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Diffusione presunta

Oggetto : Unipol Group: Consolidated results at 31
march 2017 approved

Testo del comunicato

Vedi allegato.

Bologna, 11 May 2017

UNIPOL GROUP: CONSOLIDATED RESULTS AT 31 MARCH 2017 APPROVED¹

- Consolidated net profit of €157m (€151m at 31/3/2016, +4%)
- Direct insurance premiums of €3,210m (-32.9% compared to 31/3/2016)
 - ✓ Non-Life: €1,983m (+1.3%)
 - ✓ Life: €1,227m (-56.6%)
- Combined ratio of direct business at 95% (96.5% net of reinsurance)
- Return on investment at 4.1%
- Consolidated Solvency ratio based on economic capital equal to 156%²

The Board of Directors of Unipol S.p.A., which met yesterday under the chairmanship of Pierluigi Stefanini, approved the consolidated results for the first quarter of 2017.

¹ Following the amendment of paragraph 5 of Article 154-ter of Legislative Decree No. 58 of 24 February 1998, listed issuers are no longer required to publish an Interim Financial Report. The Unipol Group has decided to publish interim financial information for the first and third quarters on specific relevant indicators to describe the economic performance and capital position of the Group. These indicators are consistent and comparable with those provided in the Group's half-yearly and annual reports

² Economic capital is the measure of capital absorbed determined based on the principles and models applied in the Partial Internal Model and valid for operating purposes.

Group highlights

	<i>Amounts in €m</i>	31/3/2017	31/3/2016	<i>% var.</i>
Direct insurance premiums		3,210	4,784	-32.9%
Non-Life direct insurance premiums		1,983	1,958	1.3%
Life direct insurance premiums		1,227	2,826	-56.6%
Non-life combined ratio - direct business		95.0%	94.3%	
Non-Life combined ratio - net of reinsurance		96.5%	95.4%	
Consolidated profit (loss)		157	151	4.0%
	<i>Amounts in €m</i>	31/3/2017	31/12/2016	<i>% var.</i>
Investments and cash and cash equivalents		82,953	83,428	-0.6%
Shareholders' equity attributable to the Group		5,720	5,649	1.3%
Solvency II ratio (USP)		137%	141%	

The Unipol Group ended the first quarter of 2017 with **consolidated net profit** of €157m, a 4% growth compared with €151m in the same period of the previous year.

In the period in question, **direct insurance premiums**, net of reinsurance, were €3,210m (€4,784m at 31/3/2016, -32.9%).

In the **Non-Life business**, direct insurance premiums amounted to €1,983m at 31 March 2017 (€1,958m at 31/3/2016, +1.3%) driven by the Non-MV segment, which reached premiums of €933m, marking a growth of 5.2%. The **MV TPL** segment was down slightly, with premiums at €1,050m (-2.0%) due to continuous competitive pressure on rates.

UnipolSai S.p.A., the main company of the Group, reported Non-Life direct premiums of €1,712m (€1,713m at 31/3/2016, -0.1%).

The **combined ratio**³ stood at 95% (96.5% net of reinsurance), compared to 94.3% in the same period 2016, with a loss ratio at 68.6% and the expense ratio at 26.4%.

The **pre-tax profit** of the Non-Life sector amounted to €152m (€137m in the first quarter of 2016).

In the **Life business**, within a market environment still characterised by interest rates which are extremely low and negative in the short term, strategic decisions to contain financial risk were reinforced, limiting the production of traditional products with returns linked to segregated funds and orienting the offering of our networks towards multisegment and linked products.

As a result of what is set forth above, Life direct premiums, equal to €1,227m, declined by 56.6% (€2,826m at 31/3/2016), due in particular to the bancassurance channel (-76.9%).

UnipolSai S.p.A., the main company of the Group, reported direct premiums for €764m (-8.1%).

The **pre-tax profit** of the Life sector amounted to €93m (€104m in the first quarter of 2016).

³ direct business

In the **Banking sector**, direct deposits came to €10,762m (+2.2% compared to the end of 2016). Loans⁴ to customers amounted to €8,762m (+2.1% compared to the end of 2016). The stock of impaired loans, totalling €3,706m (gross), was down further in the initial months of the year compared to the levels seen in December 2016, due to the significant reduction of inflows and the management and closure of non-performing positions. The overall coverage ratio rose to 45.8%.

The **pre-tax profit** of the Banking sector amounted to €4m (€2m at 31/3/2016).

At the level of Unipol, the CET 1 of the Banking Group was 28.6%⁵.

Real estate management continued to focus on the renovation of some of the portfolio's properties, particularly in Milan, in order to seek out opportunities to increase value or generate income, as well as properties used for corporate business. In the course of the period in question, real estate was sold for a value of approximately €110m.

The activities of the companies in the **other sectors** in which the Group carries out business continued to focus on the development of commercial activities. In particular, in the hotel segment, the phase of integrating the structures of Atahotels and Una Hotels began, following the acquisition of the hotel management business unit from UNA S.p.A. at the end of 2016.

The **pre-tax result** of the Real Estate, Holding and Other Businesses segments together totalled -€25m (in line with the first quarter of 2016).

As regards the **management of financial investments**, the first part of 2017 saw no particularly significant tensions, although interest rates and the Italian treasury bond/Bund spread were tending to rise. Although aiming to preserve the risk/return profile of the assets and the consistency between assets and liabilities towards the policyholders, the gross profitability of insurance financial investments portfolio produced a significant return in the period in question, equal to 4.1% of invested assets (3.4% at 31/3/2016), of which 3.3% relating to the coupons and dividends component.

Consolidated shareholders' equity at 31 March 2017 amounted to €8,038m (€8,134m at 31/12/2016). The decrease was due, in particular, to decreases in the provision for gains on available-for-sale assets (-€86m) and shareholders' equity attributable to non-controlling interests following the acquisition of UnipolSai shares for €178m, not offset by profit for the period (€157m). Shareholders' equity attributable to Group amounted to €5,720m (€5,649m at 31/12/2016).

The **Group's Solvency ratio**, calculated according to the Solvency II regulation (standard formula with the use of USPs – Undertaking Specific Parameters), had a ratio of own funds to required capital of 137% at 31 March 2017, down compared to 141% at 31 December 2016 due to the effects deriving primarily from the expansion of the Italian treasury bond/Bund spread with respect to the Solvency II curve. The consolidated Solvency ratio of the Unipol Group at 31 March 2017 based on Economic Capital came to 156% (161% at 31/12/2016).

⁴ Also net of provisions at Unipol S.p.A. level

⁵ The CET 1 of the Banking Group, also considering the elements of Finsoe S.p.A. (included in the prudential supervisory scope) was 13.9%.

With reference to the shares held in Bper Banca, please note that the Unipol Group currently owns 9.9% of the capital of such bank. The 5% stake held in support of the existing industrial partnership has a stable nature. The additional stake at present constitutes a financial investment.

Corporate Governance

Independence of Directors and Statutory Auditors

The Board of Directors performed the periodic verification as to whether non-executive Directors and, as far as they are concerned, the members of the Board of Statutory Auditors met the independence requirements.

With regard to Directors, following the evaluations carried out – in which the positions of individual Directors were examined by applying criteria in line with international best practices, which pay particular attention to the requirement of substantial independence – the governing body confirmed the continued satisfaction of the independence requirements, both under the Code of Conduct for listed companies and Article 147-*ter* of the Consolidated Law on Finance, by the following non-executive Directors: Gianmaria Balducci, Silvia Elisabetta Candini, Patrizia De Luise, Anna Maria Ferraboli, Daniele Ferrè, Giuseppina Gualtieri, Pier Luigi Morara, Antonietta Mundo, Maria Antonietta Pasquariello, Sandro Alfredo Pierri, Annamaria Trovò and Rossana Zambelli, for a total of 12 independent directors out of 22.

Finally, all members of the controlling body – namely, Mario Civetta (Chairman), Silvia Bocci and Roberto Chiusoli (standing Auditors), Massimo Gatto and Chiara Ragazzi (alternate Auditors) – continue to meet the requirements of independence laid down by Article 148, paragraph 3, of the Consolidated Law on Finance.

Presentation of Results to the Financial Community

At 11:00 p.m. today, a conference call is planned during which financial analysts and institutional investors can ask the Group CEO and the Senior Management questions about the consolidated results at 31 March 2017. The telephone numbers to be used to participate in the event are: +39/02/8020911 (from Italy and from all other countries), +1/718/7058796 (from the US), +44/121/2818004 (from the UK). In any event, the multimedia file containing pre-recorded remarks on the results is available in the Investor Relations section of the website www.unipol.it.

Maurizio Castellina, Manager in charge of financial reporting for Unipol S.p.A. and UnipolSai Assicurazioni S.p.A., declares, pursuant to Art. 154-bis, paragraph 2 of the “Consolidated law of provisions on financial brokerage”, that the disclosure relating to the actual accounting data contained in the document corresponds to the accounting records, books and entries.

For the significant events that took place during the period and after 31 March 2017, please refer to the press releases that may be downloaded from the website www.unipol.it

Glossary

CET1 - **Common Equity Tier 1**: Basel 3 indicator of banking capital strength.

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 written).

COMBINED RATIO - NET OF 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

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Unipol S.p.A.

Unipol is one of the main insurance groups in Europe, with total premiums of roughly €14.8bn, of which €7.8bn in Non-Life and €7bn in Life (figures from 2016). 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), health insurance (UniSalute) and supplementary pensions, and maintains a presence in the bancassurance channel (Arca Vita Group and Popolare Vita Group).

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 (Atahotels) and agricultural (Tenute del Cerro) sectors.

Unipol S.p.A. is listed on the Italian Stock Exchange

Fine Comunicato n.0265-16

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