	1,370	76	0	77	0	78	1,370
Other assets	79	0	80	0	81	92	82	0	83	0	84	92
Total	85	4,949	86	0	87	1,534	88	0	89	0	90	6,483
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	0	104	0	105	0	106	0	107	0	108	0
Payables arising out of direct insurance	109	20	110	0	111	0	112	0	113	0	114	20
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	1,698	140	0	141	0	142	0	143	0	144	1,698
Other liabilities	145	2,283	146	0	147	54	148	0	149	0	150	2,337
Total	151	4,001	152	0	153	54	154	0	155	0	156	4,055

Attachment 19

Year 2017

Insurance business highlights

		Gross premiums written		Gross premiums earned		Gross claims incurred		Operating expenses		Reinsurance Balance
Direct insurance:										
Personal accident and health insurance	1	57	2	19	3	100	4	9	5	39
Motor third party liability	6	3,471	7	3,482	8	1,151	9	1,189	10	-639
Motor fire, theft, etc. insurance	11		12		13	11	14		15	5
Marine insurance	16	118,327	17	110,540	18	91,480	19	23,824	20	5,181
Fire and other property damage	21	1,015	22	1,141	23	316	24	399	25	-380
Generale third party liabilities	26	2,937	27	2,813	28	1,389	29	860	30	-86
Credit and bond insurance	31		32	1	33	-944	34		35	-166
Pecuniary losses	36	1,778	37	1,157	38	346	39	320	40	-450
Legal defence	41		42		43	-1	44		45	
Assistance	46		47		48		49		50	
Total direct insurance	51	127,586	52	119,152	53	93,848	54	26,601	55	3,505
Indirect insurance	56	17,258	57	17,471	58	4,846	59	5,982	60	-2,153
Total italian business	61	144,843	62	136,623	63	98,694	64	32,583	65	1,351
Foreign business	66	1,240	67	869	68	705	69	277	70	48
Grand total	71	146,084	72	137,492	73	99,399	74	32,860	75	1,399

Attachment 21

Year 2017

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

		Non-life business		Life business		Total
Income from shares and quotas:						
Dividends from group companies	1	8	41		81	8
Other dividends	2		42		82	
Total	3	8	43		83	8
Income from property	4	443	44		84	443
Income from other investment:						
Interest income from group companies	5		45		85	
Interest income on loans granted to group companies	6		46		86	
Income from mutual fund units	7		47		87	
Interest income on bonds and other fixed securities	8	2,865	48		88	2,865
Interest income on loans	9	0	49		89	0
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 untertakings	13	0	53		93	0
Total	14	2,865	54		94	2,865
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	22	59		99	22
Other financial investments	20		60		100	
Total	21	22	61		101	22
Gains on disposal of :						
Property	22		62		102	
Group companies shares	23	13	63		103	13
Group companies bonds	24		64		104	
Other shares and quotas	25		65		105	
Other bonds	26	161	66		106	161
Other financial investments	27		67		107	
Total	28	174	68		108	174
GRAND TOTAL	29	3,512	69		109	3,512

Attachment 23

Year 2017

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	2	461	32		62	461
Bonds	3	203	33		63	203
Mutual fund units	4		34		64	
Mutual investments	5		35		65	
Other financial investments	6	174	36		66	174
Deposits from reinsurers	7	6	37		67	6
Total	8	844	38		68	844
Writedowns of:						
Properties	9	661	39		69	661
Group companie's shares	10		40		70	
Group companie's bonds	11		41		71	
Other shares and quotas	12		42		72	
Other bonds	13	48	43		73	48
Other financial investments	14		44		74	
Total	15	709	45		75	709
Losses on sale of :						
Properties	16		46		76	
Shares and quotas	17		47		77	
Bonds	18	19	48		78	19
Other financial investments	19		49		79	
Total	20	19	50		80	19
GRAND TOTAL	21	1,572	51		81	1,572

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Attachment 25

Year 2017

			Personal accident	Health insurance
Direct business net of reinsurance				
Premiums written	+	1	57	
Change in unearned premiums reserve	-	2	39	
Claims incurred	-	3	100	
Change in other technical reserves	-	4		
Other tecnical income (expenses) net	+	5		
Operating expenses	-	6	9	
Underwriting result of direct business (+ o -)	A	7	-90	
Result of outward reinsurance (+ o -)	B	8	39	
Net underwriting result of indirect business (+ o -)	C	9		
Change in equalisation reserve (+ o -)	D	10		
Portion of income from inv. tranferred from non technical account	E	11	4	
Tecnical result (+ o -) (A + B + C - D + E)		12	-48	

			Cargo insurance	Fire
Direct business net of reinsurance				
Premiums written	+	1	24,763	
Change in unearned premiums reserve	-	2	-329	-72
Claims incurred	-	3	15,769	22
Change in other technical reserves	-	4		
Other tecnical income (expenses) net	+	5	-849	
Operating expenses	-	6	7,949	24
Underwriting result of direct business (+ o -)	A	7	526	27
Result of outward reinsurance (+ o -)	B	8	321	-96
Net underwriting result of indirect business (+ o -)	C	9	3,402	
Change in equalisation reserve (+ o -)	D	10	30	
Portion of income from inv. tranferred from non technical account	E	11	255	1
Tecnical result (+ o -) (A + B + C - D + E)		12	4,474	-68

			General third party liability	Credit insurance
Direct business net of reinsurance				
Premiums written	+	1	2,937	
Change in unearned premiums reserve	-	2	125	
Claims incurred	-	3	1,389	
Change in other technical reserves	-	4		
Other tecnical income (expenses) net	+	5	-37	
Operating expenses	-	6	860	
Underwriting result of direct business (+ o -)	A	7	527	
Result of outward reinsurance (+ o -)	B	8	-86	
Net underwriting result of indirect business (+ o -)	C	9	112	
Change in equalisation reserve (+ o -)	D	10		
Portion of income from inv. tranferred from non technical account	E	11	64	
Tecnical result (+ o -) (A + B + C - D + E)		12	618	

	Motor fire, theft, etc. Insurance	Railway carriage insurance	Aircraft insurance	Hull insurance
1		161	93	93,245
2		-15	62	8,030
3	11	83	0	75,894
4				
5				-156
6		52	12	15,792
7	-11	41	18	-6,627
8	5	-18	-17	4,921
9		133	10	-385
10				62
11		7	1	609
12	-6	162	12	-1,544

	Other property damage	Motor third party liability	Aircraft third party liability	Hull third party liability
1	1,015	3,471	62	2
2	-54	-12	39	0
3	294	1,151	-8	0
4				
5	27	-106		
6	375	1,189	10	1
7	427	1,037	21	2
8	-284	-639	-25	-1
9	109	1,131		
10	3			
11	9	159		
12	257	1,688	-4	1

	Bond insurance	Pecuniary losses	Legal defense	Assistance
1		1,778		
2	-1	622		
3	-944	346	-1	
4				
5	-26	-19		
6		320		
7	919	472	1	
8	-166	-450		
9	-35			0
10				
11	18	6		
12	736	27	1	0

Attachment 26

Year 2017

Summary of technical account for non-life business
Italian Business

		Direct insurance: Direct risks 1	Direct insurance: Ceded risks 2	Indirect insurance: Indirect risks 3	Indirect insurance: Retroceded risks 4	Retained risks Total 5 = 1 - 2 + 3 - 4
Premiums written	+	1 127,586	11 90,951	21 17,258	31 8,691	41 45,202
Change in unearned premiums reserve	-	2 8,433	12 7,244	22 -213	32 -108	42 1,084
Claims incurred	-	3 94,106	13 69,170	23 4,846	33 4,400	43 25,383
Change in other technical reserves	-	4	14	24	34	44
Other tecnical income (expenses) net	+	5 -1,165	15 -266	25 -13	35	45 -911
Operating expenses	-	6 26,593	16 17,774	26 5,982	36 2,246	46 12,555
Underwriting result (+ o -)		7 -2,711	17 -3,505	27 6,630	37 2,153	47 5,270
Change in equalisation reserve (+ o -)	-					48 95
Portion of income from inv. tranferred from non technical account	+	9 867		29 264		49 1,132
Technical result (+ o -)		10 -1,844	20 -3,505	30 6,894	40 2,153	50 6,307

Attachment 29

Year 2017

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 tecnical 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 -238
Change in equalisation reserve (+ o -)	D		10
Portion of income from inv. tranferred from non technical account	E		11
Tecnical result (+ o -) (A + B + C - D + E)			12 -238

Section II : Life business

			All branches
Direct business net of reinsurance			
Premiums written		+	1
Claims incurred		-	2
Change in other technical reserves		-	3
Other tecnical 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

Attachment 30

Year 2017

Intercompany transactions

I: Revenues

		Parent companies		Controlled companies		Related companies		Affiliated companies		Others		Total
Investments income												
Income from property	1	443	2		3		4		5		6	443
Dividends	7	8	8		9		10		11		12	8
Interest income on bonds	13		14		15		16		17		18	
Interest on loans	19		20		21		22		23		24	
Interest income on other financial investments	25		26		27		28		29		30	
Interest income on deposits with ceding undertakings	31		32		33		34		35		36	
Total	37	450	38		39		40		41		42	450
	43		44		45		46		47		48	
Other revenues												
Interest income on receivables	49		50		51	0	52		53		54	0
Recovery of administrative expensive	55	3,005	56		57	58	58		59		60	3,063
Others	61		62		63	0	64		65		66	0
Total	67	3,005	68		69	58	70		71		72	3,063
Gains on disposal of investments	73	13	74		75		76		77		78	13
Extraordinary revenues	79		80		81		82		83		84	
GRAND TOTAL	85	3,469	86		87	58	88		89		90	3,526

Intercompany transactions

II: Charges

		Parent companies		Controlled companies		Related companies		Affiliated companies		Others		Total
Investment management charges and interest expenses :												
Investment charges	91	84	92		93	106	94		95		96	190
Interest expenses on subordinated liabilities	97		98		99		100		101		102	
Interest expenses on deposits from reinsurers	103		104		105		106		107		108	
Interest expenses on payables arising out of direct insurance	109		110		111		112		113		114	
Interest expenses on payables arising out of reinsurance	115		116		117		118		119		120	
Interest expenses on bank overdrafts	121		122		123		124		125		126	
Interest expenses on secured payables	127		128		129		130		131		132	
Other interests expenses	133		134		135		136		137		138	
Losses on receivable	139		140		141		142		143		144	
Administrative expenses on behalf of third parties	145		146		147		148		149		150	
Other charges	151		152		153		154		155		156	
Total	157	84	158		159	106	160		161		162	190
	163		164		165		166		167		168	
Loss on disposal of investments	169		170		171		172		173		174	
Extraordinary costs	175		176		177		178		179		180	
GRAND TOTAL	181	84	182		183	106	184		185		186	190

Attachment 31

Year 2017

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	1	73,122	5		11		15		21	73,122	25	
in other european countries	2	11,263	6	25,667	12		16		22	11,263	26	25,667
in other countries	3		7	17,534	13		17		23		27	17,534
Total	4	84,385	8	43,201	14		18		24	84,385	28	43,201

Attachment 32

Year 2017

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	5,484	31		61	5,484
- Social contributions	2	1,500	32		62	1,500
- Provision for termination indemnities	3	402	33		63	402
- Other personnel expenses	4	801	34		64	801
Total	5	8,187	35		65	8,187
Foreing business:						
- Salaries	6		36		66	
- Social contributions	7		37		67	
- Other personnel expenses	8		38		68	
Total	9		39		69	
Grand total	10	8,187	40		70	8,187
Fees for consultancy :						
Italian Business	11	205	41		71	205
Foreing business	12		42		72	
Total	13	205	43		73	205
Total personnel expenses	14	8,392	44		74	8,392

II: Splitting of personnel expenses

	Non life business		Life business		Total	
Investment management charges	15	11	45		75	11
Claims operating expenses	16	807	46		76	807
Other acquisition costs	17	1,625	47		77	1,625
Other administrative expenses	18	4,006	48		78	4,006
Administrative expenses on behalf of third parties	19	1,942	49		79	1,942
	20		50		80	
Total	21	8,391	51		81	8,391

III: Average personnel workforces for the year

	Number	
Managers	91	4
Clerks	92	101
Others	94	
Total	95	105

IV: Directors and statutory auditors

	Number		Emoluments	
Directors	96	10	98	159
Statutory auditors	97	3	99	37

AUDITOR'S REPORT

Independent auditor's report

in accordance with article 14 of Legislative Decree n° 39 of 27 January, 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 2017

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 2017, 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 2017, 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	*Auditing procedures performed in response to 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 215 million of Non-Life claims provisions representing the 54 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.	In order to challenge the quality of the data utilized to valuate 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; 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 togheter with a statistical analysis based on claims indicators.

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 and the consolidated 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 Regulations

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 2017, 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 2017 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 2017 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 2017. 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 Regulation n° 22/2008 issued by ISVAP 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 2017, are sufficient in accordance with applicable law and regulations and on the basis of correct actuarial techniques, in accordance with Regulation n° 22/2008 issued by ISVAP.

Milan, 31 March 2018

PricewaterhouseCoopers SpA

Signed by

Dario Troja
(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

Siat
ASSICURAZIONI

The following resolutions were passed at the Annual General Meeting held on 17 April 2018:

- That the Financial statements at 31 Decmber 2017 be approved, together with the Director's Report on operations.

- That the Directors' proposal regarding the allocation of the net income be approved, and the payment of a gross dividend of 0,11 € per share be approved.

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