Unipol

9M24 Consolidated Results

Slide Commentary

Please refer to the presentation document for further details

Opening New Ways UNIPOL 2022-2024 STRATEGIC PLAN

Unipol GRUPPO

GROUP FIGURES – slide 5

At 9M24 Unipol reported a consolidated pre-tax profit of 748€m, before the contribution of the banking stakes (BPER and BPSO), 543€m of which pertaining to the Non-Life sector, 225€m to Life and -20€m to the Other sector. Despite the provisioning for a new Employee Solidarity Fund, for a pre-tax amount of 149€m, this result is better than the corresponding 9M23 (732€m), which was more impacted by atmospheric events. The reported net result amounted to 724€m, that is 681€m net of minority interests.
It is worth remembering that the aforesaid reported figures include BPER and BPSO profits at 1H24. This follows the same approach taken in previous quarters, where the figures for these two banks were consolidated with a three-month deferral. This timing is due to the fact that both banks typically release their accounts very close to Unipol's reporting schedule.
Including the nine-months result of the two associated banks (whose figures were disclosed on 5 November by BPSO and on 7 November by BPER), the net profit of the Group would have been 834€m, or 791€m after minorities. The corresponding consolidated net profit reported at 9M23 was 769€m (615€m net of minorities).
The minority stake of the Group was lower compared to the past, as Unipol came to hold 100% of UnipolSai, once the squeeze-out procedure was completed.

The solvency ratio of the Group was 224% at the end of September 2024.

Worth to highlight is a new way to represent the profitability of the Group, that is the *Insurance Group Net Result*, calculated starting form this quarter and amounting to 662€m. It was obtained by excluding the economic effect of consolidation (based on the equity method) of the interests held by the Group in the banking associates, and including the dividends received by those banks.

INSURANCE GROUP FIGURES – slide 6

Looking at the Insurance Group Figures, calculated as mentioned before, the pre-tax result at 9M24 -which includes 134€m of dividends received by the associate banks- amounted to 882€m, that is 662€m after taxes, or 619€m net of minorities (445€m as at 9M23).
The corresponding Solvency ratio at 9M24 was 286% (operating figure).

NON-LIFE PREMIUM COLLECTION – slide 7

Non-Life premium collection reached 6,488€m, growing by 8.7% y-o-y under the same basis of consolidation. The increase was driven by Motor (+10.7%), although Non-Motor showed an excellent trend as well (+6.8%, UniSalute up by 27.5%). All Ecosystems contributed to this growth.
The mix between Motor and Non-Motor continued to be in favour of the latter (51%).
With respect to distribution, the majority of contracts (74%) were still intermediated by the network of agents.
No relevant changes were recorded in the breakdown by market segment, with the focus remaining on retail and SMEs, reaching 76%.

COMBINED RATIO – slide 8

The total combined ratio was 93.9%, resulting from 102.6% in Motor and 86.1% in Non-Motor. Loss ratio (67.9% vs 72.6%) benefited *inter alia* from the excellent top line trend and the lower impact of natural catastrophes and other large losses.
The expense ratio was 26.0%, that is 29.5% in Non-Motor and 22.2% in Motor.
Combined ratio in the nine months of the last year was, under the same basis of consolidation, 99.0%, o/w 103.7% in Motor and 94.8% in Non-Motor.

LIFE PREMIUM COLLECTION – slide 9

Life premium collection increased by 9.6% y-o-y, reaching 4,928€m thanks to the ongoing very satisfying trend in traditional policies (+18.8%), sold mainly via banking branches, while linked products showed a spike rise (+37.8%). Contribution from pension funds was 1,041€m.
Total collection was almost equally balanced between UnipolSai (52%) and Arca Vita (48%).
Net inflows were positive in both traditional + capitalization (+805€m) and other products (+418€m).

LIFE YIELDS – slide 10

Life segregated funds yields increased by 8 bps compared to FY23, reaching 3.20%, while the average minimum guarantee decreased to 77 bps.
The average yield retained by the Group was 99 bps and the average yield to policyholders was up by 7 bps.
As for the breakdown of technical reserves by minimum guarantee, 55% of them are related to the 0% cluster.

LIFE CSM – slide 11

At 2023 year-end the opening CSM was 2,295€m; the roll-forward to 30 September showed a growth to 2,417€m given by new business (+227€m), expected return (+98€m), economic variances (+87€), operating variances (-101€m) and CSM release (-188€m).

INVESTMENTS – slide 12

Total investments amounted to 57.6€bn, with Bonds at 78.7%, of which Italian Govies stood at 30.4%, Non-Italian Govies at 18.2% and Corporate Bonds at 30.0%.
Equity, funds and alternative investments accounted for 9.4% of the total investments.
The duration of assets was 4.7 years and that of liabilities 5.8, with a small -0.3 mismatch.

FINANCIAL INVESTMENT YIELDS – slide 13

Moving on to financial yields, the overall return was 4.2%, of which 6.2% in Non-Life and 3.5% in Life, while the yield of Life free capital was 4.9%.
The strong result in the Non-Life financial income was mainly driven by the running yield, made up of coupons and dividends, that stood at 4.3%.
The component realized/unrealized gains/losses also made a strong contribution.

REAL ESTATE – slide 14

In Real Estate the book value of the total portfolio reached 4,125€m, with market value totaling 4,872€m.
35% of the portfolio is now allocated to the Life accounting sector, 28% to Non-Life and 37% to the Other sector.
It is worth mentioning the growth in total gross yield of the Investment Portfolio from 4.3% at 9M23 to 4.8%.

SOLVENCY 2 – slide 15

Solvency reached the excellent level of 224%, which rises to 286% (operating figure) considering the Insurance Group ratio calculated under the assumption that the banking associates (BPER and BPSO) are treated as non-strategic equity investments rather than shareholdings in credit institutions with ensuing pro-quota consolidation of own funds and capital requirements as determined in accordance with the relevant sectoral regulations.