



UNIPOLSAI: PRELIMINARY CONSOLIDATED RESULTS OF 2017 EXAMINED

- Consolidated net profit amounts to €537m, up by 1.8% (€527m in 2016), including the effects of the banking business restructuring plan
- Direct insurance income of €11.1bn (€12.5bn in 2016):
 - ✓ Non-Life business: €7.4bn (+1.9%)
 - ✓ Life business: €3.7bn (-29.7%)
- Direct business combined ratio 95.9%
- Return on financial investments of 3.9%
- Individual solvency ratio of 241%¹
- Consolidated solvency ratio based on economic capital equal to 206%²
- Expected dividend of €0.145 per share, up 16% compared to 2016 (dividend yield of 7.4%³)

Bologna, 9 February 2018

The Board of Directors of UnipolSai Assicurazioni S.p.A., which met yesterday under the chairmanship of Carlo Cimbri, analysed the preliminary consolidated results for 2017. The definitive results will be examined by the Board of Directors at its meeting scheduled for 22 March next.

¹ Figure calculated in accordance with the Partial Internal Model, to be considered as preliminary since the Supervisory Authorities will be notified of the definitive results pursuant to the timescales provided under prevailing law. On 7 February 2017, the Institute for the Supervision of Insurance "IVASS" authorised the company to use the Partial Internal Model to quantify its solvency capital requirement.

² Economic capital is the measure of absorbed capital calculated on the basis of the principles and models applied in the Partial Internal Model and having operational value.

³ Price at 8 February 2018

In 2017, UnipolSai made a **consolidated net profit** of €537m, up by 1.8% (€527m for the same period of 2016), despite the effects of the Unipol Group banking business restructuring plan. The plan involved the recognition of significant adjustments in order to increase the coverage of the non-performing loans of Unipol Banca, which had a negative impact of €112m on UnipolSai.

The consolidated net profit of UnipolSai would have amounted to €649m if those effects were not considered (+23.1% compared to 2016).

The **consolidated pre-tax profit of the insurance business** amounted to €787m (+9.1% compared to €722m in 2016). This result comprised €501m from the Non-Life business (€365m in 2016), and €286 from the Life business (€357m in 2016).

Excluding the effects of the restructuring plan, the consolidated pre-tax profit of the insurance business would have been €900m (€593m from the Non-Life business and €307m from the Life business).

In the period under review, **direct insurance income**, including reinsurance ceded, amounted to €11,068m (-11.4% compared to €12,497m recorded in 2016). This amount also includes the income recorded in the fourth quarter of 2017 by UniSalute (€96m) and Linear (€46m) which have been directly controlled by UnipolSai Assicurazioni S.p.A. since the fourth quarter of 2017.

Non-Life Business

Direct income for 2017 amounted to €7,355m (+1.9% compared to €7,218m in 2016). **MV** premium income was slightly down, standing at €4,023m (-1.5% compared to €4,083m in 2016) due to continued competitive pressure on pricing. Otherwise, the technical performance was positive in terms of frequency and reduction of costs. UnipolSai continues to be a European leader in the area of **black boxes** installed in cars, increasing the number installed in vehicles from 3.1 million in 2016 to 3.5 million in 2017. **Non-MV** business recorded premium income of €3,332m, up 6.3% from €3,135m in 2016 thanks to strong performance in the retail business.

Despite the improvement in Non-Life claims in the final quarter, there was a significant increase in claims due to weather events in 2017, with the number of significant claims also increasing.

In this context, as at 31 December 2017, the consolidated UnipolSai Group recorded a **combined ratio**⁴ of 97.2% (95.9% on direct business) compared to 96.5% recorded in the same period of 2016. The **loss ratio**⁴ stood at 69.2% compared to 68.0% recorded in 2016. The **expense ratio**⁴ stood at 28.1% (28.5% in 2016).

Pre-tax profit for the Non-Life business was €501m; excluding the impact of the banking business restructuring, this profit would have been €593m (€365m in 2016).

⁴ Net Reinsurance

Life Business

In the Life business, in a market that still has very low or negative short-term interest rates, the strategic decisions to limit the sale of traditional products with returns linked to segregated accounts was confirmed, focusing the range on hybrid and unit-linked products.

In 2017, **direct income** amounted to €3,713m, a decrease of 29.7% compared to the same period of 2016 (€5,279m) due especially to the sharp decline in income earned by Popolare Vita (-66.9%), a joint venture with the Banca BPM Group, terminated at the end of December 2017.

UnipolSai S.p.A. earned direct income of €2,892m (-4.9% compared to €3,042m in 2016), with the multi-branch and unit-linked products enjoying great market success.

The **pre-tax profit** for the Life business amounted to €286m; if the impact of the banking business restructuring is not considered, the result would have been €307m (€357m in 2016).

Real Estate Business

In the real estate business, the renovation of certain property units in the portfolio continued, especially in the Milan area, in order to improve the profitability or potential sale value, as well as including buildings to be used for the company business. Certain buildings were also sold in 2017 for significant amounts in accordance with the Strategic Plan.

The **pre-tax result** was a loss of €24m compared to -€22m in 2016.

Other Business

In the **other businesses** in which the Group operates, operations continued to be focused on the development of commercial activities and, as regards the hotel industry in particular, on completion of the integration of the Atahotels and Una Hotels facilities. The new company, established following acquisition of the hotel management company branch from UNA S.p.A., closed the year with revenue of €127m and a positive net result.

The **pre-tax result** in the business, which includes the hotel, tourist, agricultural and healthcare businesses, was a loss of €3m (-€19m as at 31 December 2016).

Financial Management

With regard to **financial management**, the gross profitability of the Group's insurance financial investment portfolio continued to achieve significant yields in 2017, of 3.9% of the invested assets (3.7% in 2016), of which 3.4% relating to the coupon and dividend component.

Balance Sheet

The **total equity** as at 31 December 2017 amounted to €6,194m (€6,535m as at 31 December 2016), of which €5,869m attributable to the Group. The total AFS reserve stood at €940m (up from €783m as at 31 December 2016, mainly due to a change in the value of bonds).

The **individual solvency ratio** as at 31 December 2017 was equal to 241%¹ of the capital requirement (243% as at 31 December 2016).

The **consolidated solvency ratio** as at 31 December 2017, based on the Economic Capital, was equal to 206%² of the capital requirement (212% as at 31 December 2016).

Estimated Individual Accounting Records and Dividend for the Year 2017

The individual accounting records of the Company, which are still preliminary, show an estimated profit of approximately €577m as at 31 December 2017. In view of this figure, a dividend of €0.145 per ordinary share is expected for 2017, up 16% on the 2016 dividend (€0.125 per share) and with a pay-out of approximately 71%.

Approval of the draft statutory and consolidated financial statements of UnipolSai as at 31 December 2017, and the proposed allocation of the profit for the period to be submitted to the Shareholders' Meeting, is scheduled for 22 March next. Therefore, the information in this documentation is to be considered preliminary, referring to today's date, and as such, may be subject to change. The independent auditors have not yet completed their audit of those figures needed to issue their audit reports.

Finally, since the Shareholders' Meeting to approve the 2017 financial statements is scheduled for 23 April 2018, any dividend payment based on the results of the year is expected in May.

Subordinated bond loan

The Board of Directors also authorised the issue, applicable to the EMTN Programme and by 31 December 2018, of a tier 2 subordinated bond loan pursuant to the Solvency II Directive, for a maximum principal amount of €500m if suitable market conditions apply.

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 management on the preliminary consolidated results at 31 December 2017. 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 pre-recorded comment on the results can be found in the Investors section of the website www.unipolsai.com.

In order to allow complete disclosure of the preliminary results for the financial year 2017, please find attached hereto the preliminary Consolidated Balance Sheet, the Consolidated Income Statement and the summary of the Consolidated Income Statement by Business Segment.

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 in the press release corresponds to the figures in corporate accounting records, ledgers and documents.

Glossary

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).

AFS RESERVE: reserves on assets classified as "available-for-sale".

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 €11.1bn, of which €7.4bn in Non-Life Business and €3.7bn in Life Business (2017 figures). The company has the largest agency network in Italy, with more than 3,000 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.

Unipol Gruppo

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Consolidated Balance Sheet – Assets

Amounts in €m

		Preliminary at 31/12/2017	31/12/2016
1	INTANGIBLE ASSETS	691.3	703.2
1.1	Goodwill	327.8	316.6
1.2	Other intangible assets	363.5	386.6
2	PROPERTY, PLANT AND EQUIPMENT	1,719.3	1,595.9
2.1	Property	1,482.9	1,385.8
2.2	Other items of property, plant and equipment	236.4	210.2
3	TECHNICAL PROVISIONS - REINSURERS' SHARE	846.0	848.8
4	INVESTMENTS	49,084.8	61,214.9
4.1	Investment property	2,271.4	2,387.8
4.2	Investments in subsidiaries and associates and interests in joint ventures	803.8	527.3
4.3	Held-to-maturity investments	539.6	892.3
4.4	Loans and receivables	4,489.1	5,049.6
4.5	Available-for-sale financial assets	36,042.7	43,171.7
4.6	Financial assets at fair value through profit or loss	4,938.2	9,186.1
5	SUNDRY RECEIVABLES	2,662.8	3,114.4
5.1	Receivables relating to direct insurance business	1,421.6	1,418.7
5.2	Receivables relating to reinsurance business	100.6	95.1
5.3	Other receivables	1,140.6	1,600.6
6	OTHER ASSETS	11,342.7	1,110.5
6.1	Non-current assets held for sale or disposal groups	10,569.1	207.8
6.2	Deferred acquisition costs	85.0	90.4
6.3	Deferred tax assets	217.1	259.8
6.4	Current tax assets	9.4	31.3
6.5	Other assets	462.0	521.2
7	CASH AND CASH EQUIVALENTS	1,403.6	660.6
	TOTAL ASSETS	67,750.4	69,248.4



Consolidated Balance Sheet – Equity and Liabilities

Amounts in €m

		Preliminary at 31/12/2017	31/12/2016
1	EQUITY	6,193.7	6,534.7
1.1	attributable to the owners of the Parent	5,869.0	6,155.6
1.1.1	Share capital	2,031.5	2,031.5
1.1.2	Other equity instruments	0.0	0.0
1.1.3	Equity-related reserves	346.8	346.8
1.1.4	Income-related and other reserves	2,129.5	2,593.1
1.1.5	(Treasury shares)	-52.3	-52.3
1.1.6	Translation reserve	4.8	3.1
1.1.7	Gains or losses on available-for-sale financial assets	913.4	751.5
1.1.8	Other gains or losses recognised directly in equity	-8.9	-15.5
1.1.9	Profit (loss) for the year attributable to the owners of the Parent	504.2	497.4
1.2	attributable to non-controlling interests	324.7	379.1
1.2.1	Share capital and reserves attributable to non-controlling interests	265.5	317.6
1.2.2	Gains or losses recognised directly in equity	26.7	31.3
1.2.3	Profit (loss) for the year attributable to non-controlling interests	32.6	30.1
2	PROVISIONS	382.3	442.4
3	TECHNICAL PROVISIONS	45,757.0	55,816.4
4	FINANCIAL LIABILITIES	3,663.0	4,680.7
4.1	Financial liabilities at fair value through profit or loss	1,172.3	2,140.1
4.2	Other financial liabilities	2,490.7	2,540.6
5	PAYABLES	915.3	864.9
5.1	Payables arising from direct insurance business	104.7	107.4
5.2	Payables arising from reinsurance business	93.6	92.3
5.3	Other payables	717.0	665.2
6	OTHER LIABILITIES	10,839.1	909.2
6.1	Liabilities associated with disposal groups held for sale	10,016.5	0.0
6.2	Deferred tax liabilities	25.1	26.0
6.3	Current tax liabilities	24.1	45.1
6.4	Other liabilities	773.4	838.2
	TOTAL EQUITY AND LIABILITIES	67,750.4	69,248.4



Consolidated Income Statement

Amounts in €m

		Preliminary at 31/12/2017	31/12/2016
1.1	Net premiums	10,402.2	11,557.7
1.1.1	Gross premiums	10,833.4	11,998.8
1.1.2	Ceded premiums	-431.2	-441.0
1.2	Fee and commission income	35.2	32.2
1.3	Gains and losses on financial instruments at fair value through profit or loss	134.3	44.7
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	8.6	17.3
1.5	Gains on other financial instruments and investment property	2,103.6	2,178.5
1.5.1	Interest income	1,483.1	1,521.5
1.5.2	Other gains	178.2	166.0
1.5.3	Realised gains	442.1	452.0
1.5.4	Unrealised gains	0.2	38.9
1.6	Other revenue	566.8	426.3
1	TOTAL REVENUE AND INCOME	13,250.7	14,256.6
2.1	Net charges relating to claims	-8,836.0	-9,974.5
2.1.1	Amounts paid and changes in technical provisions	-9,033.2	-10,191.3
2.1.2	Reinsurers' share	197.2	216.8
2.2	Fee and commission expense	-17.7	-15.0
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	-114.5	-3.0
2.4	Losses on other financial instruments and investment property	-412.4	-532.4
2.4.1	Interest expense	-83.8	-80.6
2.4.2	Other charges	-35.9	-46.4
2.4.3	Realised losses	-136.9	-249.8
2.4.4	Unrealised losses	-155.8	-155.6
2.5	Operating expenses	-2,331.0	-2,359.4
2.5.1	Commissions and other acquisition costs	-1,708.4	-1,731.6
2.5.2	Investment management expenses	-124.8	-132.0
2.5.3	Other administrative expenses	-497.8	-495.8
2.6	Other costs	-778.8	-691.6
2	TOTAL COSTS AND EXPENSES	-12,490.5	-13,575.8
	PRE-TAX PROFIT (LOSS) FOR THE YEAR	760.2	680.8
3	Income tax	-223.4	-153.3
	POST-TAX PROFIT (LOSS) FOR THE YEAR	536.8	527.5
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0.0	0.0
	CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	536.8	527.5
	attributable to the owners of the Parent	504.2	497.4
	attributable to non-controlling interests	32.6	30.1



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-17	dec-16	var.%	dec-17	dec-16	var.%	dec-17	dec-16	var.%	dec-17	dec-16	var.%	dec-17	dec-16	var.%	dec-17	dec-16	dec-17	dec-16	var.%
Net premiums	6,956	6,871	1.2	3,446	4,686	-26.5	10,402	11,558	-10.0									10,402	11,558	-10.0
Net fees and commissions				18	18	1.1	18	17	0.7									17	17	1.1
Financial income/expense **	450	358	25.7	1,128	1,254	-10.0	1,578	1,612	-2.1	0	-7	-104.1	-2	3	n.s.	-8	-28	1,568	1,580	-0.8
<i>Net interest</i>	368	373		1,042	1,075		1,410	1,448		-1			-6	-3		-1		1,403	1,445	
<i>Other income and expenses</i>	-29	82		36	62		7	144					15	20		-8	-28	14	136	
<i>Realised gains and losses</i>	175	45		116	176		291	221		1			0	-2				292	219	
<i>Unrealised gains and losses</i>	-64	-141		-66	-59		-130	-200			-8		-11	-12				-141	-220	
Net charges relating to claims	-4,666	-4,558	2.4	-4,018	-5,291	-24.1	-8,684	-9,850	-11.8									-8,684	-9,850	-11.8
Operating expenses	-2,027	-2,039	-0.6	-234	-270	-13.4	-2,261	-2,309	-2.1	-59	-54	7.7	-26	-12	112.7	14	16	-2,331	-2,359	-1.2
<i>Commissions and other acquisition costs</i>	-1,597	-1,596	0.0	-112	-135	-17.5	-1,708	-1,732	-1.3									-1,708	-1,732	-1.3
<i>Other expenses</i>	-430	-442	-2.9	-122	-135	-9.4	-552	-577	-4.4	-59	-54	7.7	-26	-12	112.7	14	16	-623	-628	-0.8
Other income / expense	-212	-268	20.7	-54	-39	-38.4	-266	-307	13.2	55	43	27.9	4	-14	n.s.	-5	12	-212	-265	20.1
Pre-tax profit (loss)	501	365	37.5	286	357	-20.0	787	722	9.1	-3	-19	84.2	-24	-22	-7.5	0	0	760	681	11.7
Income tax	-144	-55	n.s.	-83	-108	-22.5	-228	-163	40.2	2	5	-60.7	2	4	-40.8			-223	-153	45.7
Profit (loss) on discontinued operations																				
Consolidated profit (loss) for the period	357	310	15.2	203	250	-18.8	559	559	0.0	-1	-14	93.2	-22	-18	-18.2	0	0	537	527	1.8
<i>Profit (loss) attributable to the owners of the Parent</i>																		504	497	
<i>Profit (loss) attributable to non-controlling interests</i>																		33	30	

(*) 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