



UNIPOL GROUP: CONSOLIDATED RESULTS AS AT 31 MARCH 2018 APPROVED

- Normalised, consolidated net profit of €163m (€157m in the first quarter of 2017, +3.8%) Consolidated net profit, including the capital gain from sale of Popolare Vita (€309m), amounted to €472m.
- Direct insurance income of €3.2bn net of Popolare Vita
 - ✓ Non-Life business: €1.9bn (-1.9%)
 - ✓ Life business: €1.2bn (+26.8%)
- Direct business combined ratio 94.1%, an improvement on 95.0% recorded at 31 March 2017
- Profitability of financial investments 4.1%
- Consolidated solvency ratio 181%¹

Bologna, 11 May 2018

The Board of Directors of Unipol Gruppo S.p.A., meeting yesterday under the chairmanship of Pierluigi Stefanini, approved the consolidated results of the Group as at 31 March 2018.

¹ Figure calculated on the basis of the Partial Internal Model pursuant to the authorisation issued by the Institute for the Supervision of Insurance "IVASS" on 24 April 2018, which took effect on 31 December 2017. 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.

Summary of the Group's most significant data

	<i>Amounts in €m</i>	31/3/2018	31/3/2017	% Change
Direct insurance income		3,292	3,210	2.5
Non-Life direct insurance income		1,945	1,983	-1.9
Life direct insurance income		1,346	1,227	9.7
Combined ratio Non-Life - direct business		94.1%	95.0%	
Combined ratio Non-Life - net of reinsurance		95.1%	96.5%	
Consolidated net profit		472	157	
Normalised consolidated net profit		163	157	3.8
	<i>Amounts in €m</i>	31/3/2018	31/12/2017	% Change
Investments and cash and cash equivalents		73,114	71,647	2.0
Shareholders' equity attributable to the Group		5,737	5,486	4.6
Solvency II ratio		181%	166%	

The Unipol Group ended the first quarter of 2018 with a **consolidated net profit** of €472m, including the capital gain of €309m from sale of the investment in Popolare Vita S.p.A. (contributing €306m to the Life Business and €3m to the Non-Life business). If the extraordinary component is not considered, the normalised consolidated net profit amounted to €163m, up 3.8% on the €157m for the corresponding period of the previous year.

The streamlining of the Group insurance business continued through the first quarter of 2018. This project began in 2017 with sale of the Unipol holdings in Linear S.p.A. and UniSalute S.p.A. to UnipolSai and approval by the Boards of Directors of Unipol and UnipolSai of the transfer of Unipol's investment in Arca Vita S.p.A. to UnipolSai on 22 March 2018. This operation required legal authorisation to go ahead.

Direct insurance income, including reinsurance ceded, stood at €3,292m in the first quarter of 2018 (€3,210m as at 31 March 2017, +2.5%). Income from the new Group operating area amounted to €3,187m, up 7.6%, not including the income from Popolare Vita S.p.A. and its subsidiary Lawrence Life in the first quarters of 2017 and of 2018.

Non-Life Business

Non-life direct income as at 31 March 2018 amounted to €1,945m (€1,983m as at 31 March 2017, -1.9%). In the **MV** business, the reduction (€1,028m; -2.1%) is mainly due to continued competitive pressure on rates and a reduction in the fleet portfolio, while the drop in the **Non-MV** business (with premiums of €918m; -1.7%) was caused by a drop in high-value contracts.

The **combined ratio** of Group direct business stood at 94.1% (95.1% net of the reinsurance), an improvement on the 95% as at 31 March 2017 (96.5% net of the reinsurance), with a loss ratio of 67.6%, compared to 68.6% in the first quarter of 2017 and a direct business expense ratio of 26.4% of the premiums recognised, in line with the result as at 31 March 2017.

The **pre-tax result** for the Non-Life business amounted to €150m (€152m in the first three months of 2017).

Life Business

In the **Life business**, not including Popolare Vita and its subsidiary Lawrence Life, the Unipol Group registered significant growth in direct income, amounting to €1,241 million as at 31 March 2018 (+26.8% compared to 31 March 2017). UnipolSai S.p.A. earned €845m in direct income (+10.6%), and Arca Vita S.p.A., along with its subsidiary Arca Vita International, earned direct income of €371m, more than doubling the corresponding figure for the first quarter of 2017, thanks in part to a revitalised sales push following renewal of the agreement with the placement banks.

The **pre-tax result** for the Life business amounted to €456m (€93m in the first three months of 2017) including the capital gain from the sale of Popolare Vita which contributed €306m to the business.

Banking Business

The banking business restructuring plan announced to the market at the end of June last year was completed on 1 February last. It took legal effect from the partial proportional spin off of company assets from Unipol Banca to the newly established company UnipolReC S.p.A. Unipol S.p.A. has a directly controlling interest of 57.75% in UnipolRec, and UnipolSai S.p.A. has an indirectly controlling interest in it of 42.25%.

Direct income of Unipol Bank stood at €11.1bn compared to €12bn at the end of 2017. The reduction is due to the institutional customer business and repayment of notes from securitisation transactions. Loans to customers, net of the write-downs, amounted to about €7bn compared to €7.9bn at the end of 2017. This was due to transfer of the portfolio of bad loans from Unipol Banca to UnipolReC and lower loans to vehicles following repayment of the securitisation notes. The stock of net non-performing loans, after the spin off, amounted to €494m, with 77% coverage of the bad loans and 45% coverage of the unlikely-to-pay loans.

The CET1 of the Unipol Banking Group was equal to 30.5% (31.5% at 31 December 2017)².

The **pre-tax result** for the Banking Business amounted to €10m (€4m in the first three months of 2017).

²The 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 due to initial application of IFRS 9.

Real Estate Business, Holdings Business and Other Businesses

The Group's **other businesses** continue to revolve around the development of commercial activities, especially with regard to the hotel business.

Property management continued to focus on redevelopment activities to try and improve the value of the properties and create facilities to be used for operational purposes.

There was a pre-tax loss in the Real Estate, Holding Businesses and Other Businesses of -€73m (-€25m as at 31 March 2017), partly as a result of higher interest payments on loans, property devaluations and the effects of restructuring the banking business.

Financial Management

With regard to **management of financial investments**, the gross return on the Group's financial insurance investment portfolio for the period was 4.1% of the invested assets (the same as 31 March 2017).

Balance Sheet

Consolidated shareholders' equity amounted to €7,592m as at 31 March 2018 (€7,453m as at 31 December 2017). The increase is mainly due to the net result in the period, partially offset by negative changes including the reduction in assets under management due to the deconsolidation of Popolare Vita and the effects of the initial application of IFRS 9³ on the companies forming part of the Unipol Banking Group (-30 million). The shareholders' equity attributable to the Group amounted to €5,737m (€5,486m as at 31 December 2017).

With regard to the **Group solvency** ratio, on 24 April last, the Institute for the Supervision of Insurance "IVASS" authorised Unipol to use the partial internal model to calculate the group Solvency Capital Requirement in accordance with the Solvency II directive, starting from 31 December 2017. In application of the Partial Internal Model, as at 31 March 2018, the ratio between own funds and capital requirement amounted to 181%⁴, up on the 31 December 2017 figure of 166%⁵. This amount takes account of the repayment, on 3 May 2018, of the two subordinated loans due for repayment in 2025 and 2026. The loans had been granted by Mediobanca - Banca di Credito Finanziario S.p.A. to the former Fondiaria-SAI S.p.A. (now UnipolSai Assicurazioni S.p.A.) for a total amount of €300m.

³ In application of the option provided under article 2 of EU Regulation 2017/1988, the Unipol Group deferred application of IFRS 9 for the entities forming part of the UnipolSai Group and the other insurance companies directly controlled by Unipol Gruppo (Arca Vita, Arca Assicurazioni and Arca Vita International). On the other hand, accounting standard IFRS 9 was applied to the financial assets and liabilities of the entities forming part of the Unipol Banking Group (mainly Unipol Gruppo itself, Unipol Banca and UnipolReC).

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.

Corporate Governance

The Board of Directors checked to ensure that the non-executive Director, Massimo Desiderio, appointed by the Ordinary Shareholders' Meeting of the Company on 24 April 2018, fulfilled the necessary independence requirements.

Massimo Desiderio is classified as an "independent" Director in accordance with the Code of Conduct of listed companies, and article 147-ter, paragraph 4 of the Consolidated Law on Finance.

Massimo Desiderio is a member of the Control and Risks Committee and the Committee for Related Party Transactions.

Independence of the Statutory Auditors in accordance with the Code of Conduct of listed companies

The Board of Directors also acknowledged the results of the periodic self-assessment carried out by the Board of Statutory Auditors with respect to the independence of its standing members, pursuant to the Code of Conduct of listed companies, with the same requirements as provided for the Directors. To that end, the Board of Statutory Auditors confirmed that all its standing members can continue to regard themselves as possessing the above-mentioned independence requirements.

Presentation of results to the financial community

A conference call will be held at 12:00 p.m. today during which financial analysts and institutional investors may submit questions to the Group CEO and senior management on the results at 31 March 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 comment on the results can be found in the Investor Relations section of 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 31 March 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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