

*Bologna, 10 February 2017*

## UNIPOLSAI: PRELIMINARY CONSOLIDATED RESULTS OF 2016 EXAMINED

- Consolidated net profit of €527m (€738m in 2015, which benefited from extraordinary results in financial management)
- Direct insurance income of €12.5bn:
  - ✓ Non-Life business: €7.2bn
  - ✓ Life business: €5.3bn
- Combined ratio net of reinsurance at 96.5%
- Return on financial assets equal to 3.7%
- Individual Solvency II margin equal to 240<sup>1</sup>%
- Consolidated Solvency II margin based on the Economic Capital Model equal to 209<sup>2</sup>%
- Expected dividend of €0.125 per share

The Board of Directors of UnipolSai Assicurazioni S.p.A., which met yesterday under the chairmanship of Carlo Cimbri, analysed the preliminary consolidated results of financial year 2016. The definitive results will be examined by the Board of Directors at the meeting scheduled for 23 March.

In 2016, UnipolSai recorded a **consolidated net profit** of €527m, compared with €738m in the same period of 2015, which was impacted by significant realized gains resulting from asset reallocation in the securities portfolio.

The **consolidated pre-tax profit of the insurance business** stood at €722m (-37.6% compared with €1,157m in 2015). In particular, Non-Life business contributed to this result with €365m (€813m in 2015) and Life business with €357m (€344m in 2015).

In the period under review, **direct insurance income**, gross of outward reinsurance, amounted to €12,497m (-10.6% compared with €13,982m recorded in 2015).

<sup>1</sup> Figure calculated according to the Partial Internal Model, to be considered preliminary since the definitive results will be communicated to the Supervisory Authority within the terms provided by current legislation. In this regard, it should be noted that on 7 February, IVASS (the Italian Insurance Supervisory Authority) authorised the company to use the Partial Internal Model for the quantification of the solvency capital requirement.

<sup>2</sup> The Economic Capital Model is the measure of capital absorbed, calculated according to principles and models applied by the Partial Internal Model and having operational value.

### Non-Life Business

**Direct premium income** for the financial year 2016 amounted to €7,218m (-1.6% compared with €7,334m for financial year 2015). **MV** premium income came in at €4,083m (-4.0% compared with €4,254m in 2015) and recorded an increase of 120,000 policies compared with 31 December 2015. The increase of black boxes installed in vehicles continued, rising from 2.5 million in 2015 to 3.1 million in 2016, confirming our European leadership.

**Non-MV** premium income came in at €3,135m, an increase of 1.8% compared with €3,080m in financial year 2015, thanks to the strong performance in the retail business. In terms of technical profitability, the positive trend recorded by Non-MV business made it possible for us to offset some of the effects of the continuous decline in average MV TPL premiums caused by a fiercely competitive market. In this context, as at 31 December 2016, UnipolSai recorded a **combined ratio**<sup>3</sup> of 96.5% (95.7% direct business), compared with 94.6% in the same period of 2015. The **loss ratio**<sup>2</sup> stood at 68.0% compared with 66.4% recorded in financial year 2015. The **expense ratio**<sup>2</sup> was equal to 28.2% (28.2% in 2015).

The **pre-tax result** of the business, which included an €81m write-down of properties, was a profit of €365m, compared with €813m in 2015.

### Life Business

In the Life business, the slowdown in underwriting already reported in Q2 and Q3 of 2016 continued. This trend, mainly related to the bancassurance channel, is attributable to the commercial policy adopted by the Group aimed at limiting the generation of traditional policies. In the financial year 2016, **direct income** came in at €5,279m, a decrease of 20.6% compared with the same period in 2015 (€6,648m). In a market environment still characterized by very low, or even negative interest rates in the short term, the commercial approach was consequently geared towards unit-linked and multi-branch products. UnipolSai S.p.A. recorded direct income of €3,042m (-11.6% compared with €3,441m in 2015). There was an even sharper drop at the Popolare Vita Group which, with €2,130m, recorded a decrease of 30.0% compared with €3,043m in 2015.

The **pre-tax result** of the business was a profit of €357m (€344m in 2015).

### Real Estate Business

Operations in this sector include the results of companies operating exclusively in the real estate business (and therefore exclude items regarding properties allocated under Non-Life business). Despite the difficult economic environment in real estate market, we undertook major renovations and redevelopments for several important assets in our portfolio, notably in the city of Milan.

The **pre-tax result** of the business for financial year 2016 was a loss of €22m (an improvement on the -€96m as at 31 December 2015).

### Other Business

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<sup>3</sup> Net of reinsurance

The management and commercial development of diversified companies continued, together with recovery measures implemented in previous years and, in some cases, is still underway.

On 29 December 2016, the purchase of the hotel management and real estate assets of UNA S.p.A. was completed, creating a new national champion in the Italian hotel industry, with 43 facilities (business and leisure), 5,500 rooms and pro-forma turnover of approximately €120m. The transaction takes financial effect starting in 2017.

The **pre-tax result** of the business, which also includes hotels, tourism, agricultural and healthcare activities, posted a loss of €19m (-€18m as at 31 December 2015).

### **Financial Management**

The profitability of the financial investment portfolio (while aiming to preserve the risk/return profile of the assets and consistency between the assets and liabilities underwritten with policyholders), achieved a significant yield in the period under consideration, equal to approximately 3.7% of invested assets, of which 3.6% relating to coupons and dividends. This yield was impacted by a €19.5m write-down investment made in the Atlante 1 fund, equal to 24% of the investment itself.

During the year, the policy for the gradual reduction of Italian government bonds continued as part of progressive diversification towards a selective increase in corporate securities and other financial assets.

### **Balance Sheet**

Consolidated **shareholders' equity** as at 31 December 2016 amounted to €6,535m (€6,615m as at 31 December 2015), of which €6,156m attributable to the Group. The total AFS reserve stood at €783m (a decrease compared with €935m as at 31 December 2015, mainly due to the change in value of bonds).

The **consolidated Solvency II margin** based on economic capital as at 31 December 2016 was equal to 209%<sup>1</sup>. The **individual Solvency II margin** as at 31 December 2016 was equal to 240%<sup>1</sup> of the capital requirement.

### **Estimated Individual Accounting Records and Dividend for the Year 2016**

It should be noted that the individual accounting results of the Company, still preliminary, show an estimated profit of €458m as at 31 December 2016 (€556m as at 31 December 2015). Taking this into account, the distribution of a dividend for the financial year 2016 equal to €0.125 per ordinary share is expected, with a payout of approximately 77%.

In this regard, it should also be noted that the approval of the draft statutory and consolidated financial statements of UnipolSai as at 31 December 2016, as well as the proposed allocation of the result of the period to be submitted to the Shareholders' Meeting, is scheduled for 23 March. Therefore, the information contained herein should be understood as preliminary and relating to the date hereof, and as such, may be subject to changes. The auditing firm has not yet completed the verifications required to issue its audit report.

Finally, it should be noted that since the Shareholders' Meeting for the approval of the 2016 financial statements is scheduled for 27 April 2017, the eventual ex-dividend date based on the results of such year is expected in May.

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### **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 preliminary consolidated results as at 31 December 2016. The phone numbers to dial to attend the event are: +39/02/8020911 (from Italy and all other countries), +1/718/7058796 (from the US) and +44/121/2818004 (from the UK). A multimedia file containing the recorded comment of the results is already available under the investor relations section of the website [www.unipolsai.com](http://www.unipolsai.com).

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In order to allow complete disclosure of the preliminary results for financial year 2016, the preliminary Consolidated Balance Sheet, Consolidated Income Statement and summary of the Consolidated Income Statement by Business Segment are attached hereto.

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

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### **Glossary**

COMBINED RATIO: sum of loss ratio and expense ratio

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

LOSS RATIO: ratio of Non-Life claims and premiums calculated on earned premiums

AFS RESERVE: reserve on assets classified as "Available-for-sale"

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**UnipolSai Assicurazioni S.p.A.**

UnipolSai Assicurazioni S.p.A. is the insurance company of the Unipol Group, Italian leader in Non-Life Business, in particular in vehicle liability insurance.

Also active in Life Business, UnipolSai has a portfolio of over 10 million customers and holds a leading position in the national ranking of insurance groups with a direct income amounting to approximately €14bn, of which €7.3bn in Non-Life Business and €6.7bn in Life Business (2015 figures).

The company currently operates through 5 divisions (Unipol, La Fondiaria, Sai, Nuova MAA and La Previdente) and has the largest agency network in Italy, with more than 3,500 agencies and 6,000 sub-agencies spread across the country.

UnipolSai Assicurazioni is a subsidiary of Unipol Gruppo Finanziario S.p.A. and, like the latter, is listed on the Italian Stock Exchange, being one of the most highly capitalized securities.

## Consolidated Balance Sheet – Assets

Amounts in €m

		Preliminary at 31/12/2016	31/12/2015
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>703</b>	<b>751</b>
1.1	Goodwill	317	307
1.2	Other intangible assets	387	444
<b>2</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,596</b>	<b>1,433</b>
2.1	Property	1,386	1,323
2.2	Other items of property, plant and equipment	210	109
<b>3</b>	<b>TECHNICAL PROVISIONS - REINSURERS' SHARE</b>	<b>849</b>	<b>869</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>61,215</b>	<b>61,010</b>
4.1	Investment property	2,388	2,535
4.2	Investments in subsidiaries and associates and interests in joint ventures	527	528
4.3	Held-to-maturity investments	892	1,100
4.4	Loans and receivables	5,050	5,251
4.5	Available-for-sale financial assets	43,172	42,804
4.6	Financial assets at fair value through profit or loss	9,186	8,791
<b>5</b>	<b>SUNDRY RECEIVABLES</b>	<b>3,112</b>	<b>2,958</b>
5.1	Receivables relating to direct insurance business	1,419	1,519
5.2	Receivables relating to reinsurance business	95	76
5.3	Other receivables	1,599	1,364
<b>6</b>	<b>OTHER ASSETS</b>	<b>1,111</b>	<b>747</b>
6.1	Non-current assets held for sale or disposal groups	208	17
6.2	Deferred acquisition costs	90	87
6.3	Deferred tax assets	260	187
6.4	Current tax assets	31	45
6.5	Other assets	521	412
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>661</b>	<b>957</b>
	<b>TOTAL ASSETS</b>	<b>69,246</b>	<b>68,724</b>

## Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		Preliminary at 31/12/2016	31/12/2015
<b>1</b>	<b>EQUITY</b>	<b>6,535</b>	<b>6,615</b>
<b>1.1</b>	<b>attributable to the owners of the Parent</b>	<b>6,156</b>	<b>6,278</b>
1.1.1	Share capital	2,031	2,031
1.1.2	Other equity instruments	0	0
1.1.3	Equity-related reserves	347	347
1.1.4	Income-related and other reserves	2,593	2,297
1.1.5	(Treasury shares)	-52	-50
1.1.6	Translation reserve	3	4
1.1.7	Gains or losses on available-for-sale financial assets	752	903
1.1.8	Other gains or losses recognised directly in equity	-15	34
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	497	711
<b>1.2</b>	<b>attributable to non-controlling interests</b>	<b>379</b>	<b>337</b>
1.2.1	Share capital and reserves attributable to non-controlling interests	318	278
1.2.2	Gains or losses recognised directly in equity	31	33
1.2.3	Profit (loss) for the year attributable to non-controlling interests	30	26
<b>2</b>	<b>PROVISIONS</b>	<b>442</b>	<b>519</b>
<b>3</b>	<b>TECHNICAL PROVISIONS</b>	<b>55,816</b>	<b>56,095</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>4,681</b>	<b>3,897</b>
4.1	Financial liabilities at fair value through profit or loss	2,140	1,543
4.2	Other financial liabilities	2,541	2,354
<b>5</b>	<b>PAYABLES</b>	<b>863</b>	<b>807</b>
5.1	Payables arising from direct insurance business	107	115
5.2	Payables arising from reinsurance business	92	97
5.3	Other payables	663	595
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>909</b>	<b>792</b>
6.1	Liabilities associated with disposal groups held for sale	0	0
6.2	Deferred tax liabilities	26	41
6.3	Current tax liabilities	45	35
6.4	Other liabilities	838	717
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>69,246</b>	<b>68,724</b>

## Consolidated Income Statement

Amounts in €m

		Preliminary at 31/12/2016	31/12/2015
1.1	Net premiums	11,558	13,095
1.1.1	Gross premiums	11,999	13,558
1.1.2	Ceded premiums	-441	-463
1.2	Fee and commission income	32	9
1.3	Gains and losses on financial instruments at fair value through profit or loss	45	393
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	17	26
1.5	Gains on other financial instruments and investment property	2,178	2,431
1.5.1	Interest income	1,522	1,490
1.5.2	Other gains	166	185
1.5.3	Realised gains	452	722
1.5.4	Unrealised gains	39	33
1.6	Other revenue	426	505
<b>1</b>	<b>TOTAL REVENUE AND INCOME</b>	<b>14,257</b>	<b>16,459</b>
2.1	Net charges relating to claims	-9,974	-11,585
2.1.1	Amounts paid and changes in technical provisions	-10,191	-11,804
2.1.2	Reinsurers' share	217	219
2.2	Fee and commission expense	-15	-8
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-3	-8
2.4	Losses on other financial instruments and investment property	-532	-628
2.4.1	Interest expense	-81	-91
2.4.2	Other charges	-46	-48
2.4.3	Realised losses	-250	-247
2.4.4	Unrealised losses	-156	-242
2.5	Operating expenses	-2,359	-2,422
2.5.1	Commissions and other acquisition costs	-1,732	-1,803
2.5.2	Investment management expenses	-132	-120
2.5.3	Other administrative expenses	-496	-499
2.6	Other costs	-692	-765
<b>2</b>	<b>TOTAL COSTS AND EXPENSES</b>	<b>-13,576</b>	<b>-15,416</b>
	<b>PRE-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>681</b>	<b>1,044</b>
3	Income tax	-153	-306
	<b>POST-TAX PROFIT (LOSS) FOR THE YEAR</b>	<b>527</b>	<b>738</b>
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0	0
	<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>527</b>	<b>738</b>
	attributable to the owners of the Parent	497	711
	attributable to non-controlling interests	30	26



## Condensed Consolidated Income Statement by Business Segment

Amounts in €m

	NON-LIFE BUSINESS			LIFE BUSINESS			INSURANCE BUSINESS			OTHER BUSINESSES			REAL ESTATE BUSINESS			Intersegment Elimination		CONSOLIDATED TOTAL		
	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	var.%	dec-16	dec-15	dec-16	dec-15	var.%
Net premiums	6,871	7,040	-2.4	4,686	6,055	-22.6	11,558	13,095	-11.7									11,558	13,095	-11.7
Net fees and commissions				18	1	n.s.	17	1	n.s.									17	1	n.s.
Financial income/expense **	358	633	-43.4	1,254	1,491	-15.9	1,612	2,124	-24.1	-7	-3	n.s.	3	-48	n.s.	-28	-27	1,580	2,048	-22.8
<i>Net interest</i>	373	346		1,075	1,060		1,448	1,406		0	1		-3	-2				1,445	1,405	
<i>Other income and expenses</i>	82	86		62	66		144	152					20	26		-28	-27	136	152	
<i>Realised gains and losses</i>	45	343		176	323		221	667					-2	-1				219	665	
<i>Unrealised gains and losses</i>	-141	-142		-59	41		-200	-101		-8	-4		-12	-71				-220	-175	
Net charges relating to claims	-4,558	-4,579	-0.4	-5,291	-6,840	-22.6	-9,850	-11,419	-13.7									-9,850	-11,419	-13.7
Operating expenses	-2,039	-2,049	-0.5	-270	-331	-18.2	-2,309	-2,380	-3.0	-54	-50	9.1	-12	-13	-8.9	16	21	-2,359	-2,422	-2.6
<i>Commissions and other acquisition costs</i>	-1,596	-1,627	-1.9	-135	-175	-23.0	-1,732	-1,803	-3.9									-1,732	-1,803	-3.9
<i>Other expenses</i>	-442	-422	4.9	-135	-155	-12.9	-577	-577	0.1	-54	-50	9.1	-12	-13	-8.9	16	21	-628	-619	1.4
Other income / expense	-268	-233	-14.9	-39	-32	-21.7	-307	-265	-15.8	43	35	24.8	-14	-35	60.9	12	6	-265	-259	-2.3
<b>Pre-tax profit (loss)</b>	<b>365</b>	<b>813</b>	<b>-55.1</b>	<b>357</b>	<b>344</b>	<b>3.8</b>	<b>722</b>	<b>1,157</b>	<b>-37.6</b>	<b>-19</b>	<b>-18</b>	<b>-4.8</b>	<b>-22</b>	<b>-96</b>	<b>76.6</b>	<b>0</b>	<b>0</b>	<b>681</b>	<b>1,044</b>	<b>-34.8</b>
Income tax	-55	-235	-76.6	-108	-107	0.5	-163	-342	-52.5	5	9	-43.0	4	27	-84.9			-153	-306	-49.9
Profit (loss) on discontinued operations																				
<b>Consolidated profit (loss) for the period</b>	<b>310</b>	<b>578</b>	<b>-46.4</b>	<b>250</b>	<b>237</b>	<b>5.2</b>	<b>559</b>	<b>815</b>	<b>-31.4</b>	<b>-14</b>	<b>-9</b>	<b>-53.8</b>	<b>-18</b>	<b>-69</b>	<b>73.4</b>	<b>0</b>	<b>0</b>	<b>527</b>	<b>738</b>	<b>-28.5</b>
Profit (loss) attributable to the owners of the Parent																		497	711	
Profit (loss) attributable to non-controlling interests																		30	26	

(\*) the Real Estate Business only includes real estate companies controlled by UnipolSai

(\*\*) Excluding assets/liabilities at fair value related to contracts issued by insurance companies with investment risk borne by customers and arising from pension fund management