

PRESS RELEASE

REALE GROUP

EXCELLENT RESULTS FOR THE 2016 FINANCIAL STATEMENTS

The Group shows a consolidated profit for the year of Euro 131 million and premiums of over Euro 3.8 billion. The solvency ratio of 241% confirms the company as one of the strongest in the market.

Turin, 29 April 2017 – Società Reale Mutua di Assicurazioni's delegates, representing over 1,400,000 Members/Policyholders, met today to approve the separate financial statements and to examine the Group's consolidated financial statements as at and for the year ended 31 December 2016.

With respect to the Group's profitability, the **2016 consolidated financial statements**, prepared in accordance with the International Financial Reporting Standards (IFRS), show a **profit** of Euro 131 million, well above the preliminary forecasts (Euro 92.1 million), unveiled to the Delegates' meeting held last December. Specifically, the increase is due to the positive technical performance of the group companies' Non-life business in Italy and Spain and the better results achieved by Reale Immobili and other investees.

Considering the significant downward trend affecting the insurance sector, **direct insurance premiums** exceeded Euro 3.8 billion (substantially in line with the 2015 figures). Of this amount, Euro 2.7 billion refers to the Non-life business (+0.6%) and Euro 1.1 billion to the Life business (-1.4%). The **Non-life combined ratio**, i.e., the indicator measuring the portion of premiums used to cover the cost of claims, operating costs and the network commissions, is equal to 95%, confirming the satisfactory levels and improving on the previous year.

Equity also increased to over Euro 2.4 billion (+4.6%), further strengthening the Group's sound financial position. The **solvency ratio**, calculated in accordance with the standard formula under the new Solvency II directive (enacted on 1 January 2016) is one of the highest in the insurance sector, both in Italy and Europe, amounting to 241% (figure related to the fourth quarter of 2016).

All Reale Group's subsidiaries recorded positive results: both insurance companies, **Italiana Assicurazioni** and the Spanish **Reale Seguros Generales** and **Reale Vida**, and **Banca Reale**, **Reale Immobili** and **Blue Assistance**, operating in the banking, real estate and service sectors, respectively, posted a profit for the year.

The **separate financial statements of Reale Mutua** show a **profit** for the year of Euro 57.4 million, which is substantially in line with the profit for 2015, being the result of the Euro 61.8 million profit recorded by the Non-life business and the Euro 4.4 million loss incurred by the Life business. The performance of the latter business was heavily impacted by the depreciation of Italian bonds, caused by the increase in Italy's spread at year end as a consequence of the referendum. The profit for the year, calculated in accordance with IFRS, amounts to Euro 74.3 million.



Direct insurance premiums amount to approximately Euro 2.2 billion (-1.3% on 2015), down in both the Non-life (-0.9%) and the Life (-2.0%) businesses. However, these decreases are below the performance recorded by the domestic market (Non-life business: -1%; Life business: -11%). The **Non-life combined ratio** at 96.4% reflects largely positive technical profitability.

The **solvency ratio**, calculated in accordance with the standard formula under the new Solvency II directive, amounts to 334.5% (figure related to the fourth quarter of 2016) and remains one of the highest of the sector.

In his speech, the **Chairman Iti Mihalich** stated: «*The results achieved by the Group in 2016 confirm steady growth and the strengthening of its sound financial position, while maintaining the usually high focus on our Members/Policyholders and the community. In 2017, Reale Group will tackle ambitious challenges, which it will face seriously and prudently as usual, focusing, in particular on long-term development, pursuing greater efficiency and remaining highly competitive on the market*».

The **General Manager Luca Filippone** added: «*We are very proud of the results achieved in 2016, a year that was also marked by many projects addressing, in particular, welfare issues, and by a strong boost to innovation. The globalisation strategy continues, with Reale Group entering the South America market through the incorporation of the newco Reale Chile Seguros Generales, which will soon become operative. Furthermore – added **Mr. Filippone** - Reale Group will consolidate and strengthen its position in the Italian market. Over the past few days, IVASS (Italy's Institute for the Supervision of Insurance) granted us the authorisation to obtain control of the Uniqa Group companies in Italy. This marks the beginning of the integration process whose aim is to enhance Uniqa's specific expertise and professional skills. Furthermore, in 2016, we opened the new head offices of Turin and Madrid, providing our 3,000 employees with a modern and functional work environment, a proof of Reale Group's commitment to its people who, together with Members/Policyholders, Agents and Employees, are at the core of our strategies*».

*Reale Group is an international group operating in Italy, Spain and Chile through the Parent – Società Reale Mutua di Assicurazioni – and its subsidiaries. It offers insurance, banking, real estate and service solutions, protecting over 3 million 800 thousand Policyholders. With almost 3,200 employees based in Italy and Spain, Reale Group is one of the most solvent groups of the market, as confirmed by its solvency ratio equal to 241% in 2016 (Solvency II). The concept of **Togetherness** reflects the essence of the Group, the mutuality, its values and founding principles and its mission, and also drives the operations of all companies, highlighting their essence and distinctive features on the market, in terms of reliability, quality and efficiency of the service.*

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