

UNIPOL – UNIPOLSAI PRESENTATION



Bologna, 15 March 2019

FY18 CONSOLIDATED RESULTS

2016-2018 TARGETS ACHIEVED

SALE OF UNIPOL BANCA AND NPL DEAL

APPENDIX

KEY MESSAGES


Growth in 2018 results confirming the Group's improving profitability

Dividends confirmed in line with previous year

2016-2018 strategic plan targets achieved

Repositioning of core insurance business completed

Sale of Unipol Banca approved and strategic partnership with BPER strengthened



FY18
CONSOLIDATED
RESULTS

NOTICE

The bases of consolidation of Unipol and UnipolSai in FY18 were slightly different compared to FY17, namely:

- Popolare Vita was part of Unipol and UnipolSai until 1Q18 only;
- UniSalute and Linear, which were directly controlled by Unipol until 9M17, were included in UnipolSai perimeter in FY18;
- Arca Vita, which was directly controlled by Unipol until 1H18, was included in UnipolSai perimeter starting from 3Q18.

For a more useful comparison of the figures in this presentation:

- the normalised figures have been adjusted to exclude the impact of the extraordinary operations;
- the adjusted figures are normalised figures recalculated to reflect also the current perimeter.



CONSOLIDATED RESULTS

€m

	UNIPOL				UNIPOLSAI				
	FY17 reclassified ^a	FY18	FY17 adjusted	FY18	FY17 actual	FY18	FY17 adjusted	FY18	
Consolidated pre-tax result ^a	-179	886	824	903	Consolidated pre-tax result	760	1,203	933	969
<i>Non-Life</i>	687	730	687	727	<i>Non-Life</i>	501	676	693	733
<i>Life</i>	328	621	248	299	<i>Life</i>	286	593	268	302
<i>Banking</i> ^a	-987	-299	16	43	<i>Other</i>	-27	-66	-28	-66
<i>Holding and other</i>	-207	-166	-127	-166	Consolidated net result	537	948	690	703
Consolidated net result	-169	628	598	645	Group net result	504	905	664	657
Group net result	-346	401	409	472					

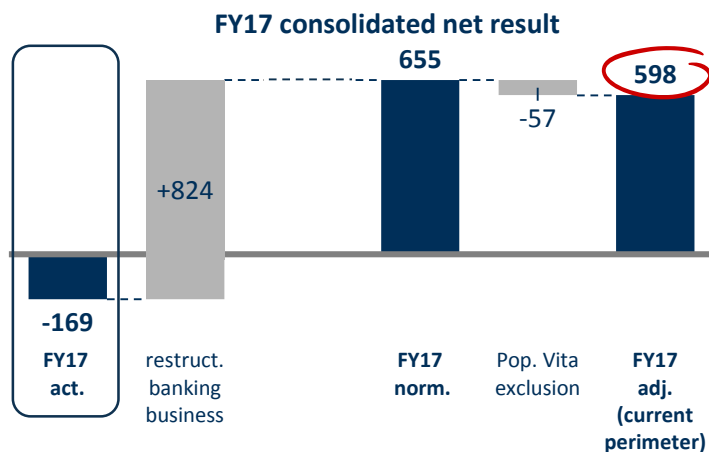
FY17 and FY18 results were impacted by changes in the perimeter and extraordinary items detailed in the next slide

^a In accordance with IFRS 5, "discontinued operations" are reported as a single item ("Profit and loss from discontinued operations") in the statement of profit and loss, net of taxes. However, in these tables, for comparative purposes we have included the impact of the banking business currently in the process of being sold within the pre-tax consolidated figures

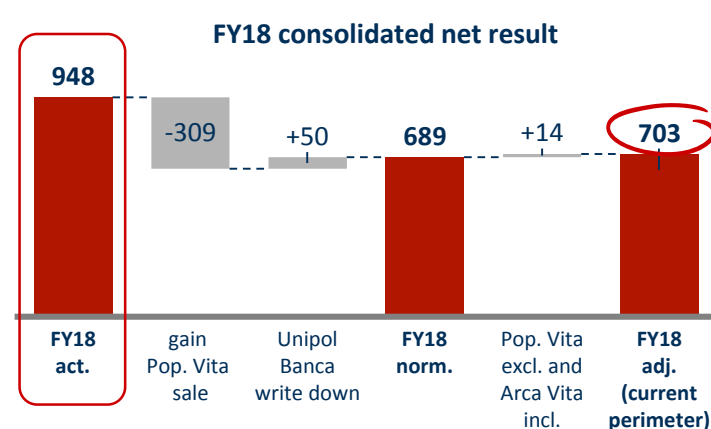
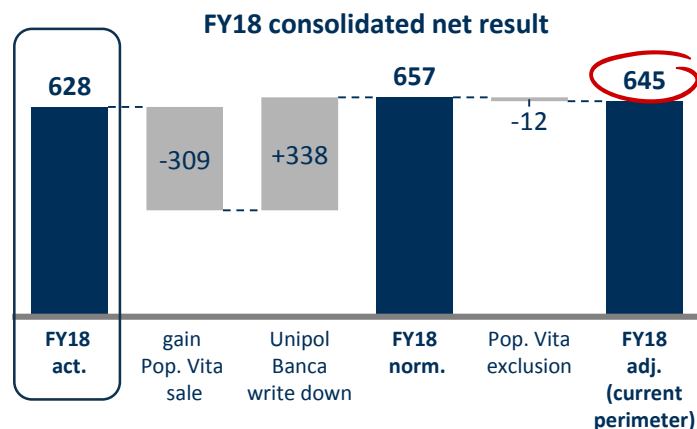
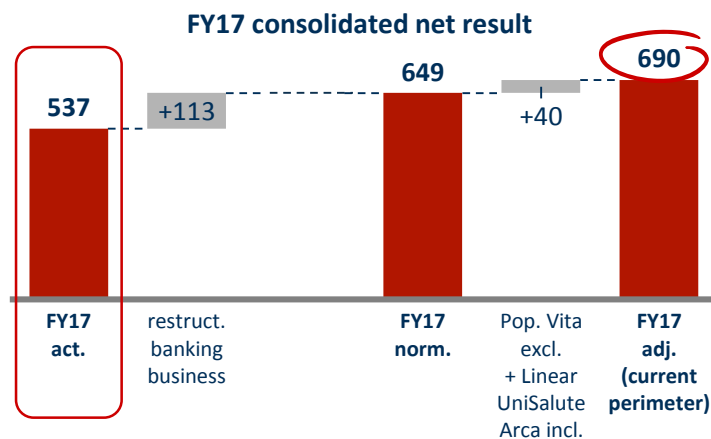
ACTUAL AND ADJUSTED CONSOLIDATED RESULTS

€m

UNIPOL



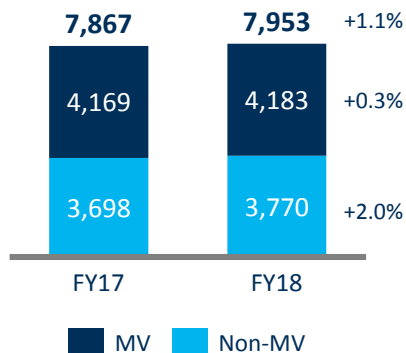
UNIPOLSAI



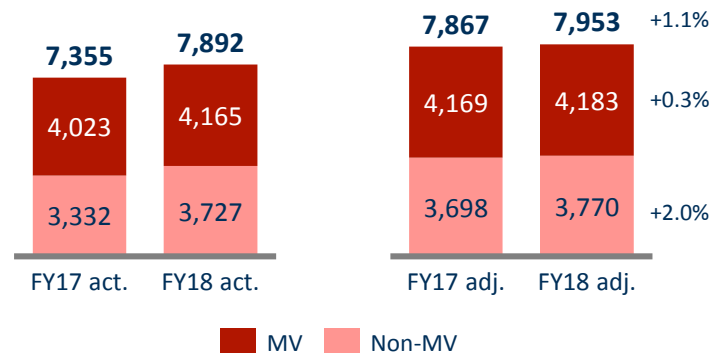
NON-LIFE DIRECT PREMIUM INCOME

€m

UNIPOL



UNIPOLSAI



Premiums by company	FY17	FY18	var. %
UnipolSai S.p.A.	6,901	6,898	--
UniSalute	371	410	+10.5%
Linear	172	180	+4.4%
Incontra	107	136	+27.1%
Arca Assicurazioni	110	120	+9.2%
Other companies	205	209	+1.8%
Total premium income	7,867	7,953	+1.1%

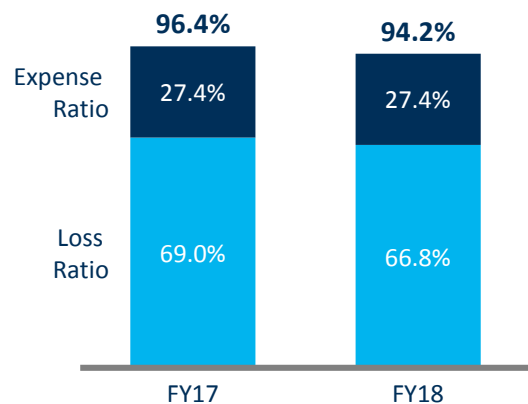


FY18 adj. premiums breakdown	
Motor Vehicles	52%
Accident and Health	17%
Property	15%
General TPL	9%
Other	7%

UnipolSai acquired UniSalute and Linear in 4Q17 and Arca in 3Q18
 Adjusted figures include UniSalute, Linear and Arca in both FY17 and FY18
 Operating figures

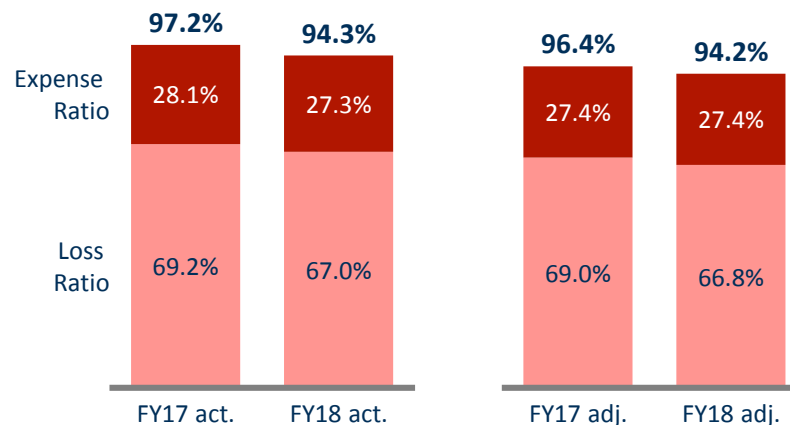
NON-LIFE COMBINED RATIO NET OF REINSURANCE

UNIPOL



Combined ratio direct business	FY17	FY18
	95.1%	94.4%

UNIPOLSAI



Combined ratio direct business	FY17 act.	FY18 act.	FY17 adj.	FY18 adj.
	95.9%	94.6%	95.1%	94.4%

UnipolSai acquired UniSalute and Linear in 4Q17 and Arca in 3Q18

Adjusted figures include UniSalute, Linear and Arca in both FY17 and FY18

Combined ratio net of reinsurance: operating expenses/earned premiums after reinsurance+claims charges/earned premiums after reinsurance

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

UNIPOLSAI S.p.A.

MV TPL Combined Ratio	FY17	FY18
Direct Business	97.7%	95.4%
<i>Expense ratio^a</i>	22.7%	21.8%
<i>commissions/premiums</i>	13.6%	12.8%
<i>other operating expenses/premiums</i>	9.1%	9.0%
<i>Loss ratio^b</i>	75.1%	73.7%

Other MV TPL indicators	Var. vs FY17
Total portfolio policies	+0.1%
<i>Retail (95% of tot ptf)</i>	-0.1%
<i>Fleets (5% of tot ptf)</i>	+3.4%
Portfolio average premium	-1.6%
No. of claims reported (followed-up managed claims)	-5.0%
Frequency	-0.23pp

No. of black boxes 3.8 million (41% of the retail portfolio)

^a Operating expenses / written premiums from direct business (before reinsurance)

^b Claims charges / earned premiums from direct business (before reinsurance)

Operating figures

FOCUS ON UNISALUTE, LINEAR, INCONTRA, ARCA

€m

UNISALUTE

	FY18
Premium income	410
CoR direct business	90.4%
<i>Expense ratio</i>	<i>11.4%</i>
<i>Loss ratio</i>	<i>79.0%</i>
IAS net result	40.3

LINEAR

	FY18
Premium income	180
CoR direct business	96.7%
<i>Expense ratio</i>	<i>19.8%</i>
<i>Loss ratio</i>	<i>76.9%</i>
IAS net result	9.4

INCONTRA

	FY18
Premium income	136
CoR direct business	53.7%
<i>Expense ratio</i>	<i>40.9%</i>
<i>Loss ratio</i>	<i>12.8%</i>
IAS net result	6.8

ARCA ASSICURAZIONI

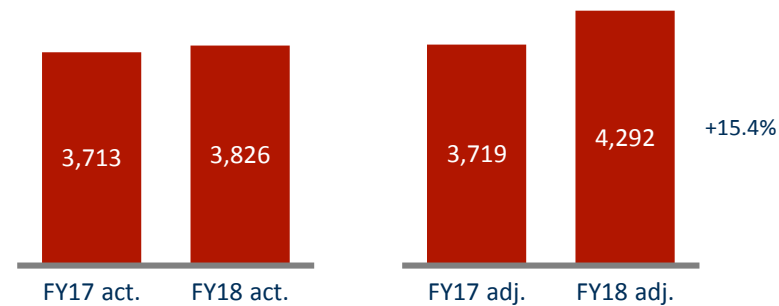
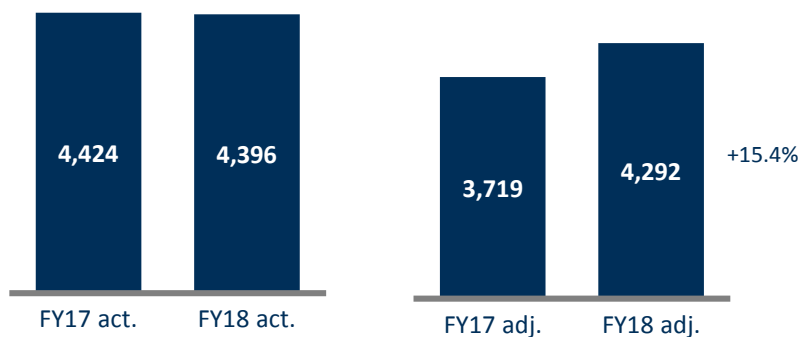
	FY18
Premium income	120
CoR direct business	70.3%
<i>Expense ratio</i>	<i>36.6%</i>
<i>Loss ratio</i>	<i>33.8%</i>
IAS net result	29.8

LIFE DIRECT INCOME

€m

UNIPOL

UNIPOLSAI



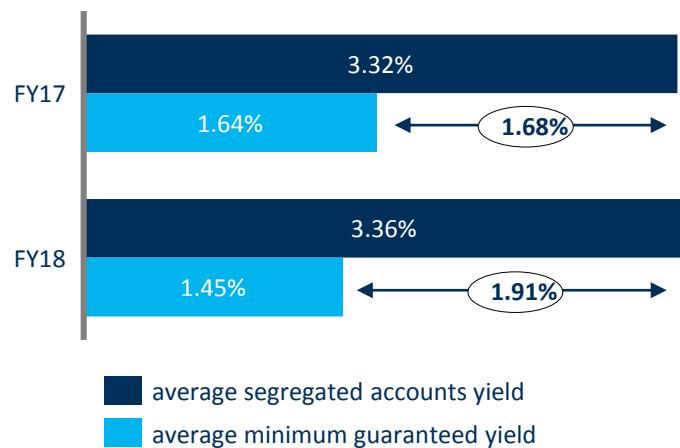
Premiums by company	FY17	FY18	var. %
UnipolSai S.p.A.	2,892	3,129	+8.2%
Arca Vita + AVI	711	1,077	+51.4%
Other companies	115	86	-25.5%
Total premium income	3,719	4,292	+15.4%



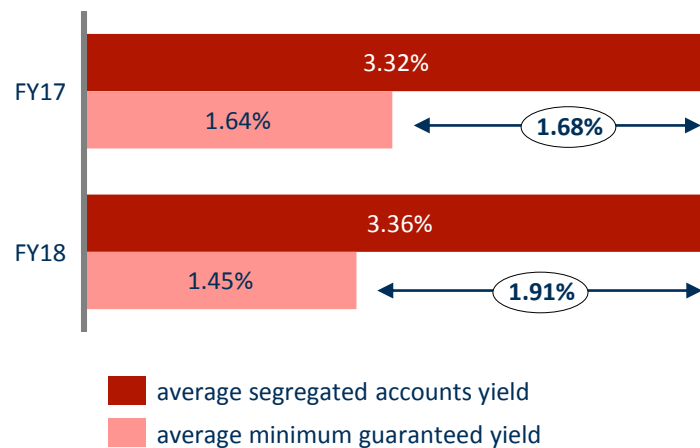
FY18 adj. premiums breakdown	
Traditional	64%
Unit linked	12%
Pension funds	15%
Capitalization	9%

LIFE SEGREGATED ACCOUNTS AND MINIMUM GUARANTEED YIELDS

UNIPOL



UNIPOLSAI



Technical Reserves ^a	FY17	FY18
Min. guar. yield		
0%-1%	36%	45%
1%-2%	35%	29%
2%-3%	21%	19%
>3%	8%	7%

Figures include Arca and exclude Popolare Vita for all FY17 and FY18
^a Class 1 and class 5 technical reserves
 Operating figures

BANKING BUSINESS KPIs

€m

	1Q18	FY18
Direct deposits	11,064	10,084
Indirect deposits	50,937	48,552
Net loans ^a	6,956	6,983
Unipol CET1 ratio (fully loaded)		30.5%

	FY17 act.	FY17 adj.	FY18 act.
Gross operating income	348	340 ^a	373
<i>o/w interest income</i>	203	203 ^a	206
<i>o/w non-interest income</i>	145	138 ^a	167
Pre-tax result	-987 ^c	16 ^{b, c}	43
Net result	-747	16 ^b	33

incl. -11 €m of contribution to the national banking funds ^d

NPEs	1Q18			FY18		
	net loans	gross loans	coverage ratio	net loans	gross loans	coverage ratio
Bad loans (<i>Sofferenze</i>)	26	116	77%	27	96	72%
Unlikely to pay	392	710	45%	341	634	46%
Past due	75	89	16%	37	44	17%
Total NPEs	494	915	46%	405	774 ^e	48%

Cost of risk
74bps

The "Banking Business" is comprised of Unipol Banca and Finitalia – Operating figures

For a more useful comparison the FY18 balance sheet figures have been compared with the 1Q18 figures following the spin-off of UnipolReC.

^a Like-for-like figures

^b Excluding the impact of the restructuring of the banking business

^c Including 8 €m of contribution to national banking funds (FNR and FITD)

^d FNR (Fondo Nazionale di Risoluzione) and FITD (Fondo Interbancario di Tutela Depositi)

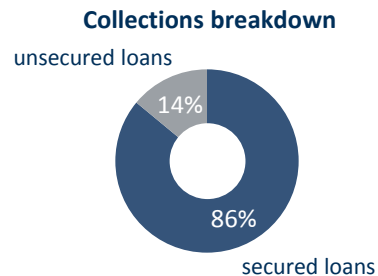
^e Total gross loans to customers (Unipol Banca consolidated) net of financial assets measured at amortized cost equal to €8.1bn

NPE BUSINESS – UNIPOL REC

€m

NPEs TREND	1 Feb 18 ^a			FY18		
	net loans	gross loans	coverage ratio	net loans	gross loans	coverage ratio
Bad loans (<i>Sofferenze</i>)	553	2,900	81%	490	2,590	81%
Unlikely to pay	0	0		0	0	
Past due	0	0		0	0	
Total NPEs	553	2,900	81%	490	2,590	81%

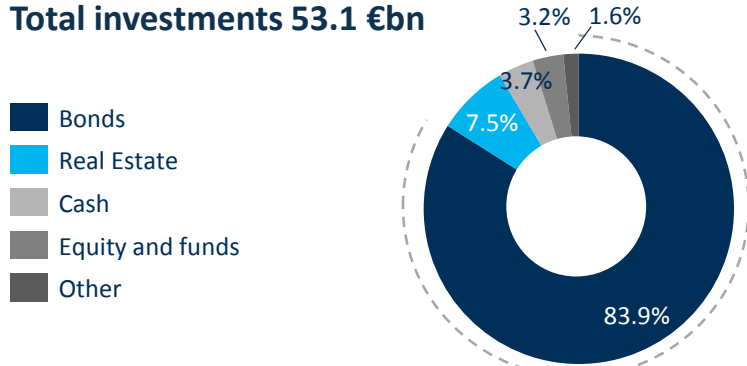
NPEs highlights (1 Feb–31 Dec)	Collections /GBV
Bad loans (GBV reduction)	311
Collections	95 31%



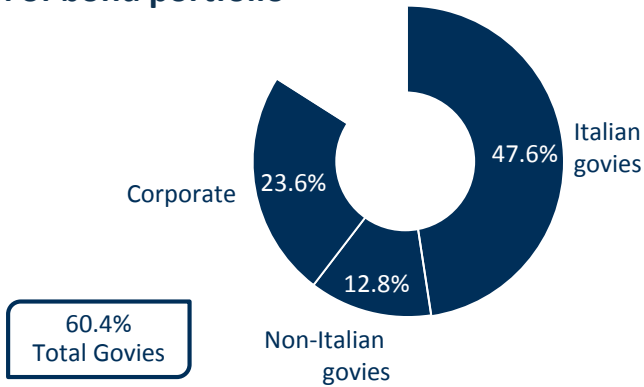
ASSET ALLOCATION

UNIPOL

Total investments 53.1 €bn

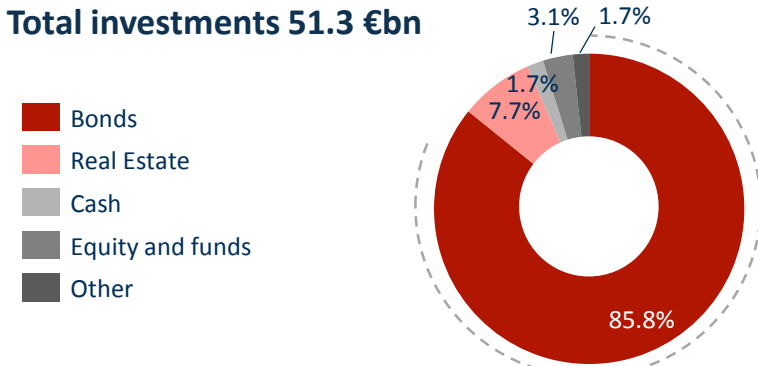


Breakdown of bond portfolio

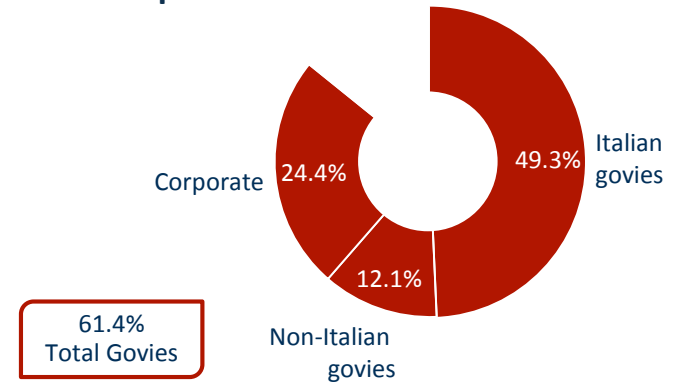


UNIPOLSAI

Total investments 51.3 €bn



Breakdown of bond portfolio



FINANCIAL INVESTMENT YIELDS

UNIPOL

	FY18 act.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
Coupons and dividends	428	3.4%	1,196	3.4%	1,629	3.3%
Realized and unrealized gains/losses	43	0.3%	167	0.5%	210	0.4%
Total	472	3.7%	1,362	3.9%	1,839	3.8%

	FY18 adj.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
Total	472	3.7%	1,320	4.0%	1,796	3.8%

UNIPOLSAI

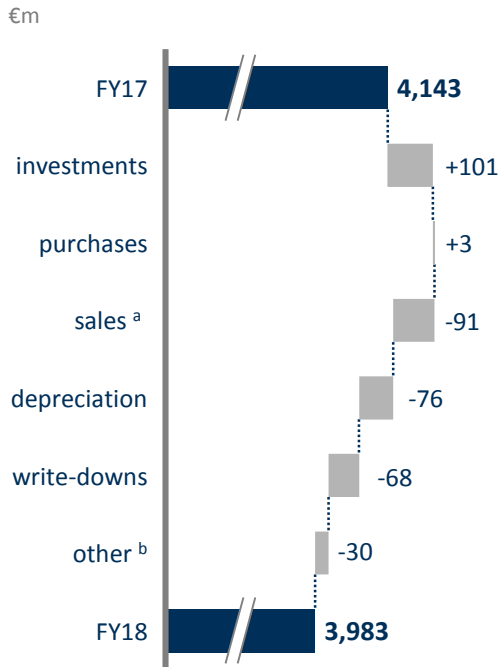
	FY18 act.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
Coupons and dividends	424	3.4%	1,089	3.5%	1,513	3.4%
Realized and unrealized gains/losses	43	0.3%	164	0.5%	207	0.5%
Total	467	3.7%	1,254	4.0%	1,721	3.9%

	FY18 adj.					
	Non-Life		Life		Total	
	€m	Yield	€m	Yield	€m	Yield
Total	472	3.7%	1,320	4.0%	1,791	3.9%

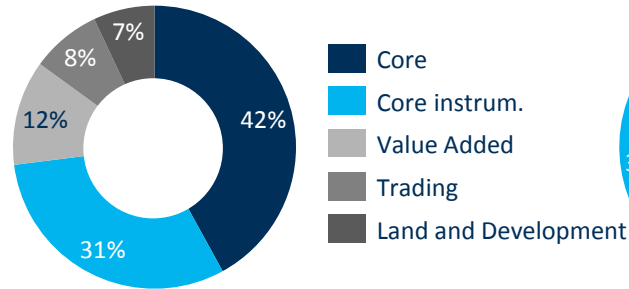
REAL ESTATE

UNIPOL – Tot. portfolio 4.0 €bn

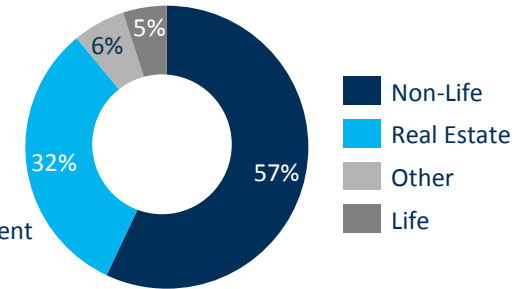
Development of RE portfolio



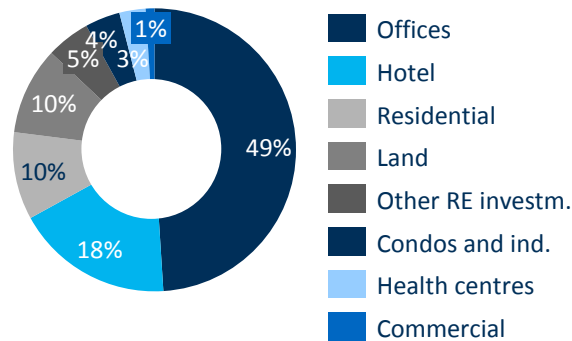
Breakdown by cluster



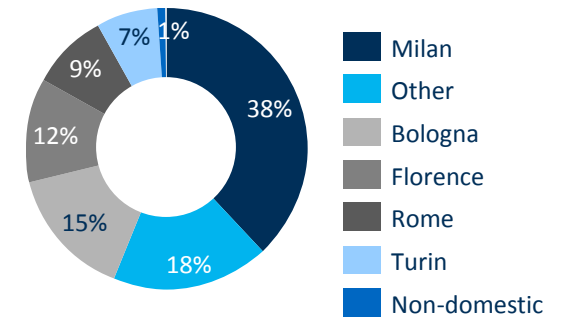
Breakdown by sector



Breakdown by use



Breakdown by area



Breakdown by ownership



^a No. 169 deeds as at 31 December 2018

^b Including exchange variation and operations on RE funds and associated SPV
Operating figures

DIVIDEND PROPOSAL

€m

UNIPOL

DPS (€)

0.18 0.18

Total dividends

129 129

FY17

FY18

UNIPOLSAI

DPS (€)

0.145 0.145

Total dividends

410 410

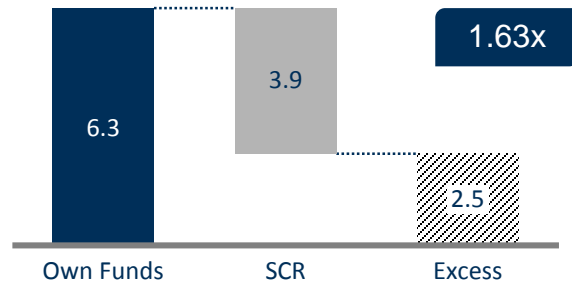
FY17

FY18

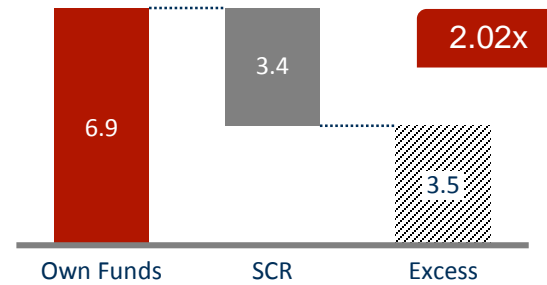
SOLVENCY

€bn

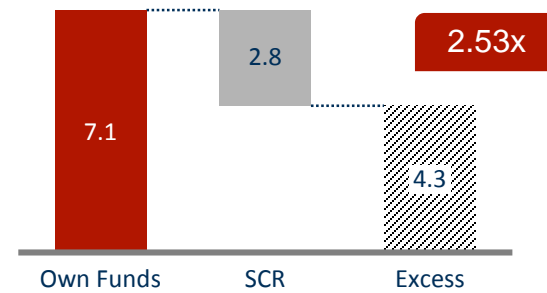
UNIPOL (consolidated)
PARTIAL INTERNAL MODEL



UNIPOLSAI (consolidated)
ECONOMIC CAPITAL

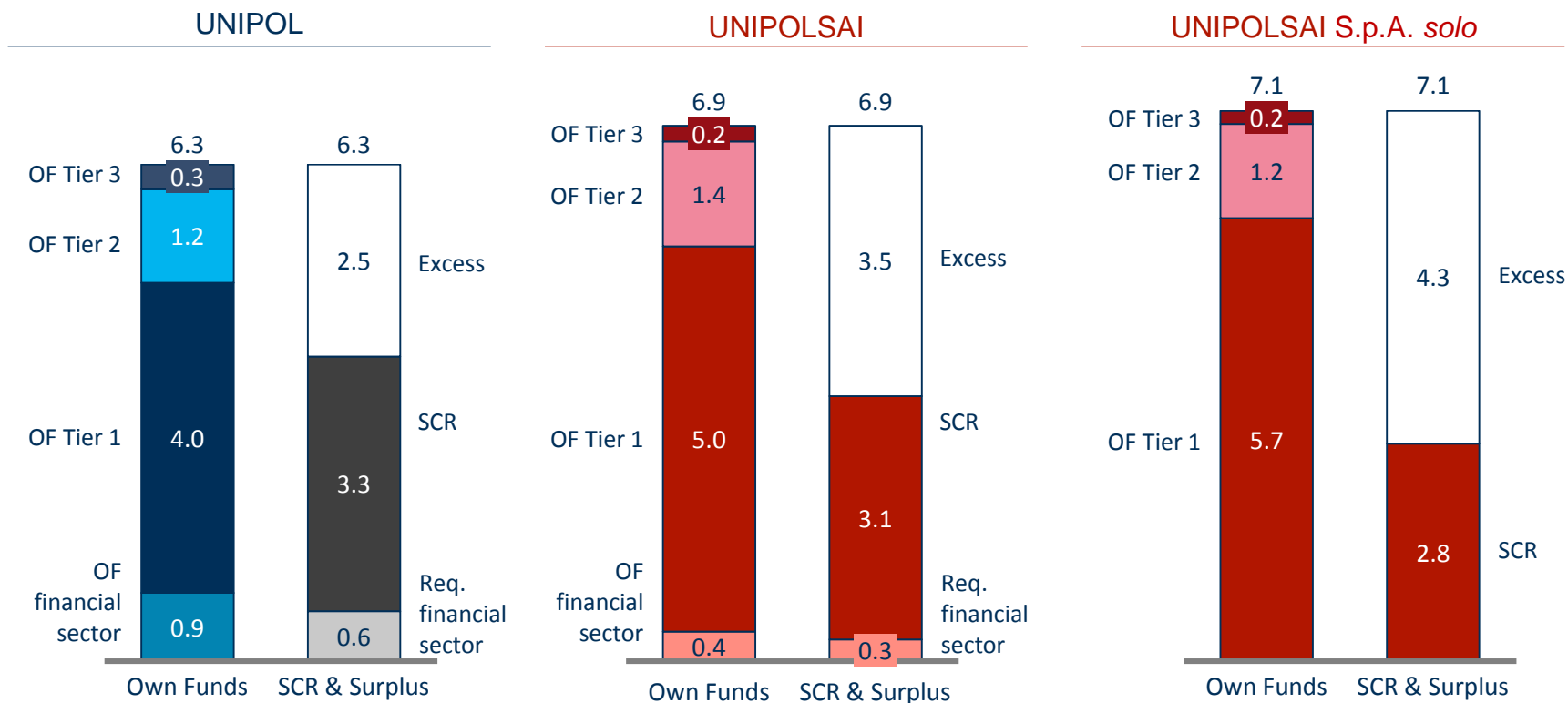


UNIPOLSAI (solo)
PARTIAL INTERNAL MODEL



SOLVENCY – OWN FUNDS AND SCR DETAILS

€bn



2016-2018
TARGETS
ACHIEVED

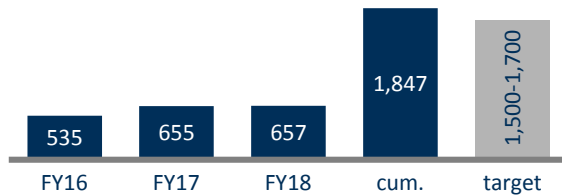
2016-2018 STRATEGIC PLAN: RESULTS VS. OBJECTIVES

UNIPOL

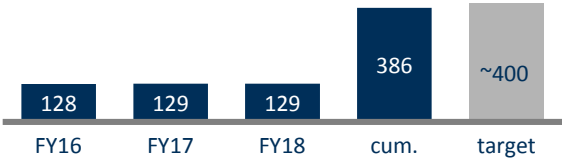
UNIPOLSAI



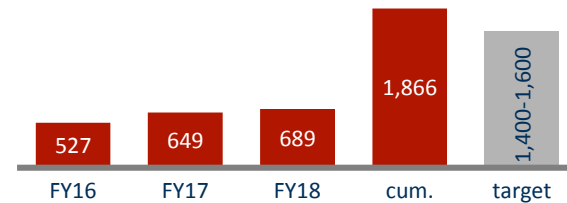
CONSOLIDATED NORM. NET PROFIT



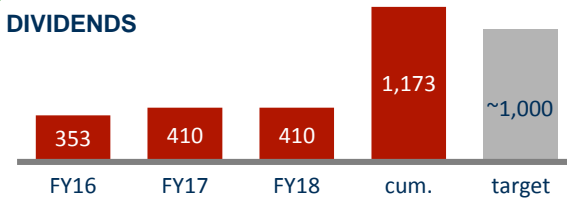
DIVIDENDS



CONSOLIDATED NORM. NET PROFIT



DIVIDENDS



SOLVENCY 163% partial internal model

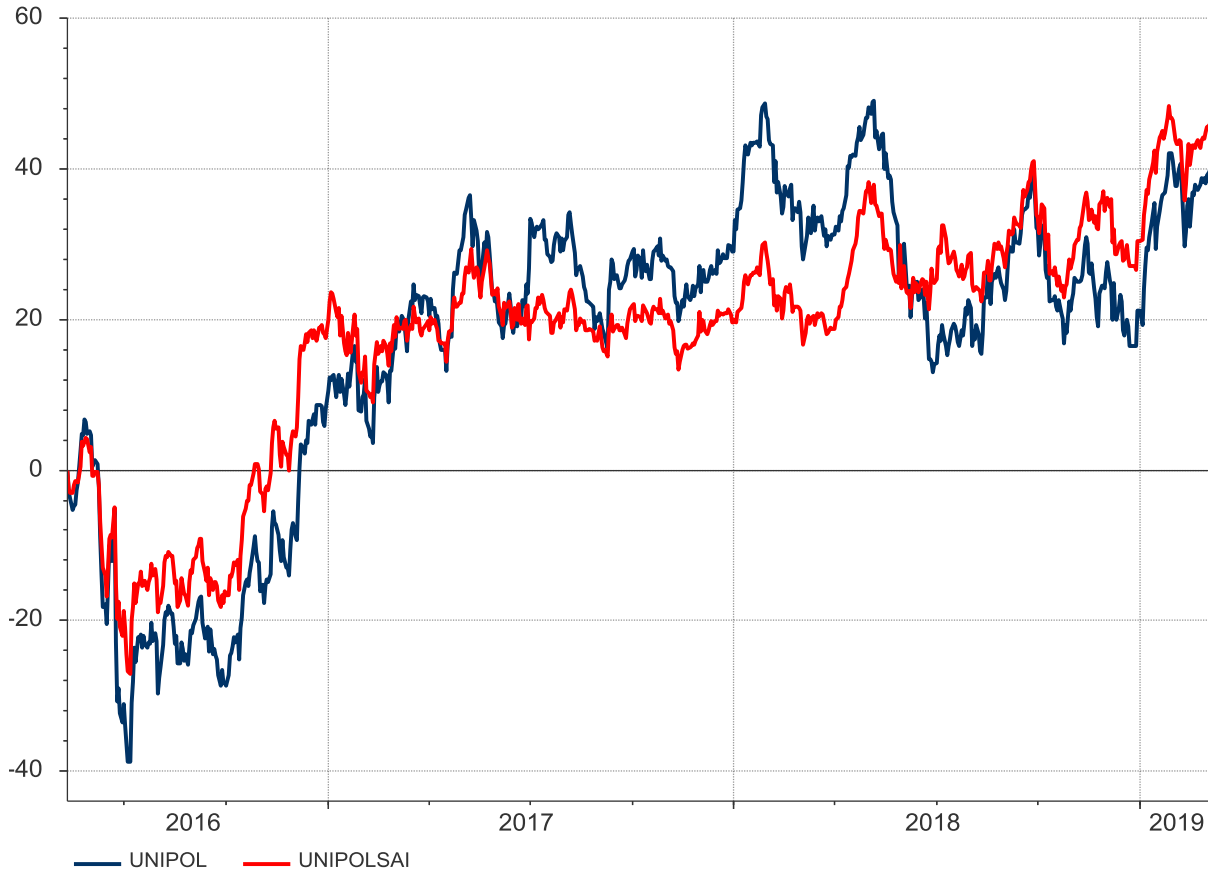
Target 120%-160% set on standard formula+USP

SOLVENCY 202% economic capital

Target 150%-200% set on standard formula+USP

SHAREHOLDERS' TOTAL RETURN

12 May 2016 ^a – 13 March 2019



2016-2019 UNIPOLSAI
TOTAL RETURN 49.9%

2016-2019 UNIPOL
TOTAL RETURN 43.0%

ALL SHARE IT INSURANCE
TOTAL RETURN 44.8%

STOXX EUROPE 600 INS
TOTAL RETURN 35.7%

FTSE MIB
TOTAL RETURN 30.8%



SALE OF
UNIPOL BANCA
AND
NPL DEAL

DESCRIPTION OF TRANSACTIONS

1

Sale of 100% of **Unipol Banca** to BPER for a total cash consideration of 220 €m (0.4x Tangible Book Value^a)

2

Acquisition by UnipolReC, for cash, of a portfolio of non-performing loans from BPER

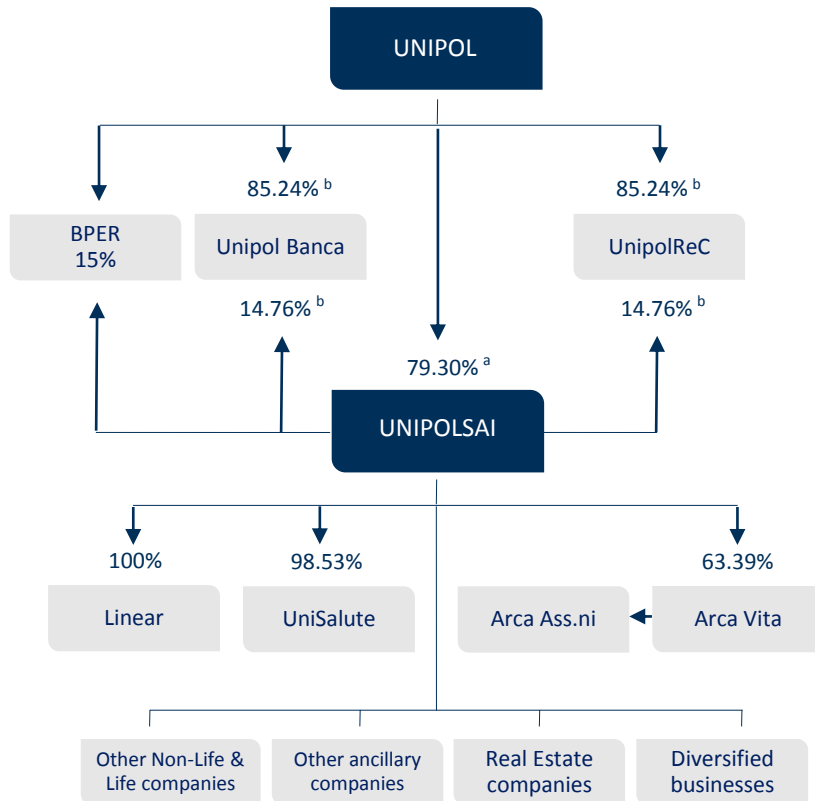
- with a gross book value of 1.3 €bn
- at a price of 130 €m (equivalent to 10% of Gross Book Value)
- of which 32% secured, 68% unsecured



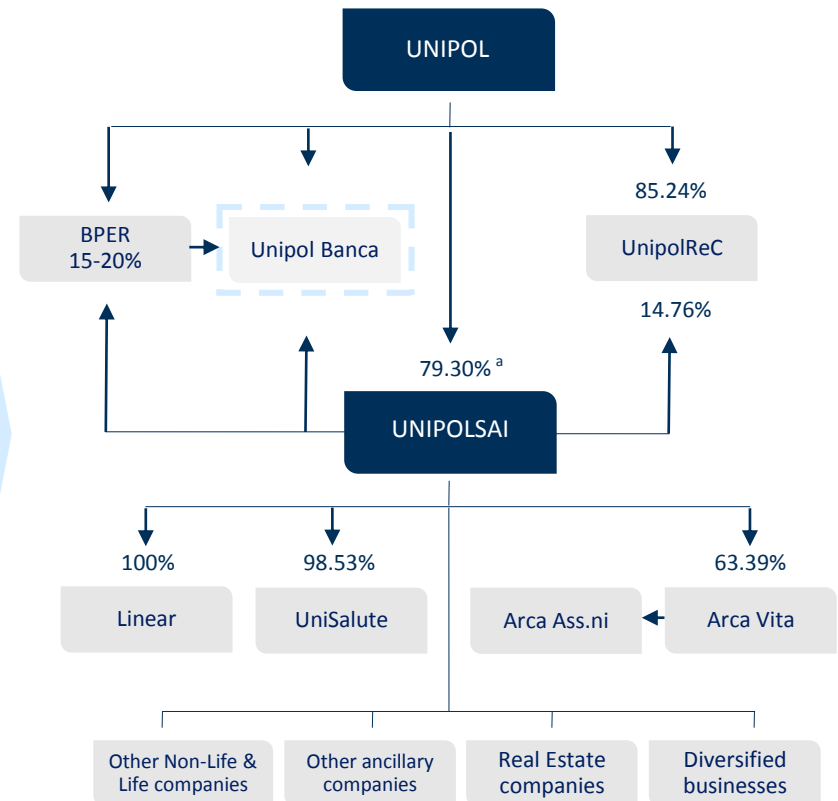
APPENDIX

GROUP STRUCTURE

CURRENT STRUCTURE



FUTURE STRUCTURE



On 7 February 2019 the BoD of Unipol and UnipolSai approved the sale of Unipol Banca to BPER Banca, subject to obtaining the necessary authorisations

^a Including the shares held by Unipol Finance, Unipol Investment and UnipolPart I

^b After the exercise of the put option (March 2019) on 27.49% of Unipol Banca and UnipolReC capital

KEY PERFORMANCE INDICATORS

€m

UNIPOL

	FY17	FY18
Consolidated net result	-169	628
<i>Consolidated adj. net result</i>	598	645
Group net result	-346	401
EPS (€)	n.s.	0.56
<i>Group adj. net result</i>	409	472
<i>Adj. EPS (€)</i>	0.57	0.66
Dividends	129	129
DPS (€)	0.18	0.18
Premium income direct business	12,291	12,349
<i>o/w Non-Life</i>	7,867	7,953
<i>o/w Life</i>	4,424	4,396
Combined Ratio net of reins.	96.4%	94.2%
Total equity	7,453	6,327
Shareholders' equity	5,486	5,032
BVPS (€)	7.65	7.01

UNIPOLSAI

	FY17	FY18
Consolidated net result	537	948
<i>Consolidated adj. net result</i>	690	703
Group net result	504	905
EPS (€)	0.18	0.32
<i>Group adj. net result</i>	664	657
<i>Adj. EPS (€)</i>	0.23	0.23
Dividends	410	410
DPS (€)	0.145	0.145
Premium income direct business	11,068	11,718
<i>o/w Non-Life</i>	7,355	7,892
<i>o/w Life</i>	3,713	3,826
Combined Ratio net of reins.	97.2%	94.3%
Total equity	6,194	5,697
Shareholders' equity	5,869	5,448
BVPS (€)	2.07	1.93

DISCLAIMER

Maurizio Castellina, Senior Executive responsible for drawing up the corporate accounts of Unipol Gruppo 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.

This document has been prepared by Unipol Gruppo S.p.A. and by UnipolSai Assicurazioni S.p.A. solely for information purposes in the context of the presentation of their FY18 results. The content of this document does not constitute a recommendation in relation to any financial instruments issued by the companies of the Unipol Group, nor it constitutes or forms part of any offer or invitation to sell, or any solicitation to purchase any financial instruments issued by the companies of the Unipol Group, nor it may be relied upon for any investment decision by its addressees. Unless otherwise specified all the figures reported in this presentation are on a consolidated basis.



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