

# 1H17 CONSOLIDATED RESULTS UNIPOL AND UNIPOLSAI



Bologna, 4 August 2017

## PART 1

Consolidated  
results

## PART 2

Insurance Business

- Non-Life
- Life

## PART 3

Banking Business

## PART 4

Investments

## PART 5


Solvency

## PART 6

Appendix

The figures outlined in this document:

- include the effects of the restructuring of the banking business, approved by the Board of Directors of Unipol and UnipolSai on the 28 July 2017;
- do not include the effects of the streamlining of the Group insurance business as approved by the Boards of Unipol and UnipolSai the 29 June 2017, which is expected to be completed by the end of the current financial year, subject to IVASS authorizations.



# PART 1

## CONSOLIDATED RESULTS

# CONSOLIDATED RESULTS


€m

## UNIPOL

	1H16	1H17	1H17 <sup>a</sup> normalized
Consolidated pre-tax result	394	-516	509
<i>Non-Life</i>	268	368	368
<i>Life</i>	193	212	212
<i>Banking</i>	2	-940	5
<i>Holding and other</i>	-68	-156	-76
Consolidated net result	<b>276</b>	<b>-390</b>	<b>390</b>
Group net result	<b>160</b>	<b>-489</b>	<b>263</b>

## UNIPOLSAI

	1H16	1H17	1H17 <sup>a</sup> normalized
Consolidated pre-tax result	383	394	498
<i>Non-Life</i>	225	235	320
<i>Life</i>	176	181	200
<i>Other</i>	-18	-22	-22
Consolidated net result	<b>280</b>	<b>282</b>	<b>387</b>
Group net result	<b>269</b>	<b>265</b>	<b>369</b>

The background of the slide is a photograph of art supplies. In the foreground, there are several jars of paint in various colors (blue, yellow, red) and a palette with colorful paint strokes. In the background, there are several colored pencils (orange, red, blue) lying on a white surface. The overall scene is artistic and creative.

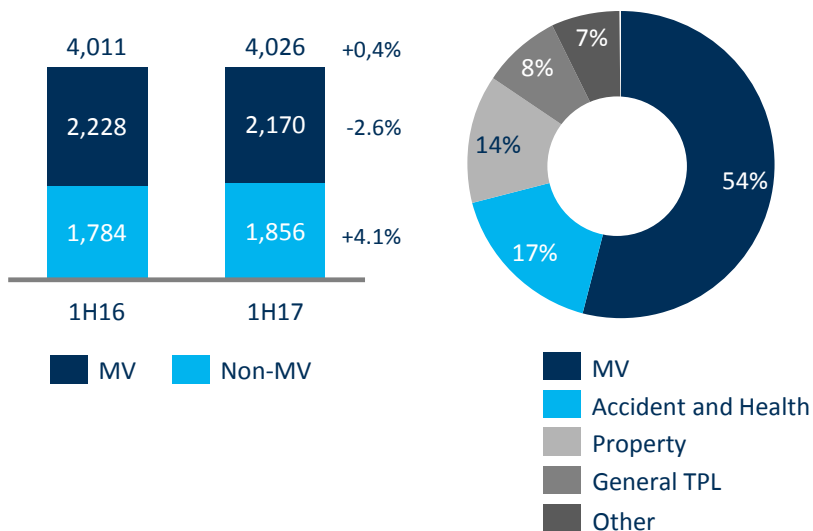
# PART 2

## NON-LIFE INSURANCE BUSINESS

# DIRECT PREMIUM INCOME

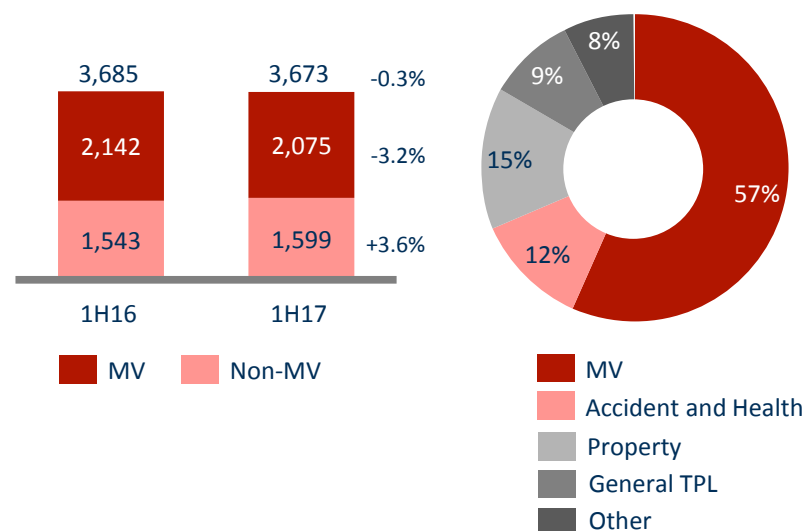
€m

## UNIPOL



Premiums by company	1H16	1H17
UnipolSai (group)	3,685	3,673
Linear	74	87
UniSalute	197	210
Arca	54	56
<b>Unipol</b>	<b>4,011</b>	<b>4,026</b>

## UNIPOLSAI

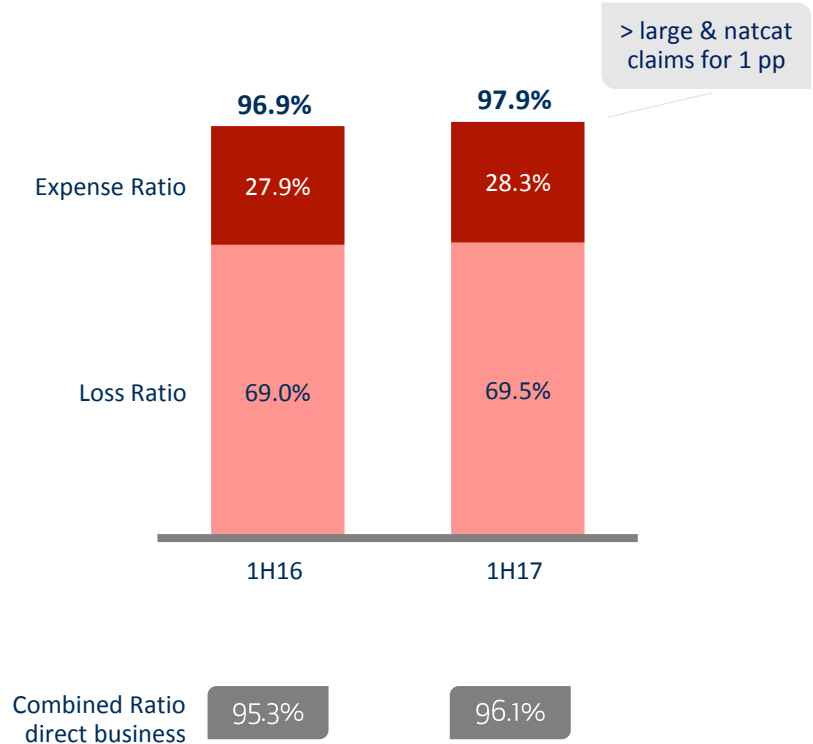
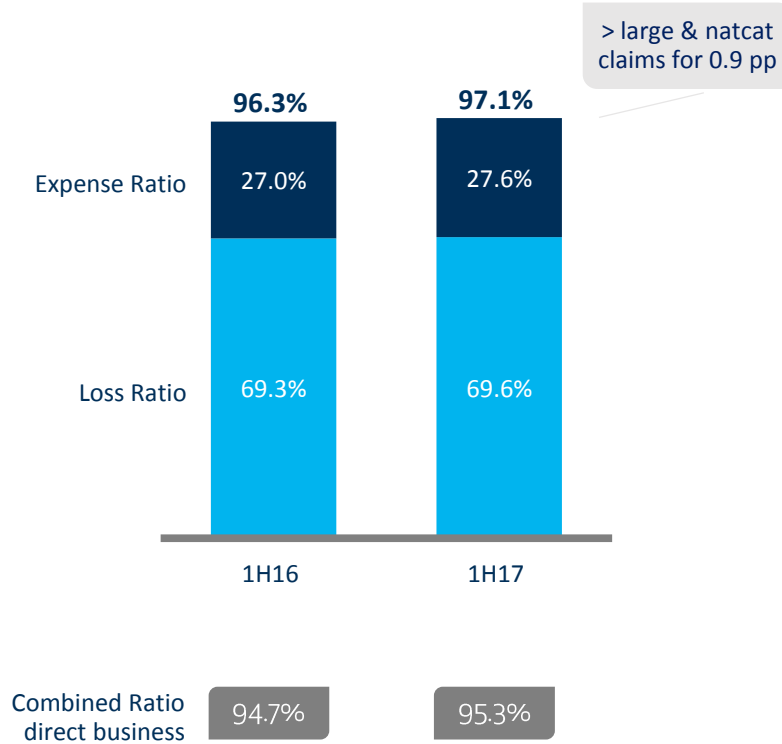


Premiums by company	1H16	1H17
UnipolSai S.p.A.	3,556	3,506
Other companies	129	167
<b>UnipolSai</b>	<b>3,685</b>	<b>3,673</b>

## COMBINED RATIO NET OF REINSURANCE

## UNIPOL

## UNIPOLSAI



# UNIPOLSAI S.P.A. –MV TPL TECHNICAL INDICATORS DIRECT BUSINESS

## UNIPOLSAI SPA

MV TPL Combined Ratio	1H16	1H17
Direct Business	99.9%	101.7%
<i>Expense ratio<sup>a</sup></i>	21.8%	22.5%
<i>commissions/premiums</i>	13.7%	13.9%
<i>other operating expenses/premiums</i>	8.1%	8.6%
<i>Loss ratio<sup>b</sup> (incl. OTI)</i>	78.1%	79.2%

**No. of black boxes 3.3 million (35% of the portfolio)**

Other MV TPL indicators	Var. vs FY16
Total portfolio	-0.1%
<i>retail</i>	-0.1%
<i>fleets</i>	+0.7%
Portfolio average premium	-2.1%
	<b>Var. vs 1H16</b>
No. of claims reported (followed-up passive claims)	-1.1%
Frequency	-0.01 p.p.

<sup>a</sup> Operating expenses / written premiums from direct business (before reinsurance)

<sup>b</sup> Claims charges / earned premiums from direct business (before reinsurance)

Operating figures



## OTHER INSURANCE COMPANIES

€m

## UNISALUTE – LINEAR – ARCA ASSICURAZIONI

	1H16	1H17
Premium income	326	353
MV	85	95
Accident & Health	218	232
Other	22	25
CoR direct business	87.8%	87.2%
Expense ratio	16.4%	16.5%
Loss ratio (incl. OTI)	71.4%	70.8%
<b>IAS net result</b>	<b>29</b>	<b>33</b>

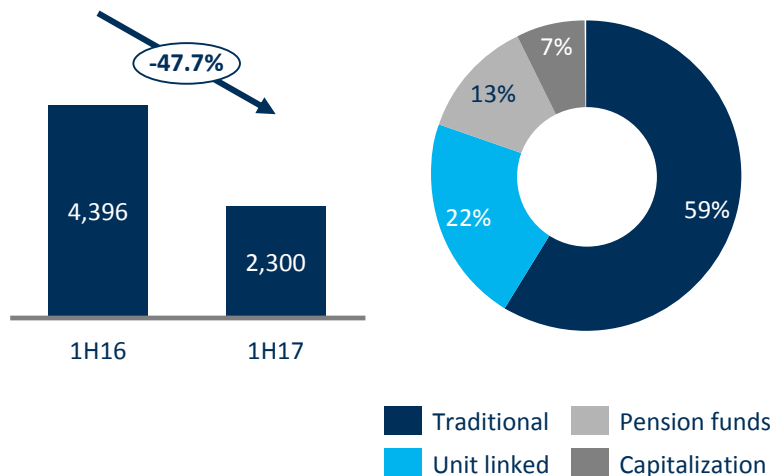


**PART 2**  
LIFE  
INSURANCE BUSINESS

## DIRECT INCOME

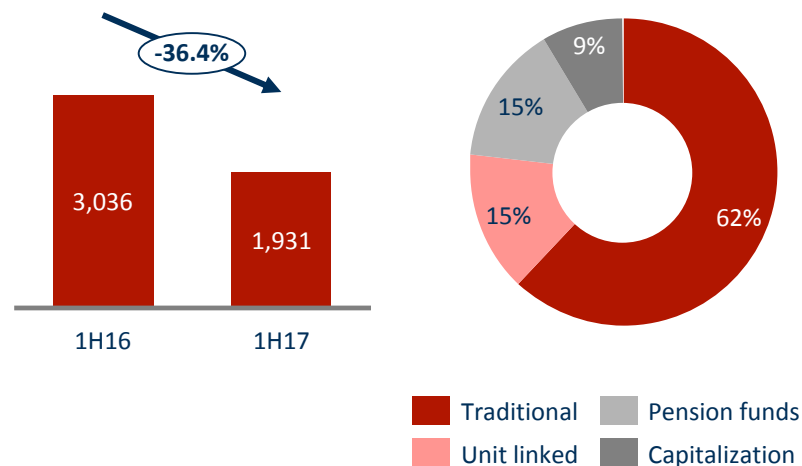
€m

## UNIPOL



Income by company	1H16	1H17
UnipolSai (group)	3,036	1,931
Arca Vita + AVI	1,360	370
<b>Unipol</b>	<b>4,396</b>	<b>2,300</b>

## UNIPOLSAI

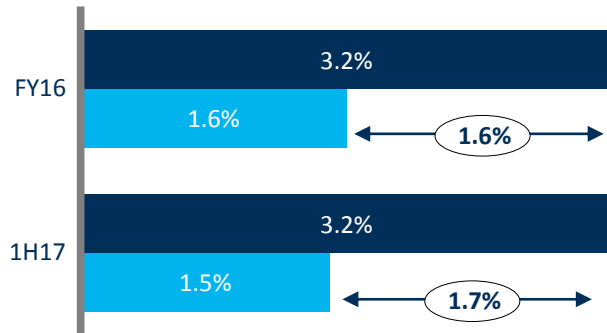


Income by company	1H16	1H17
UnipolSai S.p.A.	1,593	1,416
Popolare Vita + Lawr. Life	1,384	456
Altre compagnie	60	59
<b>UnipolSai</b>	<b>3,036</b>	<b>1,931</b>

On the 29 June 2017, the BoD of UnipolSai approved the termination of the agreement with Banco BPM and the exercising of the put option on its stake in Popolare Vita

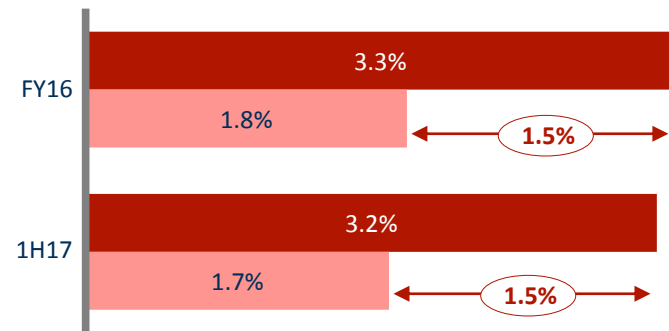
# SEGREGATED ACCOUNTS AND MINIMUM GUARANTEED YIELDS

## UNIPOL



average segregated accounts yield  
 average minimum guaranteed yield

## UNIPOLSAI



average segregated accounts yield  
 average minimum guaranteed yield

The background of the slide is an artistic composition featuring a palette with various colored paints (blue, yellow, purple, red) and several paintbrushes with colorful bristles. The scene is set on a white surface, possibly a canvas or paper, with a dark blue brushstroke graphic overlaid in the center. The overall aesthetic is creative and professional.

# PART 3

## BANKING BUSINESS

# RESTRUCTURING OF THE BANKING SECTOR

The restructuring of Unipol Group's banking business was approved by the Boards of Unipol and UnipolSai, on 27 July 2017; the guidelines and strategic motivations were communicated to the market on 30 June 2017

## STRATEGIC RATIONALE

- to refocus Unipol Banca on its core business with the aim to increase its potential profitability
- to progress Unipol Banca's risk indicators to excellent levels
- to render more efficient the management of the NPEs transferred to the NewCo, maximizing the returns
- to pursue with greater ease every possible strategic option for Unipol Banca

## IN PRACTICE

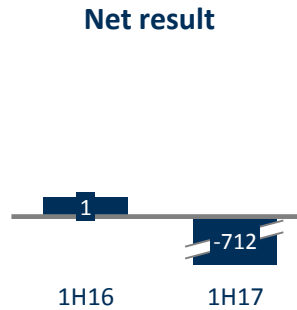
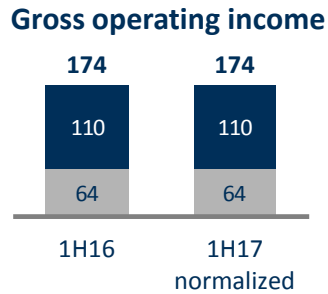
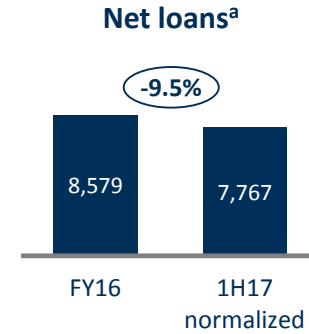
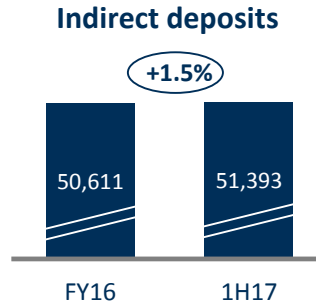
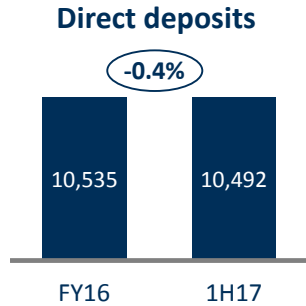
- Increase of the average coverage ratios to:
  - 80% Bad loans, 40% Unlikely to Pay, 15% Past Due
- Write-downs:
  - gross write-downs made by Unipol Banca for € 1.6 bn (€ 0.9 bn net of income deriving from the termination of the indemnity agreement the value of which is € 0.7 bn)
  - gross write-downs for € 0.1 bn made by Unipol S.p.A. due to the termination of the indemnity agreement
- Capital contributions in favour of Unipol Banca for € 0.9 bn (57.75% Unipol and 42.25% UnipolSai) after the write-downs and in light of the capital destined for the NewCo
- Proportional partial demerger of certain assets and liabilities including a portfolio of around € 3 bn gross bad loans (around € 0.6 bn net), from Unipol Banca to the NewCo
- Debt financing of the NewCo will come to € 0.3 bn (57.75% Unipol and 42.25% UnipolSai)

## ECONOMIC IMPACT

- Negative impact of € 0.8 bn on Unipol consolidated net result at 30 June 2017, expected to be confirmed at year end 2017

# KPIs OF THE BANKING SECTOR \*

€m



Loan Loss Provisions (LLPs)	FY16	1H17
LLPs Unipol Banca	44	920
LLPs Unipol	30	105
LLPs Finitalia	6	4
<b>Total LLPs</b>	<b>80</b>	<b>1,029</b>
<b>Total NPEs coverage ratio</b>	<b>45.7%</b>	<b>70.4%</b>

■ interest income   ■ non-interest income

**Unipol CET1 ratio <sup>b</sup>** 26.7%

**Unipol Banca CET1 ratio** 15.2%  
post capital contributions of 900m

\* The banking business is comprised of Unipol Banca, its subsidiaries and UnipolSai Investimenti SGR – Operating figures

<sup>a</sup> 1H17 net of loans to the parent company

<sup>b</sup> CET 1 ratio at Unipol level. CET 1 ratio at Finsoe level is equal to 12.6%

## FOCUS ON NON-PERFORMING EXPOSURES OF THE BANKING SECTOR\*

€m

	FY16			1H17		
	net loans	gross loans	coverage ratio	net loans	gross loans	coverage ratio
Bad loans ( <i>Sofferenze</i> )	1,127	2,651	57.5%	598	2,985	80.0%
Unlikely to pay	767	958	19.9%	445	740	40.0%
Past due	145	151	3.5%	91	107	15.0%
<b>Total NPEs</b>	<b>2,040</b>	<b>3,760</b>	<b>45.7%</b>	<b>1,134</b>	<b>3,832</b>	<b>70.4%</b>



# UNIPOL BANCA S.p.A. EVOLUTION

## UNIPOL BANCA S.p.A. post demerging – pro forma

€bn

SOFP ASSETS		SOFP LIABILITIES	
Net loans	8.0	Total Equity <sup>a</sup>	0.6
<i>o/w</i>			
Net NPEs	0.5		
Other	3.6	Debts <sup>a</sup>	11.0
<b>Total</b>	<b>11.6</b>	<b>Total</b>	<b>11.6</b>

€m

NPEs	net loans	gross loans	coverage ratio
Bad loans ( <i>Sofferenze</i> )	7	34	80.0%
Unlikely to pay	442	737	40.0%
Past due	88	103	15.0%
<b>Total NPEs</b>	<b>537</b>	<b>875</b>	<b>38.6%</b>

*Net NPEs / Net loans* ~7%  
*Gross NPEs / Gross loans* ~10%  
*Texas ratio* ~90%

## NEWCO – pro forma

€bn

SOFP ASSETS		SOFP LIABILITIES	
NPEs	0.6	Total Equity <sup>a</sup>	0.3
Other	0.0	Debts <sup>a</sup>	0.3
<b>Total</b>	<b>0.6</b>	<b>Total</b>	<b>0.6</b>

€m

NPEs	net loans	gross loans	coverage ratio
Bad loans ( <i>Sofferenze</i> )	587	2,936	80.0%
<b>Total NPEs</b>	<b>587</b>	<b>2,936</b>	<b>80.0%</b>

The background of the slide is an artistic photograph of a painter's palette and several paintbrushes. The palette is covered in a dense, colorful pattern of paint splatters in shades of blue, yellow, purple, and red. The paintbrushes are scattered around, with some showing vibrant colors like orange, red, and blue. The overall scene is set against a light, neutral background, creating a creative and professional atmosphere.

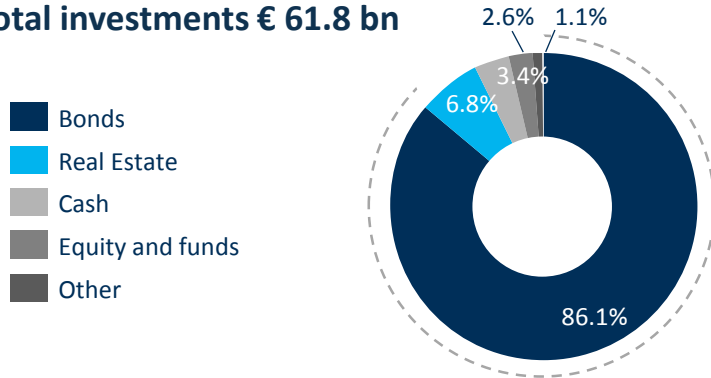
# PART 4

## INVESTMENTS

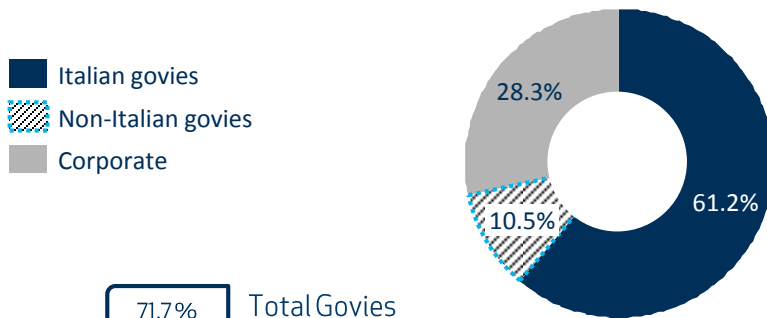
# ASSET ALLOCATION

## UNIPOL

Total investments € 61.8 bn

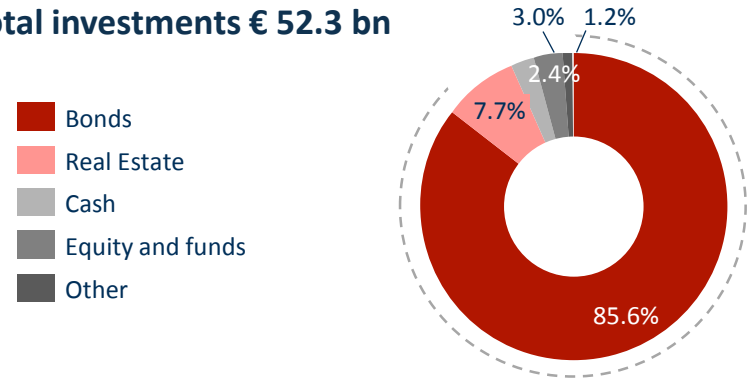


Breakdown of bond portfolio

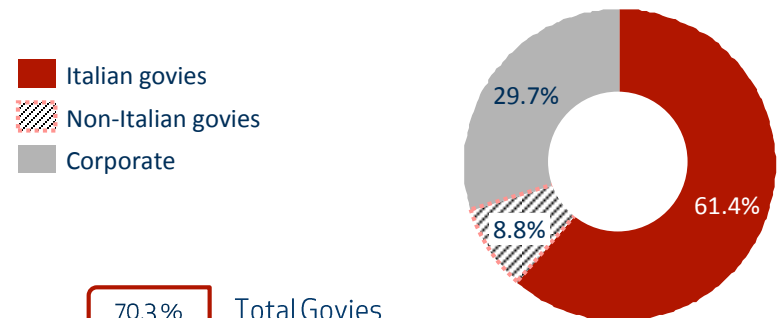


## UNIPOLSAI

Total investments € 52.3 bn



Breakdown of bond portfolio



## FINANCIAL INVESTMENT YIELDS

## UNIPOL

	1H17					
	Non-Life		Life		Total	
	€m	Yield%	€m	Yield%	€m	Yield%
Coupons and dividends	238	3.6%	679	3.5%	919	3.5%
Realized and unrealized gains/losses	86	1.3%	38	0.2%	125	0.5%
<b>Total</b>	<b>324</b>	<b>4.8%</b>	<b>717</b>	<b>3.7%</b>	<b>1,044</b>	<b>3.9%</b>

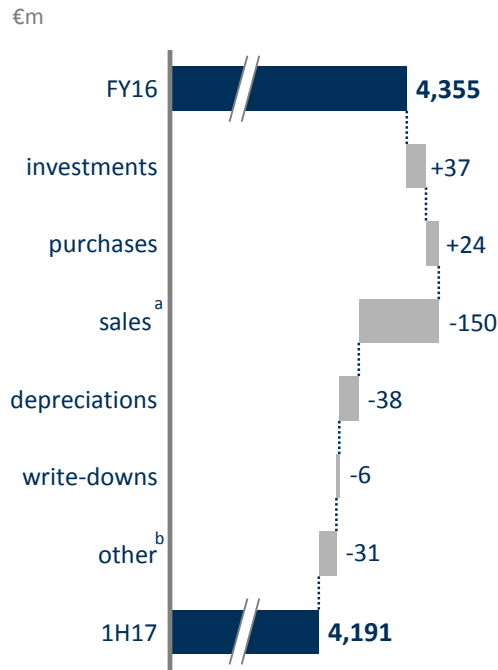
## UNIPOLSAI

	1H17					
	Non-Life		Life		Total	
	€m	Yield%	€m	Yield%	€m	Yield%
Coupons and dividends	225	3.7%	576	3.6%	801	3.6%
Realized and unrealized gains/losses	83	1.4%	45	0.3%	128	0.6%
<b>Total</b>	<b>309</b>	<b>5.0%</b>	<b>620</b>	<b>3.8%</b>	<b>929</b>	<b>4.2%</b>

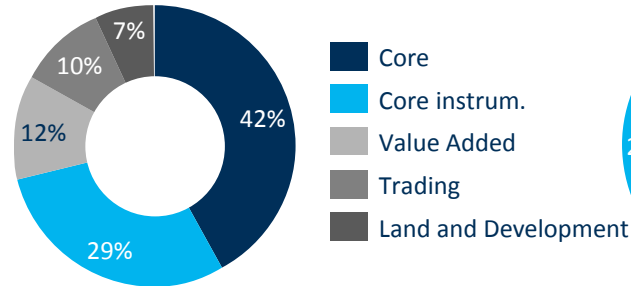
# REAL ESTATE

UNIPOL – Tot. portfolio € 4.2 bn

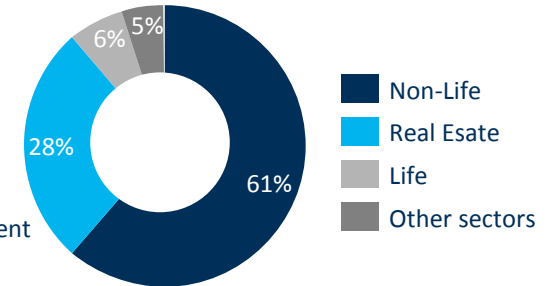
## Development of RE portfolio



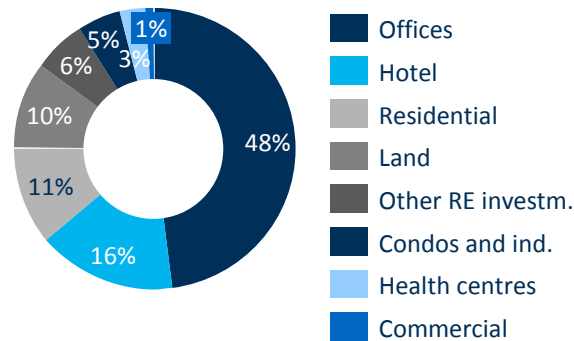
## Breakdown by cluster



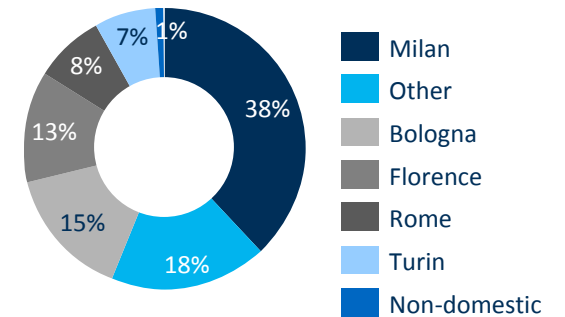
## Breakdown by sector



## Breakdown by use



## Breakdown by area



## Breakdown by ownership



<sup>a</sup> No. 61 deeds as at 30 June 2017.

<sup>b</sup> Including exchange variation and operations on RE funds and associated SPV  
Operating figures

The background of the slide is an artistic photograph of a painter's palette and several paintbrushes. The palette is covered in a dense, colorful pattern of paint splatters in shades of blue, yellow, purple, and red. The paintbrushes are scattered around, with some showing vibrant colors like orange, red, and blue. The overall scene is set against a light, neutral background, creating a creative and professional atmosphere.

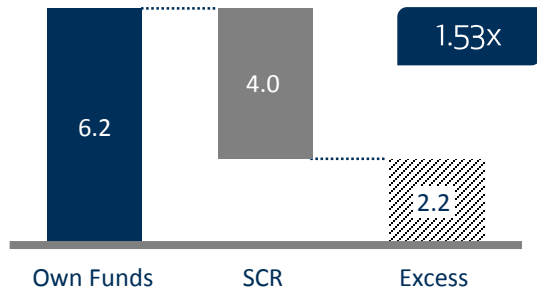
# PART 5

## SOLVENCY

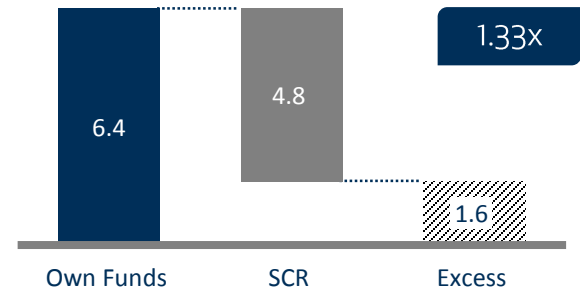
# SOLVENCY II – UNIPOL (consolidated)

€bn

## ECONOMIC CAPITAL



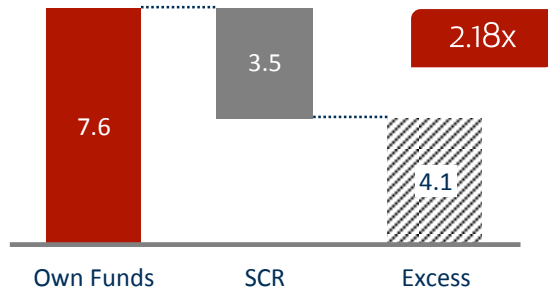
## STANDARD FORMULA USP



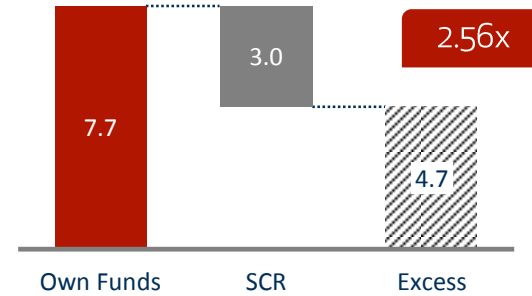
# SOLVENCY II – UNIPOLSAI

€bn

## ECONOMIC CAPITAL (consolidated)



## PARTIAL INTERNAL MODEL (UnipolSai solo)





The background of the slide is an artistic photograph of a painter's palette and several paintbrushes. The palette is filled with a variety of colors, including blue, yellow, purple, and red. The paintbrushes are scattered around it, some with paint on their bristles. The overall scene is brightly lit, creating a vibrant and creative atmosphere.

# PART 6

## APPENDIX

## KEY PERFORMANCE INDICATORS

€m

## UNIPOL

	1H16	1H17	1H17 <sup>a</sup> normalized
Consolidated net result	276	<b>-390</b>	<b>390</b>
Group net result	160	<b>-489</b>	<b>263</b>
Premium income direct business	8,408	<b>6,327</b>	
<i>o/w Non-Life</i>	4,011	<b>4,026</b>	
<i>o/w Life</i>	4,396	<b>2,300</b>	
Combined Ratio	96.3%	<b>97.1%</b>	

	FY16	1H17	1H17 normalized
Total equity	8,134	<b>7,182</b>	<b>7,962</b>
Shareholder's equity	5,649	<b>5,052</b>	<b>5,803</b>

## UNIPOLSAI

	1H16	1H17	1H17 <sup>a</sup> normalized
Consolidated net result	280	<b>282</b>	<b>387</b>
Group net result	269	<b>265</b>	<b>369</b>
Premium income direct business	6,722	<b>5,604</b>	
<i>o/w Non-Life</i>	3,685	<b>3,673</b>	
<i>o/w Life</i>	3,036	<b>1,931</b>	
Combined Ratio	96.9%	<b>97.9%</b>	

	FY16	1H17	1H17 normalized
Total equity	6,535	<b>6,381</b>	<b>6,486</b>
Shareholder's equity	6,156	<b>6,072</b>	<b>6,177</b>

# STREAMLINING OF THE INSURANCE BUSINESS

The Boards of Unipol and UnipolSai on 29 June 2017 approved the streamlining of the insurance business of the Unipol Group

## STRATEGIC RATIONALE

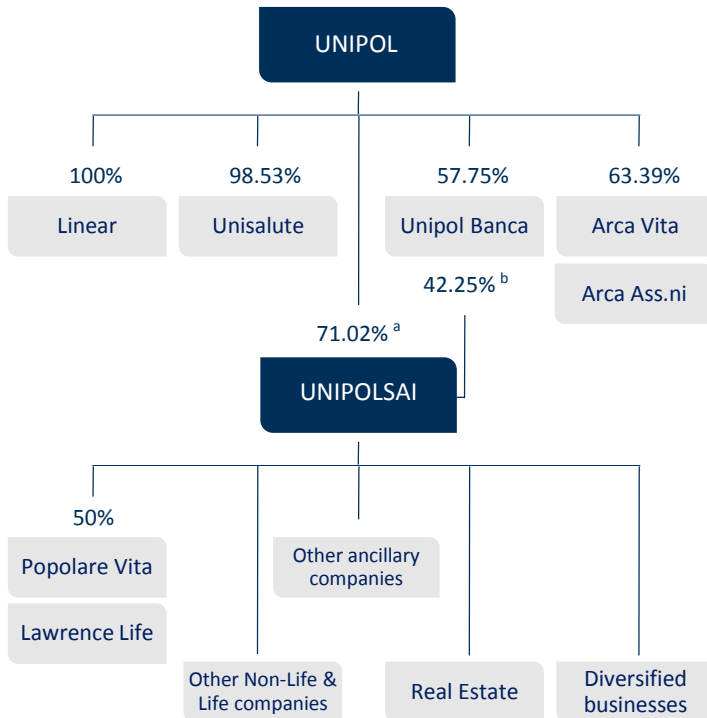
- to concentrate all of the insurance businesses under the control of UnipolSai
- to develop an integrated multi-channel product model
- to simplify the operating governance framework
- to transform Unipol into solely a holding company, tasked with coordinating and controlling the banking and insurance business

## IN PRACTICE

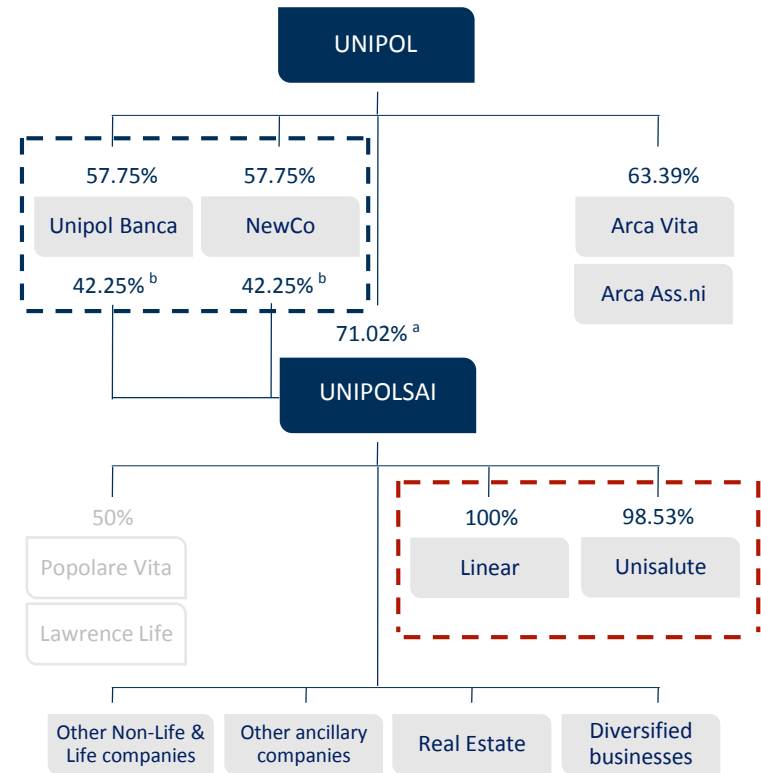
- ✓ Transferral to UnipolSai of Unipol's former stakes in
  - UniSalute (98.53%) at a price of € 715 m
  - Linear (100%) at a price of € 160 m
- ✓ The restructuring is expected to be completed over the course of 2017, provided that the necessary authorizations are obtained
- ✓ Should the necessary conditions apply, possible transfer to UnipolSai of the stake currently held by Unipol in
  - Arca Vita (63.39%)



# GROUP STRUCTURE

## PRE-STREAMLINING



## POST-STREAMLINING



 Restructuring of the banking business  
 Streamlining of the insurance business

<sup>a</sup> Including the shares held by Unipol Finance and Unipol Investment

<sup>b</sup> O/w 27.49% is the subject of a put option granted by Unipol to UnipolSai and of a call option granted by UnipolSai to Unipol

## DISCLAIMER

Maurizio Castellina, Senior Executive responsible for drawing up the corporate accounts of Unipol S.p.A. and UnipolSai Assicurazioni S.p.A., declares, in accordance with Article 154-bis, para 2, of the 'Consolidated Finance Act', that the accounting information reported in this document corresponds to the document contents, books and accounting records.

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## INVESTOR RELATIONS CONTACTS

**Adriano Donati**

Head of Investor Relations Tel +39 051 5077063

[investor.relations@unipol.it](mailto:investor.relations@unipol.it)

[investor.relations@unipolsai.it](mailto:investor.relations@unipolsai.it)

**Giancarlo Lana** Tel +39 011 66 57088

**Eleonora Roncuzzi** Tel +39 051 5077063

**Carlo Latini** Tel +39 051 5076333

**Giuseppe Giuliani** Tel +39 051 5077218

**Silvia Tonioli** Tel +39 051 5072371

