



UNIPOL GROUP: CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2018 APPROVED

- Consolidated net profit of €843m (a loss of €229m in the first nine months of 2017) including the capital gain from the sale of Popolare Vita (€309m)
- Consolidated solvency ratio of 161%¹, based on the partial internal model (160% as at 30 June 2018)
- Direct insurance income of €8.6bn (+5.1%), not including Popolare Vita
 - ✓ Non-Life business: €5.6bn, in line with the first nine months of 2017
 - ✓ Life business: €3.1bn (+16.6%)
- Direct business combined ratio of 94.5% compared to the figure of 96.8% recorded at 30 September 2017
- Pre-tax profit of €27m in the banking business
- Coverage ratio of the bad loans in the Banking Group amounted to 81%, with a 46.1% coverage ratio of unlikely-to-pay loans, at the best levels on the market.
- Return on financial investments 3.9%

¹Figure calculated on the basis of the partial internal model, to be taken as preliminary; the Supervisory Authorities will be notified of the definitive figure in accordance with legally required deadlines.

Bologna, 9 November 2018

The Board of Directors of Unipol Gruppo S.p.A., which met yesterday under the chairmanship of Pierluigi Stefanini, approved the consolidated results of the Group as at 30 September 2018.

Summary of the most significant Group figures

	<i>Amounts in €m</i>	30/9/2018	30/9/2017	<i>% Change</i>
Direct insurance income		8,740	8,785	<i>(0.5)%</i>
Non-Life direct insurance income		5,577	5,590	<i>(0.2)%</i>
Life direct insurance income		3,164	3,195	<i>(1.0)%</i>
Combined ratio Non-Life - direct business		94.5%	96.8%	
Combined ratio Non-Life - net of reinsurance		93.5%	96.4%	
Consolidated results		843	(229)	
	<i>Amounts in €m</i>	30/9/2018	31/12/2017	<i>% Change</i>
Investments and cash and cash equivalents		69,779	71,647	<i>(2.6)%</i>
Shareholders' equity attributable to the Group		5,381	5,486	<i>(1.9)%</i>
Group solvency ratio		161%	166% (*)	

(*) The solvency ratio as at 31/12/2017 recalculated with partial internal model (published at 31/12 = 152%)

The Unipol Group ended the first nine months of 2018 with a **consolidated net profit** of €843m, including the capital gain of €309m generated from the sale of UnipolSai's investment in Popolare Vita S.p.A.

The Group had posted a loss of €229m in the first nine months of 2017 due to the financial effects of implementing the banking business restructuring plan for €780m. If the effects of the non-recurring components are not considered for the two periods in question, and the consolidated results are recalculated on a comparable basis², the result for the first nine months of 2018 stood at €522m, up from the figure of €508m for the first nine months of 2017, due mainly to the higher contribution of the Non-Life technical margin.

As at 30 September 2018, **direct insurance income**, including reinsurance ceded, stood at €8,740m, showing a change of -0.5% compared to 30 September 2017 (€8,785m). On a comparable basis², Group income amounted to €8,636m, up 5.1%.

²For both periods being compared, the figures provided on a comparable basis were calculated excluding the amounts contributed by Popolare Vita and The Lawrence Life.

Non-Life Business

The direct premium income in the **Non-life business** as at 30 September 2018 amounted to €5,577m (€5,590m as at 30 September 2017). The **MV** business stood at €3,063m, in line with the previous year. Premiums amounted to €2,513m in the **Non-MV** business, in line with the €2,520m as at 30 September 2017.

The improved performance of the MV TPL business stabilised with respect to the Non-Life claims thanks to positive claim frequency trends and the relative average cost. The Non-MV business also improved since there was a lower percentage of weather-related claims compared to the same period of the previous year.

The **combined ratio** of Group direct business stood at 94.5% (93.5% net of reinsurance), a significant improvement on the 96.8% figure as at 30 September 2017, with a direct business loss ratio of 67.1% compared to 69.1% in the first nine months of 2017, and a direct business expense ratio of 27.4% of the premiums written, compared to 27.6% as at 30 September 2017.

Life Business

In the **Life business**, as at 30 September 2018, the Unipol Group registered significant growth in revenue, on a comparable basis², with direct income of €3,059m (+16.6% compared to 30 September 2017), driven by the bancassurance business.

Banking Business and UnipolReC

The **pre-tax result** for the **Banking business** amounted to €27m, compared to a loss of €941m in the first nine months of 2017, which incorporated the effects of the Restructuring plan initiated in the 2017 half-year period. The normalised result as at 30 September 2017 amounted to €4m.

Unipol Banca had direct income of €10.3bn as at 30 September 2018 compared to €12bn at the end of 2017. The reduction is due to lower intra-group income and lower income from institutional customers in addition to repayment of notes from securitisation transactions. Loans to customers, net of the provisions, amounted to about €7bn compared to €7.9bn at the end of 2017. This reduction is mainly linked to the spin-off of Unipol Banca's bad loans to UnipolReC (coverage of 81%). The stock of net non-performing loans after the spin-off amounted to €426m, while the net bad loans stood at €25m, with average coverage ratios that are at the highest levels on the market (more specifically, there was 74.3% coverage of bad loans and 46.1% coverage of the unlikely-to-pay loans).

UnipolReC closes the first nine months with a drop of €250m of gross non-performing loans for which it has taken in €79m (32% of the total value), with a net reversal of €24m.

The CET1 of the Unipol Banking Group was equal to 30.5% (31.5% at 31 December 2017)³.

Real Estate Business and Other Businesses

Property management continued to revolve around the redevelopment of certain properties, especially in Milan, with a view towards generating income, enhancing their value or using them for operational purposes.

The **other businesses** in which the Group operates, especially the hotel industry (UNA Group), continue to focus on the development of commercial activities in order to consolidate their market positions in a constant bid to improve efficiency and increase revenue.

Financial Management

The gross return on the Group's financial insurance investment portfolio for the period was 3.9% of the invested assets, confirming the profitability of the same period in 2017, with 3.3% of this relating to the coupon and dividend component.

Balance Sheet

The consolidated shareholders' equity as at 30 September 2018 amounted to €6,677m (€7,453m as at 31 December 2017), of which €5,381m attributable to the Group (€5,486m as at 31 December 2017). The increases linked to the net result achieved during the period were more than offset by the fall in the valuation reserve of securities classified as AFS, due mainly to the increase in the spread on Italian government bonds, the distribution of dividends, the reduction in assets under management due to the deconsolidation of Popolare Vita, and the effects of the initial application of IFRS 9 on the companies forming part of the Unipol Banking Group (a loss of €30 million).

With regards to the **Group solvency ratio**, as at 30 September 2018, the ratio between own funds and capital requirement was 161%⁴, slightly improved on 30 June 2018 (160%), and down on the 31 December 2017 figure of 166%⁵, due mainly to the increased spread on Italian government bonds.

³The Unipol Group did not apply the option introduced by EU Regulation 2017/2395 with respect to the temporary reduction of the negative impact on its own bank funds as a result of initial application of IFRS 9.

⁴ This is a preliminary figure; the Supervisory Authority will be notified of the definitive figure in accordance with the timescales set out under prevailing law.

⁵ Figure calculated in accordance with the partial internal model.

Presentation of results to the financial community

A conference call will be held at 12:00 pm today during which financial analysts and institutional investors may submit questions to the Group CEO and senior management on the results at 30 September 2018. The phone numbers to dial to attend the event are: +39/02/8058811 (from Italy and all other countries), +1/718/7058794 (from the US) and +44/121/2818003 (from the UK). The multimedia file with the pre-recorded comment on the results can be found in the Investors section of the website www.unipol.it.

Maurizio Castellina, Manager in charge of financial reporting of Unipol S.p.A. and UnipolSai Assicurazioni S.p.A., declares, pursuant to Article 154-bis, paragraph 2, of the “Consolidated Law on Finance”, that the accounting information contained in this press release corresponds to the figures in the corporate accounting records, ledgers and documents.

Please refer to the press releases that can be downloaded from www.unipol.it for any significant events after 30 September 2018.

Glossary

CET1 - Common Equity Tier 1: core measure of banking financial strength Basel III

DIRECT BUSINESS COMBINED RATIO: indicator that measures the balance of Non-Life direct technical management, represented by the sum of the loss ratio (ratio between direct claims for the period + other technical charges and direct premiums earned) and the expense ratio (ratio between operating expenses and direct premiums recognised).

COMBINED RATIO AFTER REINSURANCE: indicator that measures the balance of Non-Life total technical management, represented by the sum of the loss ratio (ratio between claims for the period + other technical charges and premiums earned) and the expense ratio (ratio between operating expenses and premiums earned).

EXPENSE RATIO: ratio of Non-Life operating expenses and premiums calculated on earned premiums

LOSS RATIO: ratio of Non-Life claims and premiums

Unipol Gruppo S.p.A.

Unipol is one of the main insurance groups in Europe with total premiums of approximately €12.3bn, of which €7.9bn in Non-Life and €4.4bn in Life (2017 figures). Unipol adopts an integrated offer strategy and covers the entire range of insurance and financial products, operating primarily through the subsidiary UnipolSai Assicurazioni S.p.A., founded at the start of 2014 and a leader in Italy in the Non-Life Business, particularly MV TPL. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (Siat), health insurance (UniSalute) and supplementary pensions, and maintains a presence in the bancassurance channel. Lastly, it also operates in the banking realm through the network of Unipol Banca branches, and manages significant diversified assets in the real estate, hotel and agricultural (Tenute del Cerro) sectors. Unipol Gruppo S.p.A. is listed on the Italian Stock Exchange.

Unipol Gruppo

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