

SFCR 2017: many Solvency II ratios have been greatly affected by transitionals and adjustments

- **Solvency II introduced new reporting and public-disclosure requirements in the form of “solvency and financial condition reports” (SFCR) that include thus-far unpublished information, e.g. the impact of transitional measures and adjustments. Insurance groups have to publish their SFCR no later than 1 July.**
- **The SCR ratios of all groups analyzed in this sector report are all above 180%, well above the 100% regulatory threshold, and above 160% when transitional measures and adjustments are excluded. We collected solvency data from the SFCR of the 14 EU-based insurance groups in our coverage. In total, the industry operates at an SCR ratio of 233% (average) including transitional measures and adjustments, and at 199% (average) when these measures are excluded.**
- **The SCR ratios of almost all groups improved on a year-on-year basis. Only the ratios of MAPFRE, Munich Re, NN Group and SCOR decreased.**
- **Most insurers apply either partial or group internal models. Just CNP (RESTRICTED) and MAPFRE Group use the standard model. Group internal models are currently used by Axa Group, Munich Re Group and SCOR Group. Besides Hannover Re and SCOR, all insurance groups use transitional measures and volatility adjustments, however, only two groups (Aegon and MAPFRE) use matching adjustments.**
- **On average, the covered groups have an unrestricted T1 ratio of 78% (percentage of eligible own funds [EOF]) and a restricted T1 (RT1) ratio of 8.6% on average (percentage of total T1). Based on this ratio, most insurers are still able to issue more RT1 instruments, in particular German insurers, as well as MAPFRE and Generali, which have RT1 ratios of 6% at most. In total, the usable T2 capacity of the covered insurance groups amounts to EUR 11.0bn and the usable T3 capacity to EUR 17.6bn.**
- **Underwriting and market risk are the dominant risk types. Generali (91%), CNP (RESTRICTED; 70%) and Groupama (49%) are exposed to the highest market risk and SCOR (72%), Achmea (57%) and Hannover Re (57%) are exposed to the largest underwriting risk (both as a percentage of total risk without consideration of the loss-absorbing capacity of deferred tax).**
- **Further improvements are possible. While the new disclosures offer better insight (especially with regard to capital), peer-to-peer comparisons of SCR ratios, especially across borders, are still poor. Insurers often enhance their ratios according to national regulations, use different methods to calculate SCR ratios (standard vs. internal model) and use quite different sensitivity-analysis assumptions.**
- **Relative value: Outstanding senior insurance bonds trade at comparable levels to senior non-preferred bonds of banks and almost all are part of the ECB’s CSPP and outstanding subordinated insurance bonds (T2 dated) still look attractive. On average, T2 dated insurance bonds offer about 52bp higher yield for an extra year’s maturity.**

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Regulatory background

Introduction

Introduction

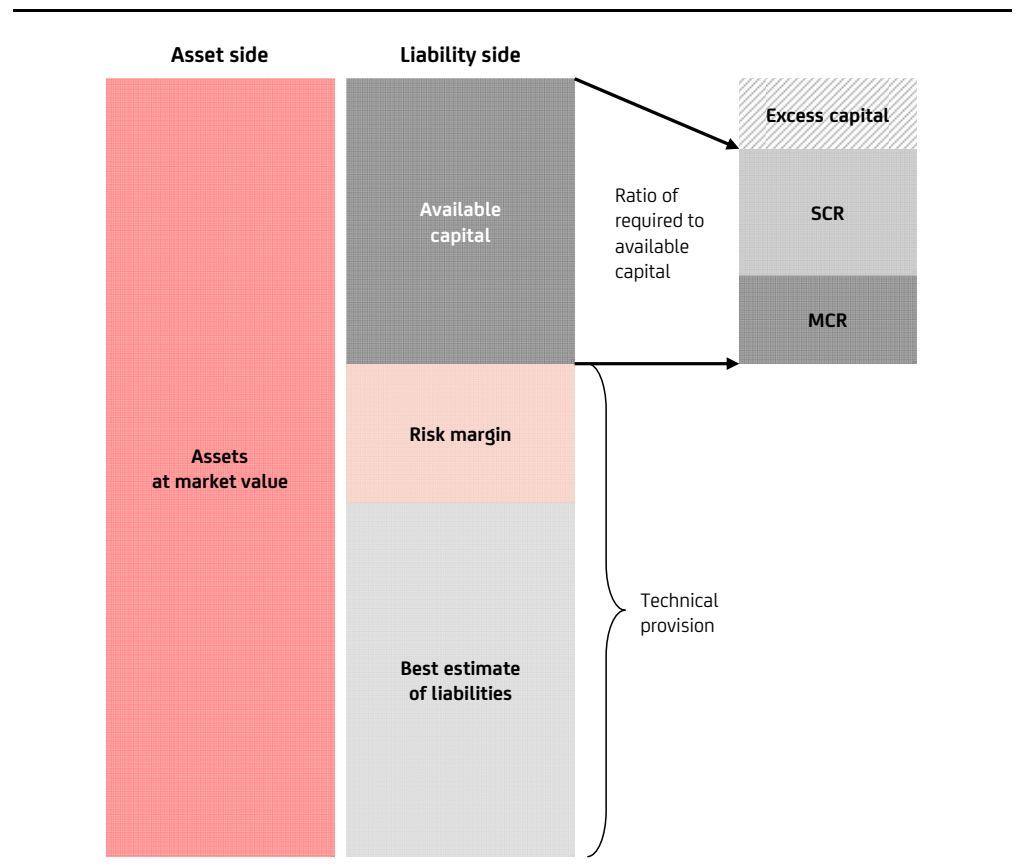
Solvency II took effect on 1 January 2016 and was a comprehensive overhaul of insurance regulation in the EU. The framework has been implemented into European law via Directive 2009/138/EC and the Delegated Regulation (EU) 2016/467. The S-II framework is divided into three pillars:

- **Pillar 1** covers financial requirements and defines the solvency capital requirements (SCR) and the minimum capital requirement (MCR).
- **Pillar 2** covers governance and supervision. It requires insurers to adopt an effective risk-management system.
- **Pillar 3** covers reporting and disclosure.

Total balance-sheet approach

Both Solvency I and Solvency II use the balance sheet of an insurance company as a starting point for the Solvency assessment. However, whereas Solvency I was mainly based on statutory figures reported in financial statements and was focused on liabilities, S-II aims to capture the true economic value of the balance-sheet items. This approach is independent of the statutory accounting and both assets and liabilities are measured at market value. S-II uses a "total balance-sheet approach" for the Solvency assessment.

SOLVENCY II BALANCE SHEET



Source: Solvency II regulation, UniCredit Research

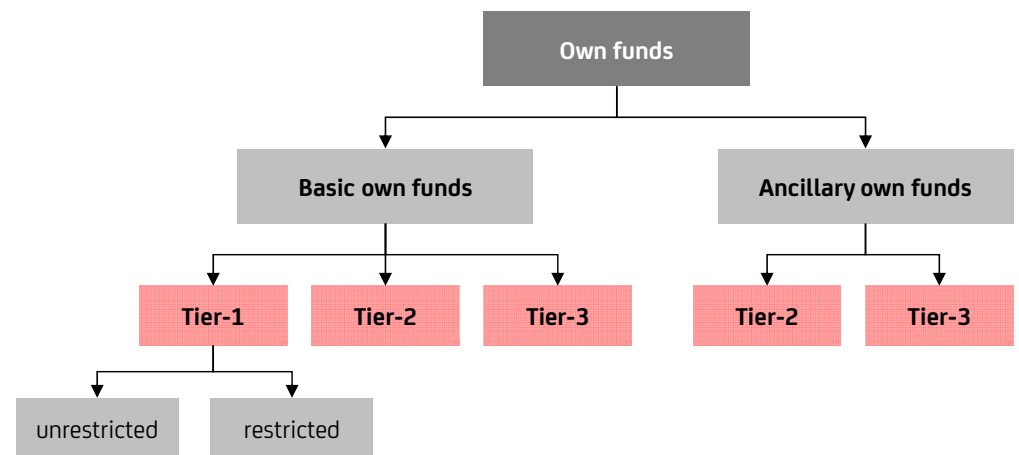
Own funds

Classification of own funds

Own funds are divided into three tiers (Tier-1, Tier-2 and Tier-3) as well as into **basic own funds (T1, T2 and T3) and ancillary own funds (T2 and T3)**. Ancillary own funds consist of items other than basic own funds which can be called up to absorb losses and require prior supervisory approval.

T1 own funds are divided into **unrestricted T1 and restricted T1 (RT1) capital**. Article 82(3) of the Delegated Regulation states that no more than 20% of total eligible T1 own funds ("restricted T1", RT1) should be made up of certain basic own-fund items, including paid-in subordinated liabilities. The amount of own funds represented by these instruments is referred to as RT1 (sometimes also called hybrid T1). RT1 instruments are quite similar to Additional T1 in the banking universe under Basel III, i.e. they can be written down partially or completely or can be converted into equity.

SOLVENCY II OWN FUNDS



Source: Solvency II regulation, UniCredit Research

Ranking of own funds

T1 capital must be permanently available, i.e. the instrument must be fully paid in and immediately available to absorb losses, and it must be deeply subordinate to all other insurance liabilities. Unrestricted T1 capital must be undated and must not include any incentives for it to be repaid or redeemed.

The requirements for T2 instruments are less onerous, for example, the subordination only needs to be to policyholders and other unsubordinated creditors. T2 basic own funds are required to have an original maturity of at least ten years and may include limited incentives to be repaid or redeemed (e.g. particular step-ups).

T3 own funds consist of other capital instruments, including preference shares, that do not display the features required for T1 or T2 capital.

MCR and SCR

MCR and SCR

Pillar 1 requires insurance companies to calculate the minimum capital requirement (MCR) and the solvency capital requirement (SCR):

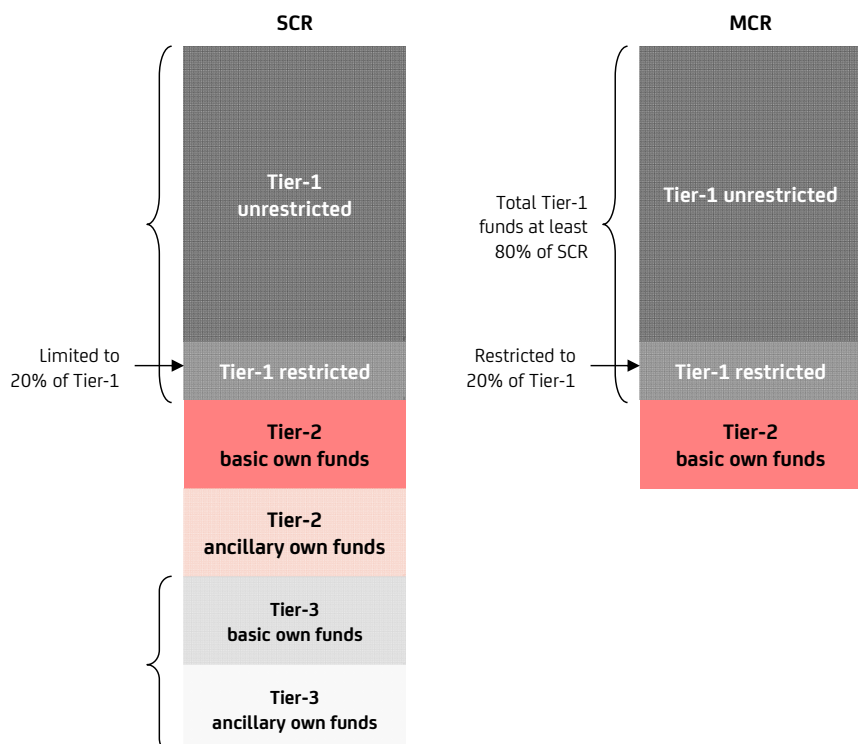
- **The MCR** is the minimum level of security below which the amount of financial resources should not fall. When the amount of basic own funds falls below the MCR, the authorization of insurance companies will be withdrawn, if the insurer is unable to re-establish the amount of basic own funds at the level of the MCR within a short period of time. The MCR is a portion of the SCR. It must be at least 25%, but not more than 45%, of a company's SCR.
- **The SCR** should reflect a level of own funds that enables insurance companies to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. The SCR should correspond to the value-at-risk of the basic own funds and is subject to a confidence level of 99.5% over a one-year period.

Eligible own funds to cover MCR and SCR

Eligible own funds (EOF) to cover MCR and SCR are restricted as follows:

- The amount of T1 must be at least 50% of the SCR, and the amount of T3 must be less than 15% of the SCR.
- Restricted T1 capital must constitute less than 20% of total T1. Restricted T1 capital in excess of the 20% limit is available as T2.
- At least 80% of the MCR has to be met with T1 capital.
- T3 own funds and T2 ancillary own funds are not eligible to cover the MCR.

OWN FUNDS LIMITS



Source: Solvency II regulation, UniCredit Research

Solvency assessment

Introduction

In a first step, all assets and liabilities are valued with their fair value.

In a second step, the basic SCR (BSCR) is calculated by determining the risk inherent in the insurance company, which is mainly a function of investment and underwriting risks. The BSCR takes into account the main risk categories and for every risk category a potential loss related to this specific risk is determined. The total amount of the potential losses is then combined into a total BSCR, taking into account the effects of diversification, correlation and risk mitigation. The final SCR is achieved by aggregation of the basic SCR capital charge and the capital charge for operational risk, followed by the deduction of adjustments for the risk-absorbing effects of future profit-sharing and deferred taxes ($SCR = BSCR + SCR_{opt} - Adj.$).

The final step is to calculate the eligible own funds of the insurer and to compare the SCR to the eligible own funds. An insurance company is solvent if its eligible own funds are greater than the SCR. The capital adequacy ratio compares the available solvency capital to the solvency capital requirement, expressed as a percentage.

Internal model

The standard formula is intended to be “standard” and thus cannot reflect the specific risk profile of an insurance company. Therefore, an internal model can be used either partially or fully to calculate the solvency capital requirement. However, such an internal model requires the approval of the supervisory authority before its application.

The internal model is more than just a tool to calculate the SCR. The insurer has to demonstrate to the authority that the internal model is aligned with the insurer’s activities; that it is able to provide an appropriate calculation of the SCR; and that it is an integrated part of the insurers risk management process and systems of governance (called “use test”). The key requirements on internal models are the use test, statistical quality standards, calibration standards, profit and loss attribution, the validation standard, documentations’ standards and external models and data.

The SCR is calculated based on Monte-Carlo simulations and parameterizations of all relevant risks and of economic balance sheets on a one-year horizon. All variables to calculate SCR are estimated from a (simulated) forecast distribution of the shareholders net assets on a one-year horizon.

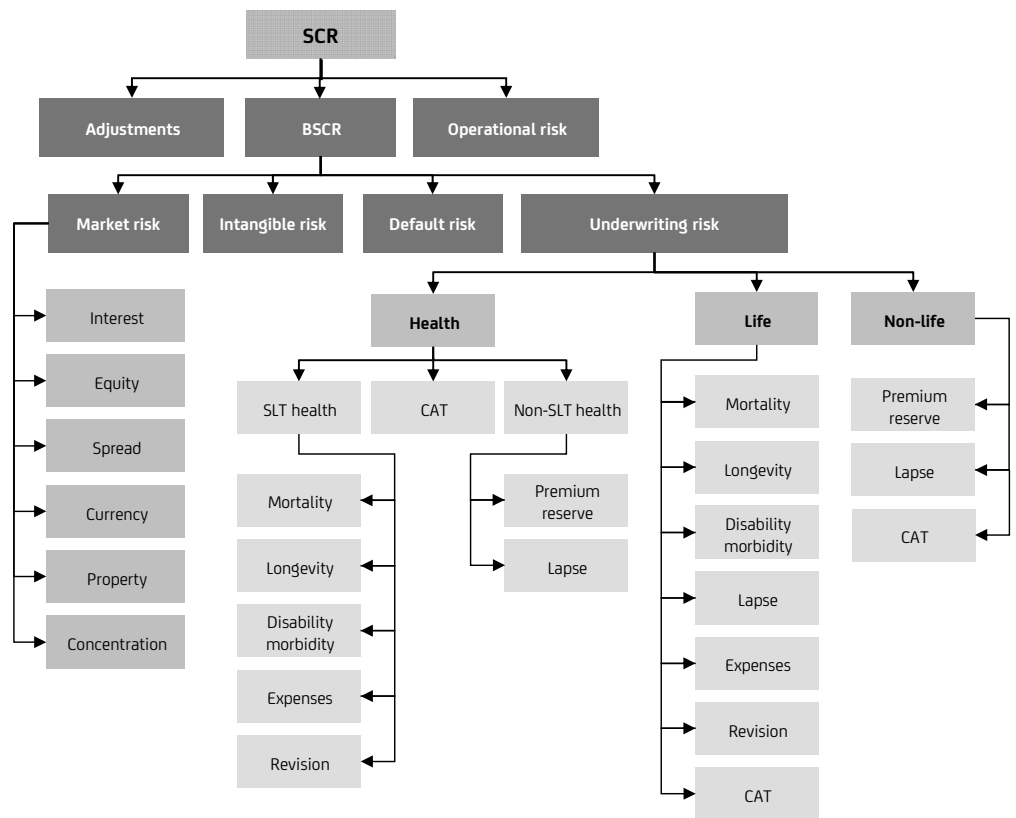
Internal models can be used as full or partial models. In full models, all risk categories are quantified using the internal model. In contrast, in a partial model, one or more modules of the SCR are calculated using the standard formula. However, the term group internal model is used when the model is used to calculate the consolidated group SCR.

Standard formula

Insurance companies can use a standard formula or an internal model (full and partial) to calculate their capital requirements. The standard formula is divided into modules and sub-modules, taking into account the following risk categories: **1.** underwriting risk **2.** market risk **3.** counterparty (default) risk **4.** intangible risk and **5.** operational risk.

For each module and sub-module, insurance companies have to calculate the corresponding capital requirement using stress scenarios. For several sub-modules, for example the market-risk module, the calculation is scenario-based, i.e. the capital requirement is determined as the impact of a specified stress scenario on the level of basic own funds. The change in an insurer’s basic own funds after applying the stress scenarios specified in the different sub-modules will equal the capital charge for that sub-module. On an aggregate level, correlations and diversification benefits, as well as adjustments for the loss-absorbing capacity of technical provisions and deferred taxes, are taken into account.

SOLVENCY II – STANDARD FORMULA



Source: UniCredit Research

Transitional measures and adjustments

Transitional measures

The Solvency II directive includes a number of transitional measures that allow insurance companies to move to the full implementation of the regulation over a period of time. The purpose of these measures is to soften the immediate impact of the new rules, e.g. a large increase in technical provisions or capital requirements. The main important transitional measures are determined in Articles 308b, 308c and 308d of the Directive 2014/51/EU. However, the use of transitional measures directly affects the Solvency II ratio.

- **The equity transitional measure** permits insurance companies to phase in the effect of the standard stress factor in the equity risk sub-module. The transitional period lasts until 1 January 2023 and insurers can move linearly to 100% of the full equity stress factor. As a result, the capital requirement in the equity risk module will rise gradually. The use of this transitional measure does not require approval by the regulatory body.
- **The risk-free interest rates transitional measure** permits insurance companies a transitional period to move from the Solvency I interest rate structure to that required under Solvency II. Under Solvency I, the use of a risk-free rate is not mandatory, only a single rate rather than a yield curve is required. Under Solvency II, the use of the risk-free yield curve is mandatory and therefore the discount rate is likely to be significantly lower under Solvency II. The transition gives insurance companies until 1 January 2032 to move to the risk-free interest rate required under Solvency II. However, this measure requires approval by the regulatory body and cannot be used in conjunction with the transitional measures on technical provisions.

- The **technical provisions transitional measures** permit insurance companies to make a transitional deduction from their technical provisions. If the Solvency II provisions are higher than that calculated under Solvency I, insurance companies are allowed to deduct the difference at 1 January 2016. However, the amount that can be deducted reduces linearly from 100% to 0% of the difference by 1 January 2032. This measure requires approval by the regulatory body.

Volatility adjustments

The volatility adjustment (VA) is a constant addition to the risk-free curve, which is used to calculate the ultimate forward rate. It is designed to protect insurers with long-term liabilities from the impact of volatility on their solvency position. The VA is based on a risk-corrected spread on the assets in a reference portfolio and is defined as the spread between the interest rate of the assets in the reference portfolio and the corresponding risk-free rate, minus the fundamental spread. The VA is provided and updated by the European Insurance and Occupational Pension Authority (EIOPA) and can differ for each major currency and country.

Matching adjustments

The matching adjustment (MA) is a parallel shift applied to the entire basic risk-free term structure and is used for the same purpose as the VA. The MA is calculated based on the match between an insurer's assets and liabilities, corrected for the fundamental spread. The MA can only be applied to a portfolio of life insurance obligations with an assigned portfolio of assets that covers the best estimate of the liabilities.

Solvency levels of European insurers

Summary

We collected solvency data from the Solvency and Financial Condition Reports (**SFCR**) of the 14 insurance companies in our coverage located in the European Union. All published data in this report refer to the group reports and not to the reports on holding companies or single entities. In this sector report, we always reference the HDI Group report when referring to Talanx Group, to which Hannover Re and HDI belong, whereas Hannover Re is covered separately.

Main observation

The SCR ratios of most groups are well above the regulatory threshold of at least 100% (EOF divided by SCR must be at least 100%). All insurance groups reported FY17 SCR ratios of above 180% (including transitional measure and adjustments) and above 160% when transitional measures and adjustments are excluded. In total, the industry operates at an SCR ratio of 233% (average) including transitional measures and adjustment, and 199% (average) when these measures are excluded.

The SCR ratios of almost all groups improved on a year-on-year basis. Only the ratios of MAPFRE, Munich Re, NN Group and SCOR decreased.

Most insurers apply either partial or group internal models. Just CNP (RESTRICTED) and MAPFRE use the standard model. Group internal models are currently used by Axa, Munich Re and SCOR.

Besides Hannover Re and SCOR, all insurance groups use transitional measures and volatility adjustments, however, only two groups (Aegon and MAPFRE) use matching adjustments.

On average, the covered groups have an unrestricted T1 ratio of 78% (percentage of EOF) and an RT1 ratio of 8.6% on average (percentage of total T1), thus, there is still capacity to issue further restricted T1 bonds, which must not be more than 20% of total T1.

Certain issues reduce the comparability of the SCR ratios

Enhanced solvency reporting improves transparency and comparability which is, however, still disturbed by the following:

- The application of transitional rules, volatility and matching adjustments varies from insurer to insurer.
- The sensitivity-analysis scenarios cannot be compared across insurers. Each insurer makes different assumptions as to the changes of credit spreads, equity market performance, interest rates, etc.
- The impact of changing parameters on the SCR ratio is not linear. Therefore, a thorough comparison is not possible. A more standardized sensitivity analysis throughout Europe would be helpful.
- Some companies stress both the own funds and the solvency capital requirement. Other companies stress only the solvency capital.
- Some companies include dividend accruals in the solvency ratio, while others do not.
- Insurers use different models to calculate solvency ratios, and internal models (partial or group internal) and the standard model are not comparable.

Transitional measures and adjustments

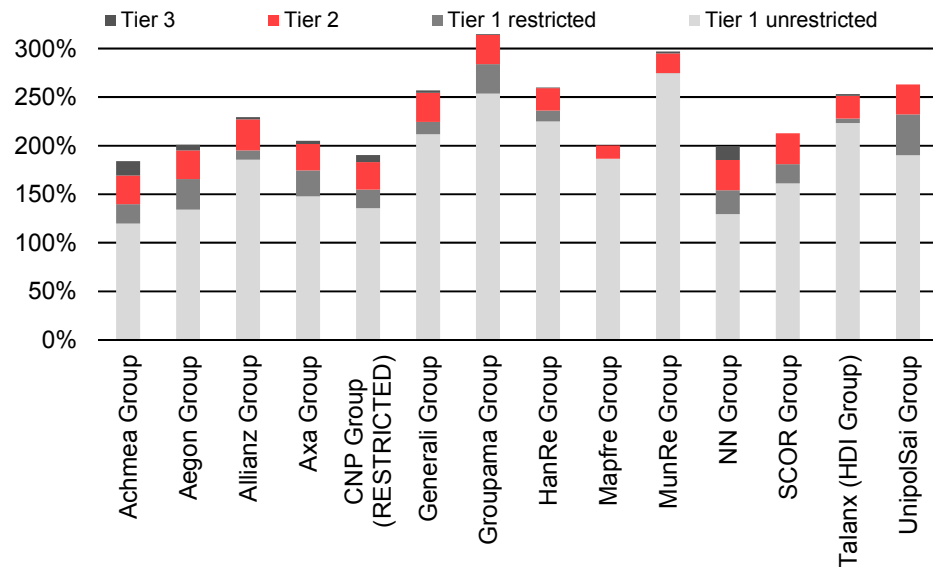
Since the transitional measure is transitional, the volatility adjustment is an inherent part of the methodology used to calculate the SCR ratio. The use of transitional measures and adjustments leads some insurers to calculate their SCR ratios according to an approach more similar to Solvency I and some to calculate their SCR ratios according to more of a risk-based "fully loaded" approach. This results in a loss of comparability as SCR ratios can vary considerably depending on whether or not transitional measures are in place, and whether volatility and/or matching adjustments are made.

Solvency II ratios

Introduction

The three highest capitalization ratios including transitional measures and adjustments are shown by Groupama (315%), Munich Re (297%) and UnipolSai (263%). Only the ratios of NN Group (199%), CNP (RESTRICTED; 190%) and Achmea (184%) are below 200%.

COMPOSITION OF SOLVENCY CAPITAL RATIOS



Source: company data, UniCredit Research

The table below shows the group SCR ratios and provides information on the model type used as well as the application of transitional measures and adjustments.

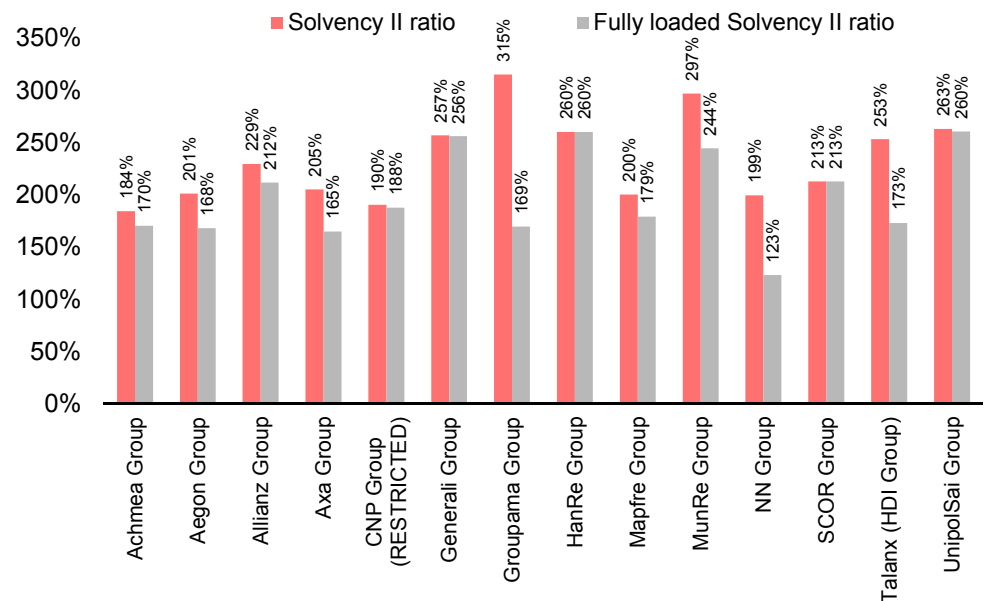
TECHNICAL INFORMATION

Company	SCR including transitional measures and adjustments	Model type	Diversification benefit	Transitional rules	Volatility adjustment (VA)	Matching adjustment (MA)
Achmea Group	184%	Partial internal model	Yes	Yes	Yes	No
Aegon Group	201%	Partial internal model	Yes	Yes	Yes	Yes
Allianz Group	229%	Partial internal model	Yes	No	Yes	No
AXA Group	205%	Group internal model	Yes	No	Yes	No
CNP Group (RESTRICTED)	190%	Standard model	Yes	No	Yes	No
Generali Group	257%	Partial internal model	Yes	No	Yes	No
Groupama Group	315%	Partial internal model	Yes	Yes	Yes	No
Hannover Re Group	260%	Partial internal model	Yes	No	No	No
MAPFRE Group	200%	Standard model	Yes	Yes	Yes	Yes
Munich Re Group	297%	Group internal model	Yes	Yes	Yes	No
NN Group	199%	Partial internal model	Yes	Yes	Yes	No
SCOR Group	213%	Group internal model	Yes	No	No	No
Talanx (HDI Group)	253%	Partial internal model	Yes	Yes	Yes	No
UnipolSai Group	263%	Partial internal model	Yes	No	Yes	No

Source: company data, UniCredit Research

The graph below demonstrates that the SCR ratios with and without transitional measures and adjustments may vary considerably. The highest decrease in the SCR when transitional measures and adjustments are excluded is shown by Groupama (-146%), driven by transitional measures on technical provisions. For the same reason, the capitalization of Talanx decreases by 80% and of Munich Re by 53%. In contrast, the decrease of the capitalization ratio of 80% at NN Group is mainly driven by the exclusion of the volatility adjustment.

REPORTED SCR WITH AND WITHOUT TRANSITIONAL MEASURES AND ADJUSTMENTS



Source: company data, UniCredit Research

TECHNICAL INFORMATION¹

Company	SCR ratio including transitional measures and adjustments	Impact of transitional measures	Impact of volatility adjustment	Impact of matching adjustment	Fully loaded SCR ratio
Achmea Group	184%	-6.35%	-8.14%	0.00%	170%
Aegon Group	201%	-0.72%	-30.6%	-2.36%	168%
Allianz Group	229%	0.00%	-17.7%	0.00%	212%
AXA Group	205%	0.00%	-40.1%	0.00%	165%
CNP Group (RESTRICTED)	190%	0.00%	-2.72%	0.00%	188%
Generali Group	257%	0.00%	-0.90%	0.00%	256%
Groupama Group	315%	-141.72%	-7.34%	0.00%	169%
Hannover Re Group	260%	0.00%	0.00%	0.00%	260%
MAPFRE Group	200%	-17.17%	-0.43%	-2.92%	179%
Munich Re Group	297%	-52.6%	-0.13%	0.00%	244%
NN Group	199%	-2.25%	-75.0%	0.00%	123%
SCOR Group	213%	0.00%	0.00%	0.00%	213%
Talanx (HDI Group)	253%	-47.21%	-41.1%	0.00%	173%
UnipolSai Group	263%	0.00%	-2.47%	0.00%	260%

Source: company data, UniCredit Research

¹ A "0%" indicates that these measurements were not used.

Historical development

Most insurance groups started to report their SCR ratio voluntarily in 2015, although Solvency II regulation did not come into force until 1 January 2016. All insurance groups in our coverage that set an internal target range for the SCR ratio have remained within or above their targeted range from the outset.

HISTORICAL DEVELOPMENT

Company	Target SCR range of company	SCR ratios including transitional measures and adjustments		
		FY15	FY16	FY17
Achmea Group	n.a.	196%	181%	184%
Aegon Group	150-200%	157%	170%	201%
Allianz Group	>160%	200%	218%	229%
AXA Group	170-230%	205%	197%	205%
CNP Group (RESTRICTED)	n.a.	192%	177%	190%
Generali Group	n.a.	202%	238%	257%
Groupama Group	n.a.	263%	289%	315%
Hannover Re Group	>200%	246%	230%	260%
MAPFRE Group	n.a.	200%	210%	200%
Munich Re Group	175-220%	302%	316%	297%
NN Group	n.a.	239%	241%	199%
SCOR Group	185-220%	232%	225%	213%
Talanx (HDI Group)	150-200%	253%	236%	253%
UnipolSai Group	n.a.	190%	243%	263%

Source: company data, UniCredit Research

Debt structure

Composition of eligible own funds to cover SCR

Eligible own funds (EOF) to cover the SCR are restricted as follows:

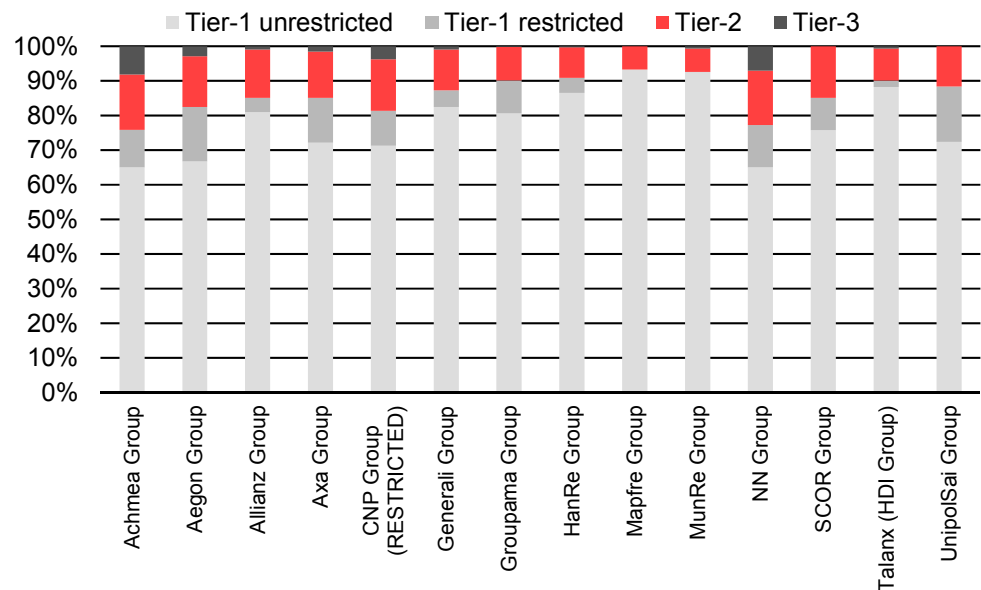
- The amount of T1 must be at least 50% of the SCR.
- The amount of T3 must be less than 15% of the SCR.
- Restricted T1 capital must constitute less than 20% of total T1.

DEBT STRUCTURE (IN EUR BN)

Company	SCR	Total EOF	Tiering			
			T1 unrestricted	T1 restricted	T2	T3
Achmea Group	4.56	8.39	5.45	0.91	1.34	0.68
Aegon Group	7.77	15.63	10.43	2.45	2.30	0.45
Allianz Group	33.32	76.40	61.84	3.20	10.62	0.74
Axa Group	28.20	57.80	41.70	7.50	7.70	0.90
CNP Group (RESTRICTED)	13.71	26.09	18.58	2.63	3.88	0.99
Generali Group	17.69	45.45	37.48	2.19	5.33	0.45
Groupama Group	4.03	12.68	10.22	1.21	1.22	0.03
HanRe Group	4.73	12.30	10.64	0.53	1.09	0.03
MAPFRE Group	4.43	8.88	8.28	0.00	0.60	0.00
MunRe Group	14.35	42.63	39.45	0.01	2.89	0.28
NN Group	7.73	15.41	10.02	1.88	2.42	1.08
SCOR Group	4.32	9.18	6.96	0.86	1.37	0.00
Talanx (HDI Group)	8.25	20.88	18.42	0.38	1.93	0.14
UnipolSai Group	2.93	7.69	5.56	1.23	0.90	0.00

Source: company data, UniCredit Research

ELIGIBLE OWN FUNDS SPLIT BY TYPE



Source: company data, UniCredit Research

Different quality of EOF

All of the German insurance groups, i.e. Munich Re, Talanx (HDI), Hannover Re and Allianz exhibit a high EOF quality compared to their peers with unrestricted T1 ratios of between 81% and 93% (of total EOF). Generali, Groupama and MAPFRE also exhibit a high EOF quality showing unrestricted T1 ratios of 82%, 81% and 93% respectively.

DEBT STRUCTURE

Company	SCR (EUR bn)	Total EOF (EUR bn)	% of EOF			
			T1 unrestricted	T1 restricted	T2	T3
Achmea Group	4.56	8.39	65%	11%	16%	8%
Aegon Group	7.77	15.63	67%	16%	15%	3%
Allianz Group	33.32	76.40	81%	4%	14%	1%
Axa Group	28.20	57.80	72%	13%	13%	2%
CNP Group (RESTRICTED)	13.71	26.09	71%	10%	15%	4%
Generali Group	17.69	45.45	82%	5%	12%	1%
Groupama Group	4.03	12.68	81%	10%	10%	0%
HanRe Group	4.73	12.30	87%	4%	9%	0%
MAPFRE Group	4.43	8.88	93%	0%	7%	0%
MunRe Group	14.35	42.63	93%	0%	7%	1%
NN Group	7.73	15.41	65%	12%	16%	7%
SCOR Group	4.32	9.18	76%	9%	15%	0%
Talanx (HDI Group)	8.25	20.88	88%	2%	9%	1%
UnipolSai Group	2.93	7.69	72%	16%	12%	0%

Source: company data, UniCredit Research

Different debt structures among European insurers

Restricted T1 capital must not form more than 20% of the total T1 capital. As the second column of the table below demonstrates, most insurers still have room to issue more restricted T1 instruments in the future, in particular MAPFRE, Generali and the German insurers, which all have RT1 ratios of no more than 6% of total T1. Since restricted T1 can be considered cheaper than equity, there is a high possibility that these insurers will issue debt. In contrast, Aegon, UnipolSai, NN Group and Axa have already reached RT1 ratios of 15% or more, thus there is likely to be less RT1 issuance from these issuers in the future.

The ratio of **T2 capital** as a percentage of SCR is 27%, on average, and all covered insurance groups are able to issue more T2 bonds. In total, the usable T2 capacity of the covered insurance groups amounts to EUR 11.0bn.

At the end of 2017, Achmea's **T3 capital** as a percentage of SCR stood at 15% and that of NN Group at 14%, thus T3 issuance is very limited, because T3 is restricted to 15% of SCR. In contrast, UnipolSai, SCOR and MAPFRE do not use T3 instruments. However, the usable T3 capacity of the peer group amounts to EUR 17.6bn.

ADDITIONAL DEBT CAPACITY (ADC) BY TIERING CLASS

Company	RT1 of total T1 (max. 20%)	% T2 of SCR (max. 50%)	T3 of SCR (max. 15%)	EUR bn		
				ADC of T1 restricted	ADC of T2 ²	ADC of T3
Achmea Group	14%	29%	15%	0.36	0.25	0.00
Aegon Group	19%	30%	6%	0.12	0.42	0.72
Allianz Group	5%	32%	2%	9.81	1.04	4.25
Axa Group	15%	27%	3%	2.34	2.17	3.33
CNP Group (RESTRICTED)	12%	28%	7%	1.61	0.92	1.06
Generali Group	6%	30%	3%	5.74	0.86	2.20
Groupama Group	11%	30%	1%	1.08	0.19	0.58
HanRe Group	5%	23%	1%	1.70	0.56	0.68
MAPFRE Group	0%	14%	0%	1.66	0.95	0.66
MunRe Group	0%	20%	2%	7.88	2.14	1.87
NN Group	16%	31%	14%	0.50	0.29	0.08
SCOR Group	11%	32%	0%	0.70	0.15	0.65
Talanx (HDI Group)	2%	23%	2%	3.38	0.96	1.09
UnipolSai Group	18%	31%	0%	0.13	0.13	0.44

Source: company data, UniCredit Research

² It is assumed that the maximum of the total SCR, the maximum T3 is exhausted, i.e. 15% of total SCR. Thus, the ADC of T2 is examined on the basis of 35% of total SCR instead of the maximum of 50%.

Risk structure

Underwriting and market risk are the dominant risk types

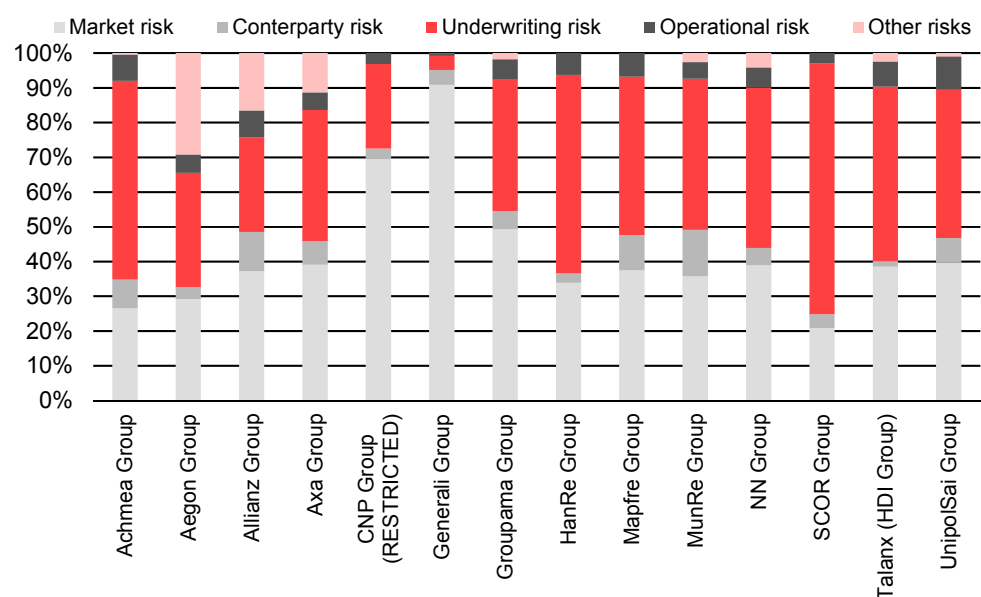
Underwriting and market risk are the dominant risk types. Generali (91%), CNP (70%) and Groupama (49%) are exposed to the highest market risk as a percentage of total risk without consideration of the loss absorbing capacity of deferred tax and diversification. The other insurance groups have market risk ranging between 21% (SCOR) and 40% (UnipolSai). SCOR (72%), Achmea (57%) and Hannover Re (57%) are exposed to the largest underwriting risk as a percentage of total risk without consideration of the loss absorbing capacity of deferred tax.

RISK SPLIT BY TYPE (IN EUR MN)

Entity	Market risk	Counterparty risk	Underwriting risk	Operational risk	Other risk	Diversification benefit
Achmea Group	2,075	643	4,465	586	34	-2,632
Aegon Group	3,314	389	3,729	605	3,304	-2,851
Allianz Group	21,353	6,446	15,616	4,391	9,477	-17,721
Axa Group	16,375	2,866	15,803	2,115	4,727	-10,940
CNP Group (RESTRICTED)	33,104	1,389	11,532	1,491	0	-8,633
Generali Group	15,978	764	714	119	15	-698
Groupama Group	5,058	538	3,873	602	182	-2,795
HanRe Group	3,462	282	5,840	637	0	-3,710
MAPFRE Group	2,773	749	3,381	500	-802	-2,168
MunRe Group	9,221	3,449	11,206	1,238	659	-9,133
NN Group	5,207	667	6,167	783	545	-3,718
SCOR Group	1,868	361	6,456	269	0	-4,204
Talanx (HDI Group)	6,935	296	9,038	1,300	431	-8,018
UnipolSai Group	2,052	366	2,205	494	50	-1,117

Source: company data, UniCredit Research

RISK SPLIT BY TYPE



Source: company data, UniCredit Research

EIOPA's analysis of the 2016 SFCR

In December 2017, EIOPA published a statement based on its analysis of the first round of SFCRs, which were published by European insurance groups in mid-2016. EIOPA's assessment is based on a sample of certain group SFCR.

Key findings

Based on the analysis, EIOPA encourages insurance companies to take the following key findings into account, however, these are recommendations rather than requirements:

- The SFCR were generally easy to find on the **websites** of most of the insurance groups.
- The use of different **languages** and different formats makes it difficult to compare SFCRs. Regarding the insurance groups analyzed in this sector report, besides Groupama, which reported in French, all insurance groups published their SFCR in English.
- The **summary** of the SFCR differs significantly. The content and clarity of the summary should be improved so that it encompasses all relevant SFCR areas and briefly provides the appropriate information.
- The **placement of quantitative reporting templates** (QRTs) in an annex to the SFCR should not prevent groups from providing quantitative and qualitative information in the body of the SFCR.
- Information on the **own-risk and solvency assessment** is very group specific. This means that group specific information needs to be included, even when referring only to the process and not to the outcome. The information disclosed should go beyond repeating the laws, regulations and administrative provisions.
- The information on the **risk sensitivity** to different scenarios or stresses should be better structured and more comprehensive.
- The SFCR should include more relevant, group-specific information, in particular regarding the **valuation of investments**, deferred tax assets and liabilities, and technical provisions.
- Groups should disclose information about the **management of own funds** in the context of the group's strategy and business model.
- In the next year's SFCR (i.e. the 2017 SFCR), groups ought to include comparative information in certain areas of the SFCR. Tables should be used as much as possible when providing comparative information in the narrative part of the SFCR.

Next step

EIOPA will also analyze a sample of the 2017 SFCR. In our view, there is still a lot of space to improve the SFCR and thus, to improve the comparability.

Relative value

Insurance bond market

Compared to banks, issuance by European insurers is very small

Compared to banks, which have about EUR 583bn of outstanding senior and subordinated bonds in the iBoxx, the insurance sector appears very small, with about EUR 92bn outstanding bonds. This is due to the structure of insurance companies. They obtain premiums from insurance contracts written and invest these premiums in assets. The liability side is dominated by technical provisions, i.e. insurance liabilities, and not by issuance. However, bonds listed in the iBoxx index must have an issue volume of at least EUR 500mn, must be denominated in EUR, must have a remaining time to maturity of at least one year, be rated at least investment grade and pay fixed coupons.

FINANCIAL UNIVERSE OVERVIEW (JUNE 2018)

Index	Sector	Capital structure	Asset class	Volume (EUR bn)	
iBoxx EUR	Banks	Secured	Covered bonds	801.4	
			Government guaranteed bank bonds	31.7	
		Senior	Banks senior preferred	241.9	
			Banks senior non-preferred	191.7	
			Banks Tier-2	92.5	
UniCredit CoCo Index		Subordinated	Banks Tier-2 CoCos	5.6	
			Banks additional Tier-1	51.2	
iBoxx EUR Benchmark (iBoxx IG)	Insurance	Senior	Insurance senior	33.2	
		Subordinated	Insurance Tier-2 dated	40.3	
			Insurance Tier-2 perpetual	15.9	
			Insurance Tier-1	2.6	
	Financial Services	Senior	Financial Services senior	50.0	
		Subordinated	Financial Services subordinated	1.1	
	Real Estate	Senior	Real Estate senior	71.3	
		Subordinated	Real Estate subordinated	4.1	
	iBoxx EUR High Yield (HY)	Financials	Senior	High Yield Financials senior	28.0
			Subordinated	High Yield Financials subordinated	35.0

Source: iBoxx, UniCredit Research

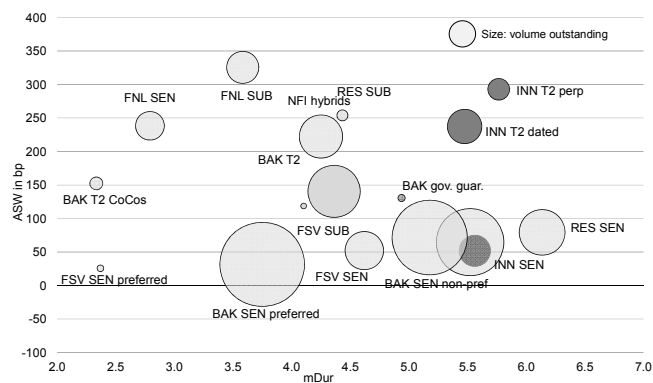
Allianz, Generali and AXA are the largest issuers in the insurance subordinated sector

The top issuers of senior unsecured bonds in the iBoxx Insurance sector, which together represent 29.3% of all insurance issuance, are Allianz (20.3%) and Generali (9.0%). In the subordinated sector, the top issuers are Allianz (9.9%), Axa (9.6%) and Generali (8.6%) with a combined about 28% of all insurance issuance. Considering all outstanding bonds in the financial sector, Allianz Group ranks twelfth and Generali Group twenty-ninth, according to volume issued.

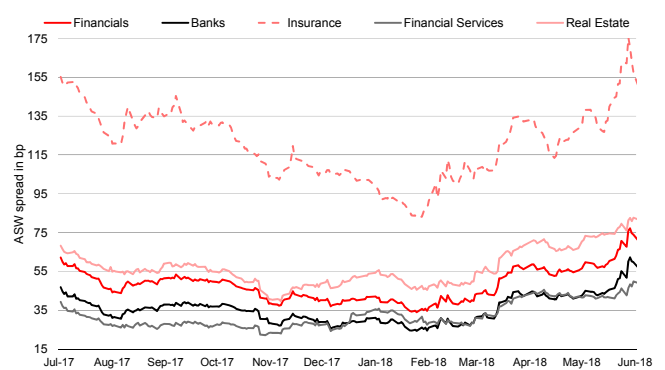
Issuance of banks and insurers have considerably different durations

In total, the outstanding bonds of insurance companies have significantly longer durations than those of banks (see chart below). This is due to long-term insurance liabilities, particularly on the balance sheets of life insurance companies. Hence, durations of above 5 and up to 6.5 are not surprising in the insurance sector, reflecting their typical liability structure. Outstanding **senior bonds** of insurance companies trade at a comparable level to senior non-preferred bonds of banks. Despite the relatively strong performance of insurance subordinated bonds compared to bank subordinated bonds, **T2 dated bonds of insurers still look attractive relative to those of banks**. On average, T2 dated insurance bonds offer about 52bp higher yield for an extra year's maturity.

SECTOR OVERVIEW FINANCIALS



IBOXX INDICES SPREAD DEVELOPMENT

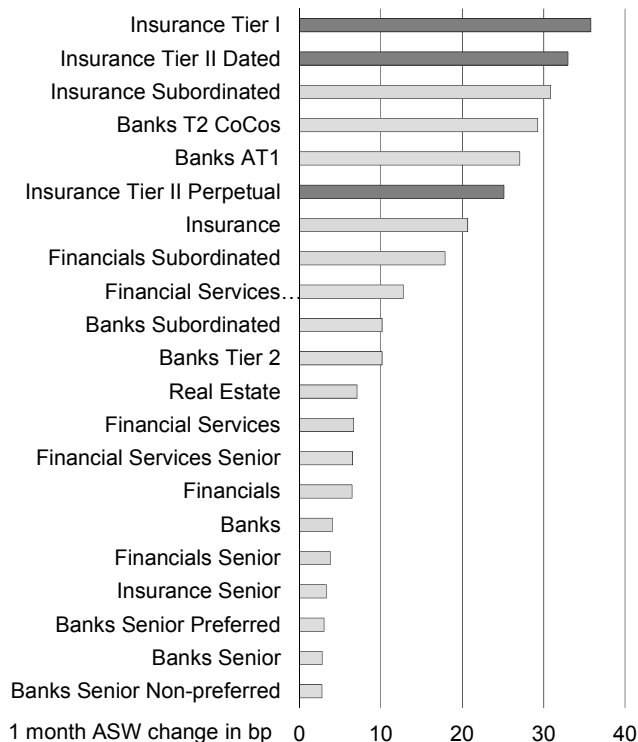


Source: iBoxx, UniCredit Research

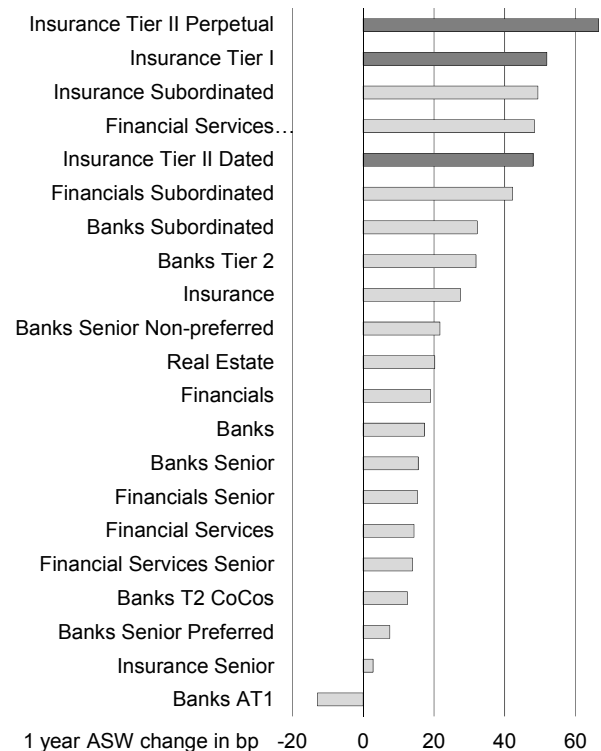
ASW spreads have widened over the last 12 months

The asset swap spreads (ASW) of **insurance T1** and **insurance subordinated bonds** (T2 dated and T2 perpetual) have widened during the last 12 months, a trend that has also been in evidence over the last month. Most of all, T2 perpetual bonds have widened, i.e. by about 67bp in the last 12 months and by about 33bp during the last month. Insurance T1 widened by about 52bp in the last 12 months and by about 36bp during the last month.

SECTOR SPREAD DEVELOPMENT, MONTHLY ASW CHANGE



SECTOR SPREAD DEVELOPMENT, YEARLY ASW CHANGE

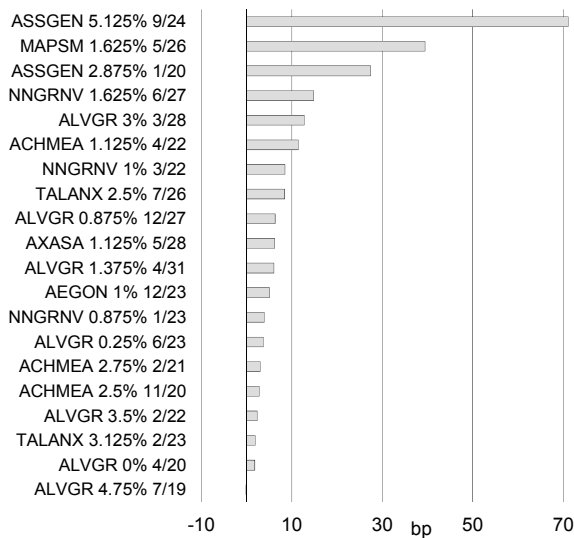


Source: iBoxx, UniCredit Research

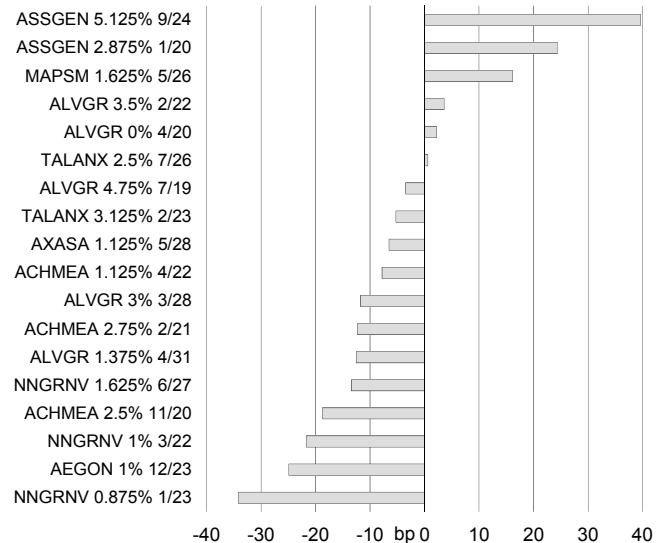
Insurance senior bonds

Except for Allianz' ALVGR 1.375% 4/31 (Aa3/AA+/AA-), ACHMEA 2.75% 2/21 (–/A-/A) and ACHMEA 1.125% 4/22 (–/A-/A), all outstanding iBoxx senior bonds of the insurance companies covered in this report have been purchased under the ECB's CSPP. The senior bonds of Generali and MAPFRE have widened in the last quarter and over the last twelve months, driven by political uncertainty. The other senior bonds in the peer group only widened slightly in the last quarter. On a yoy basis, the senior bonds of nearly all issuers in the peer group have tightened.

SENIOR BOND SPREAD DEVELOPMENT QUARTERLY ASW CHANGE



SENIOR BOND SPREAD DEVELOPMENT YEARLY ASW CHANGE

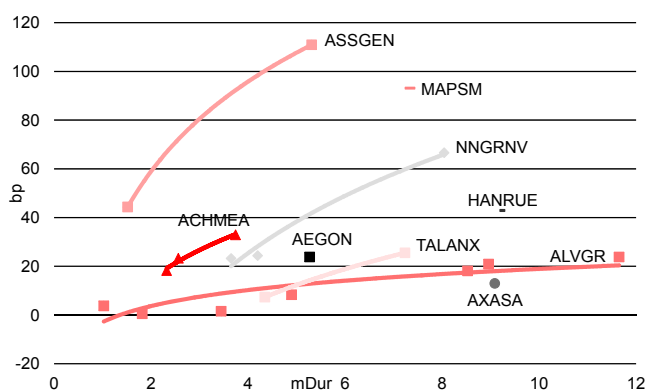


Source: iBoxx, UniCredit Research

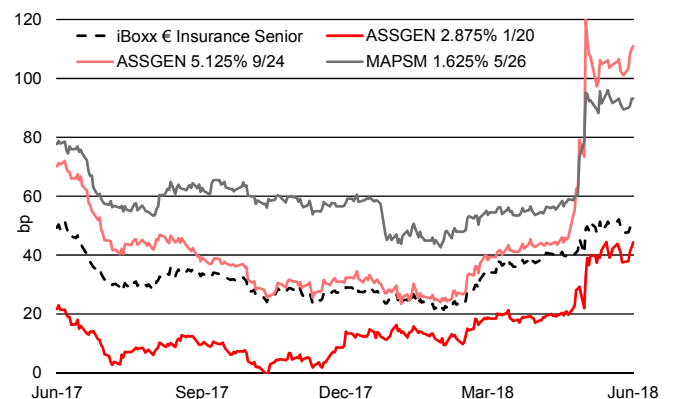
Recommendations

We recommend a switch from NNGRNV 1% 3/22 (Baa1/BBB+/A-) to NNGRNV 1.625% 6/27 (–/BBB+/A-). This offers a pickup of about 43bp for a 4.4 year longer duration. Moreover, we recommend switching from ASSGEN 2.875% 1/20 (Baa2/–/A-) to ASSGEN 5.125% 9/24 (Baa2/–/A-), which offers a pickup of about 67bp for 3.8 years longer duration.

SENIOR BOND SPREAD LANDSCAPE



GENERALI AND MAPFRE - SPREAD DEVELOPMENT

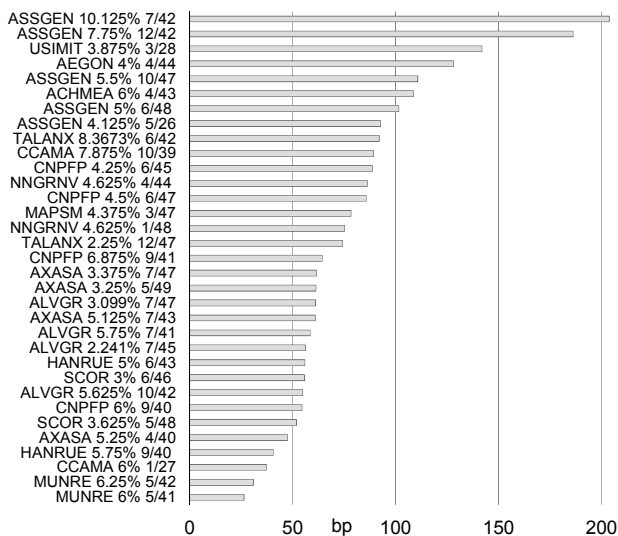


Source: iBoxx, UniCredit Research

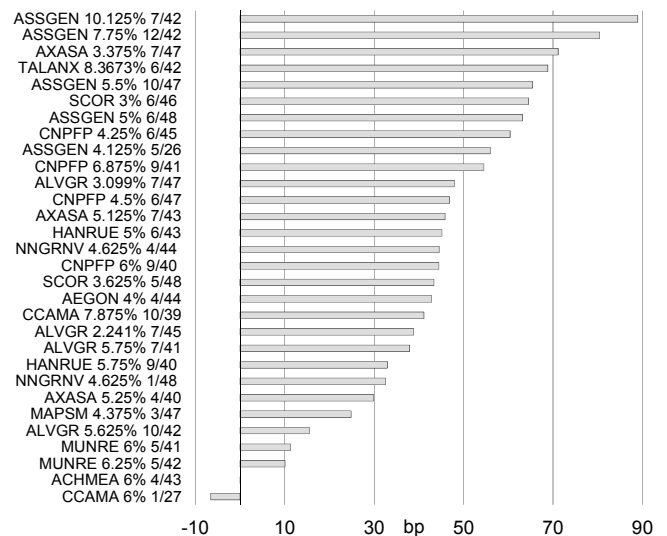
Insurance T2 dated bonds

All T2 dated iBoxx bonds in the peer group have widened in the last quarter, most of all ASSGEN, 10.125% 7/42 (Baa3/--/BBB), ASSGEN 7.75% 12/42 (Baa3/--/BBB) and USIMIT 3.875% 3/28 (Ba1/--/BB). Among Italian issuers, this has mainly been caused by political uncertainty. On a yoy basis, except for CCAMA 6% 1/27 (--/--/BBB-), all T2 dated bonds in the peer group have widened over the last twelve months, most of all ASSGEN 10.125% 7/42 and ASSGEN 7.75% 12/42.

**T2 DATED SPREAD DEVELOPMENT
QUARTERLY ASW CHANGE**



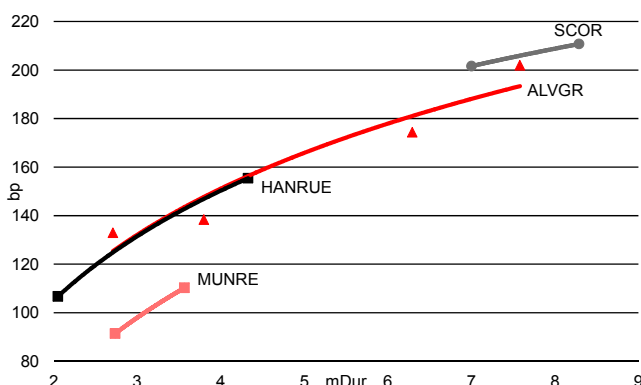
**T2 DATED SPREAD DEVELOPMENT
YEARLY ASW CHANGE**



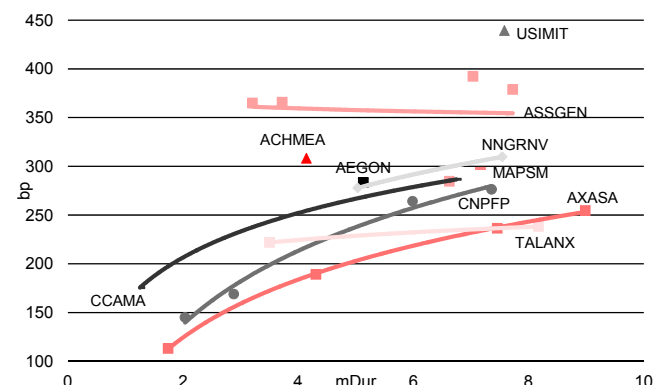
Source: iBoxx, UniCredit Research

The T2 dated curve of ASSGEN has become very flat during the last month due to the considerable widening of the short end bonds, i.e. ASSGEN 10.125% 7/42 (plus 188bp in the last three months) and ASSGEN 7.75% 12/42 (plus 173bp in the last three months).

T2 DATED SPREAD LANDSCAPE – BOND RATING CATEGORY A



T2 DATED SPREAD LANDSCAPE – BOND RATING CATEGORY BBB



Source: iBoxx, UniCredit Research

Recommendations

We recommend switching from ASSGEN 4.125% 5/26 to ASSGEN 5.5% 10/47, which offers a pickup of about 108bp. The ASSGEN 5.5% 10/47 is callable in 2027. However, if the bond is not called, it will pay 3M Euribor+5.35%. Moreover, we recommend buying AXASA 3.375% 7/47, which has widened by about 48bp in the last three months, and AXASA 5.125% 7/43, which has widened by about 50bp over the same period.

Solvency II data by company

Achmea Group

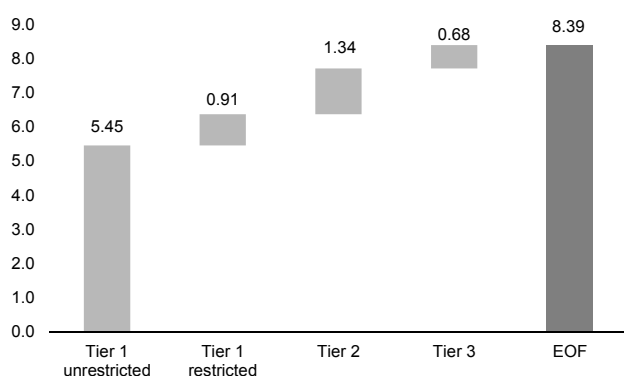
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	93,205	93,439	93,015	90,946
Investments	47,137	44,875	46,294	44,600
Technical reserves	44,545	44,821	45,174	41,193
Profitability (EUR mn)				
GWP	20,002	19,922	19,500	19,350
Results before tax	-8	378	-418	349
Net income (attributable to shareholders)	14	383	-383	216
Efficiency and capitalization (%)				
ROE	0.1	3.2	-4.5	1.5
Combined ratio (P&C)	99.7	103.5	110.4	96.0
Expense ratio (P&C)	30.0	29.1	29.1	26.0
SCR incl. transitional measures and adjustments	n.a.	196.0	181.0	184.0

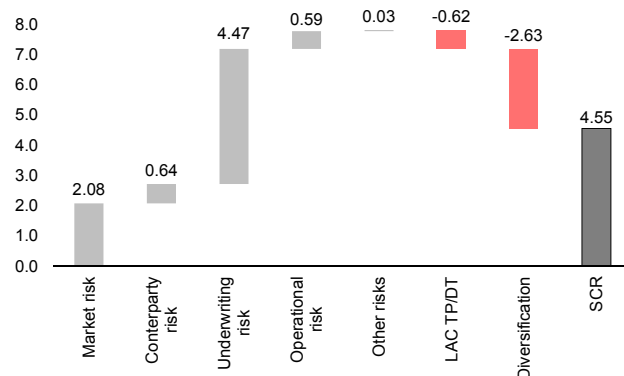
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
Achmea BV	ACHMEA 4.25 PERP	ACHMEA	XS1180651587	750	EUR	02/04/15	4.2500	perp/call	n.a.	02/04/25	jr subord.	302.21
Achmea BV	ACHMEA 6 PERP	ACHMEA	NL0000168714	600	EUR	11/01/06	6.0000	perp/call	n.a.	11/01/12	jr subord.	-303.00
Achmea BV	ACHMEA 6 43	ACHMEA	XS0911388675	500	EUR	04/04/13	6.0000	callable	04/04/43	04/04/23	subord.	248.47

Source: Bloomberg, UniCredit Research

Aegon Group

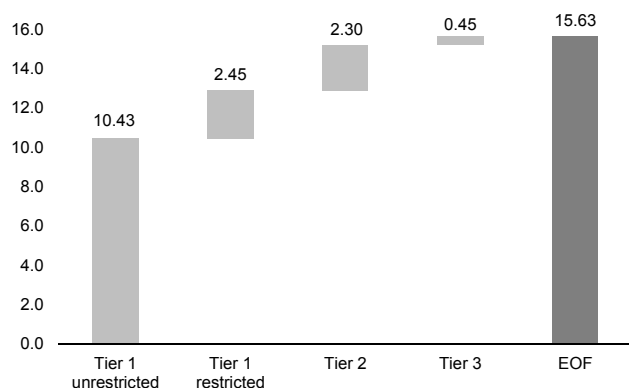
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	424,902	415,729	425,425	395,923
Investments	153,653	160,792	156,303	136,804
Technical reserves	111,927	123,042	119,569	110,818
Profitability (EUR mn)				
GWP	20,298	22,925	23,453	22,826
Income before tax	1,458	-514	610	2,534
Net income (attributable to shareholders)	1,186	-432	437	2,469
Efficiency and capitalization (%)				
ROE	7.8	7.3	8.0	8.2
Combined ratio (The Netherlands Non-life)	108.0	114.0	94.0	94.0
Expense ratio ((The Netherlands Non-life)	35.0	34.0	33.0	35.0
SCR incl. transitional measures and adjustments	n.a.	157.0	170.0	201.0

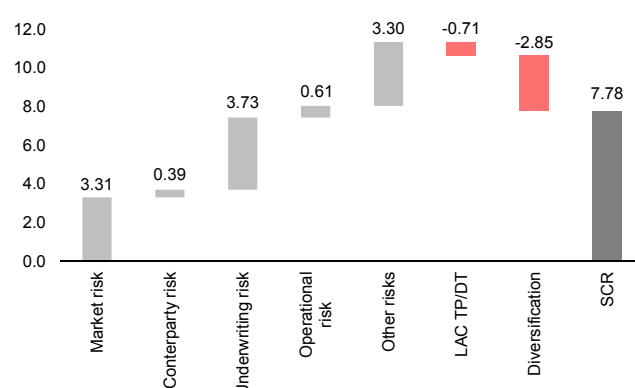
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (in EUR bn)



SCR by risk type (in EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
Aegon NV	AEGON 0 PERP	AEGON	NL0000116150	950	EUR	07/15/04	0.6765	perp/call	n.a.	07/15/14	jr subord.	10.00
Aegon NV	AEGON 0 PERP	AEGON	NL0000116168	500	USD	07/15/04	2.9530	perp/call	n.a.	07/15/14	jr subord.	100.42
Aegon NV	AEGON 6 PERP	AEGON	NL0000168466	200	EUR	07/21/06	6.0000	perp/call	n.a.	07/21/11	jr subord.	-195.51
Aegon NV	AEGON 5.5 48	AEGON	US007924AJ23	800	USD	04/11/18	5.5000	callable	04/11/48	04/11/28	subord.	285.70
Aegon NV	AEGON 4.26 PERP	AEGON	NL0000120889	450	NLG	03/04/96	4.2600	perp/call	n.a.	03/04/11	subord.	545.68
Aegon NV	AEGON 1.506 PERP	AEGON	NL0000120004	250	NLG	06/08/95	1.5060	perp/call	n.a.	06/08/05	subord.	337.39
Aegon NV	AEGON 5.185 PERP	AEGON	NL0000121416	300	NLG	10/14/96	5.1850	perp/call	n.a.	10/14/08	subord.	5,179
Aegon NV	AEGON 4 44	AEGON	XS1061711575	700	EUR	04/25/14	4.0000	callable	04/25/44	04/25/24	subord.	222.91

Source: Bloomberg, UniCredit Research

Allianz Group

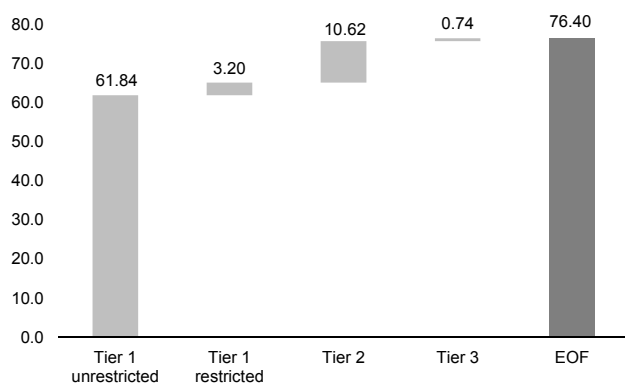
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	805,787	848,942	883,809	901,300
Investments	486,445	509,493	536,869	546,828
Technical reserves	463,334	486,222	505,322	513,687
Profitability (EUR mn)				
GWP	73,883	76,723	76,331	77,345
Operating profit	10,402	10,735	10,833	11,097
Net income (attributable to shareholders)	6,221	6,616	6,962	6,803
Efficiency and capitalization (%)				
ROE	13.0	12.5	12.0	11.8
Combined ratio (P&C)	94.3	94.6	94.3	95.2
Expense ratio (P&C)	28.3	28.4	28.7	28.7
SCR incl. transitional measures and adjustments	181.0	200.0	218.0	229.0

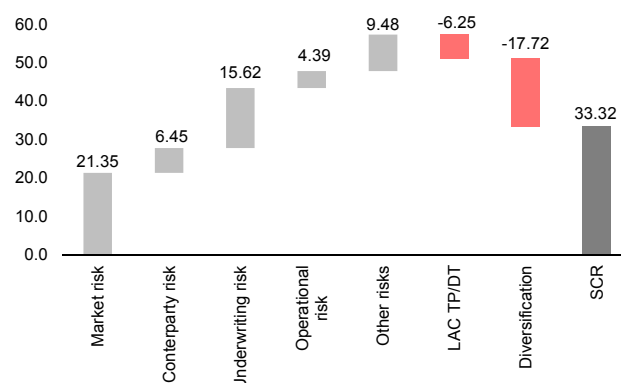
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (in EUR bn)



SCR by risk type (in EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
Allianz SE	ALVGR 3.099 47	ALVGR	DE000A2DAH6	1,000	EUR	01/13/17	3.0990	callable	07/06/47	07/06/27	subord.	172.64
Allianz SE	ALVGR 5.1 49	ALVGR	XS1556937891	600	USD	01/27/17	5.1000	callable	01/30/49	01/30/29	subord.	145.05
Allianz Finance II BV	ALVGR 5.375 PERP	ALVGR	DE000A0GNPZ3	800	EUR	03/03/06	5.3750	perp/call	n.a.	03/03/11	jr subord.	-525.17
Allianz Finance II BV	ALVGR 5.75 41	ALVGR	DE000A1GNAH1	2,000	EUR	03/08/11	5.7500	callable	07/08/41	07/08/21	subord.	97.88
Allianz SE	ALVGR 5.5 PERP	ALVGR	XS0857872500	1,000	USD	11/28/12	5.5000	perp/call	n.a.	09/26/18	jr subord.	269.50
Allianz SE	ALVGR 3.375 PERP	ALVGR	DE000A13R7Z7	1,500	EUR	09/18/14	3.3750	perp/call	n.a.	09/18/24	jr subord.	178.64
Allianz SE	ALVGR 4.75 PERP	ALVGR	DE000A1YCQ29	1,500	EUR	10/24/13	4.7500	perp/call	n.a.	10/24/23	jr subord.	172.64
Allianz SE	ALVGR 3.099 47	ALVGR	DE000A2DAH6	1,000	EUR	01/13/17	3.0990	callable	07/06/47	07/06/27	subord.	172.64
Allianz SE	ALVGR 2.241 45	ALVGR	DE000A14J9N8	1,500	EUR	04/09/15	2.2410	callable	07/07/45	07/07/25	subord.	143.83
Allianz SE	ALVGR 5.625 42	ALVGR	DE000A1RE1Q3	1,500	EUR	10/16/12	5.6250	callable	10/17/42	10/17/22	subord.	109.19
Allianz SE	ALVGR 3.25 PERP	ALVGR	CH0234833371	500	CHF	02/04/14	3.2500	perp/call	n.a.	07/04/19	jr subord.	93.13
Allianz SE	ALVGR 5.1 49	ALVGR	XS1556937891	600	USD	01/27/17	5.1000	callable	01/30/49	01/30/29	subord.	145.05
Allianz SE	ALVGR 3.875 PERP	ALVGR	XS1485742438	1,500	USD	09/07/16	3.8750	perp/call	n.a.	03/07/22	jr subord.	166.68

Source: Bloomberg, UniCredit Research

AXA Group

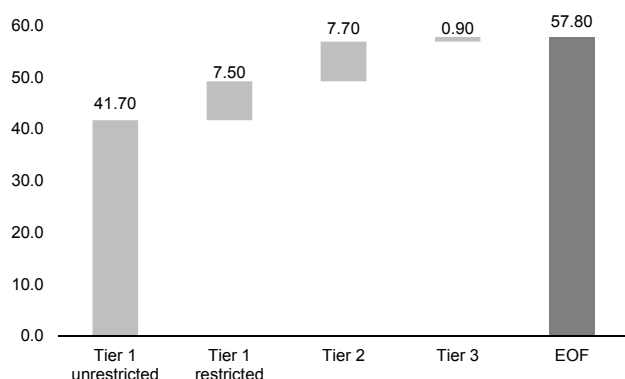
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	840,069	887,070	892,783	870,192
Investments	722,028	755,167	765,106	751,074
Technical reserves	635,656	675,127	675,299	656,938
Profitability (EUR mn)				
GWP	86,267	91,730	94,220	92,050
Operating income	7,710	7,992	9,149	7,735
Net income (attributable to shareholders)	5,024	5,617	5,829	6,209
Efficiency and capitalization (%)				
ROE (adjusted)	14.5	14.1	13.5	14.5
Combined ratio (P&C)	96.9	96.2	96.5	96.3
Expense ratio (P&C)	26.0	25.7	26.9	27.3
SCR incl. transitional measures and adjustments	n.a.	205.0	197.0	205.0

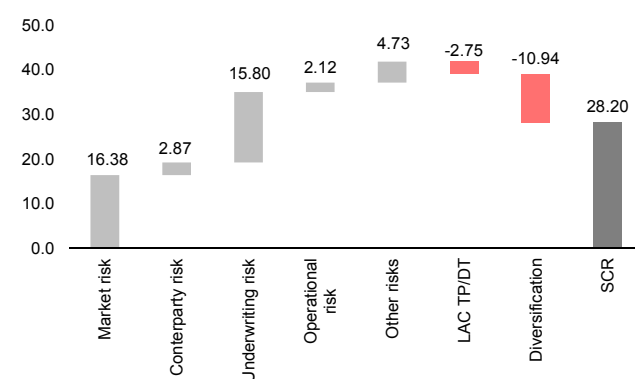
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
AXA SA	AXASA 5.125 47	AXASA	XS1550938978	1,000	USD	01/17/17	5.1250	callable	01/17/47	01/17/27	subord.	250.98
AXA SA	AXASA 3.25 49	AXASA	XS1799611642	2,000	EUR	03/26/18	3.2500	callable	05/28/49	05/28/29	subord.	226.87
AXA SA	AXASA 4.5 PERP	AXASA	XS1489814340	850	USD	09/15/16	4.5000	perp/call	n.a.	03/15/22	jr subord.	226.44
AXA SA	AXASA 0 PERP	AXASA	XS0181369454	300	EUR	12/02/03	1.1530	perp/call	n.a.	12/02/08	jr subord.	86.08
AXA SA	AXASA 5.5 PERP	AXASA	XS0876682666	850	USD	01/22/13	5.5000	perp/call	n.a.	01/22/19	jr subord.	273.79
AXA SA	AXASA 0 PERP	AXASA	XS0179060974	200	EUR	10/29/03	1.3800	perp/call	n.a.	10/29/13	jr subord.	55.00
AXA SA	AXASA 0 PERP	AXASA	XS0203470157	375	EUR	10/29/04	1.0880	perp/call	n.a.	10/29/09	jr subord.	65.58
AXA SA	AXASA 0 PERP	AXASA	XS0210434782	250	EUR	01/25/05	4.3920	perp/call	n.a.	01/25/10	jr subord.	n.a.
AXA SA	AXASA 0 PERP	AXASA	XS0185672291	225	USD	02/06/04	2.9210	perp/call	n.a.	02/06/09	jr subord.	71.72
AXA SA	AXASA 6.463 PERP	AXASA	USF0609NAP36	750	USD	12/14/06	6.4630	perp/call	n.a.	12/14/18	jr subord.	785.80
AXA SA	AXASA 5.125 47	AXASA	XS1550938978	1,000	USD	01/17/17	5.1250	callable	01/17/47	01/17/27	subord.	250.98
AXA SA	AXASA 3.941 PERP	AXASA	XS1134541306	984	EUR	11/07/14	3.9410	perp/call	n.a.	11/07/24	jr subord.	220.53

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OUTSTANDING SUBORDINATED DEBT (CONTINUED)

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
AXA SA	AXASA 0 PERP	AXASA	XS0184718764	150	USD	01/30/04	3.2500	perp/call	n.a.	01/30/14	jr subord.	25.00
AXA SA	AXASA 3.375 47	AXASA	XS1346228577	1,500	EUR	03/30/16	3.3750	callable	07/06/47	07/06/27	subord.	209.85
AXA SA	AXASA 3.875 PERP	AXASA	XS1069439740	1,000	EUR	05/20/14	3.8750	perp/call	n.a.	10/08/25	jr subord.	228.41
AXA SA	AXASA 0 PERP	AXASA	XS0207825364	250	EUR	12/20/04	3.9000	perp/call	n.a.	12/20/09	jr subord.	n.a.
AXA SA	AXASA 8.6 30	AXASA	US054536AA57	1,250	USD	12/15/00	8.6000	at maturity	12/15/30	n.a.	subord.	255.69
AXA SA	AXASA 5.125 43	AXASA	XS0878743623	1,000	EUR	01/22/13	5.1250	callable	07/04/43	07/04/23	subord.	157.80
AXA SA	AXASA 0 PERP	AXASA	XS0188935174	125	EUR	04/02/04	4.2110	perp/call	n.a.	04/02/09	jr subord.	n.a.
AXA SA	AXASA 5.25 40	AXASA	XS0503665290	1,300	EUR	04/16/10	5.2500	callable	04/16/40	04/16/20	subord.	85.80
AXA SA	AXASA 5.453 PERP	AXASA	XS1134541561	724	GBP	11/07/14	5.4530	perp/call	n.a.	03/04/26	jr subord.	284.60
AXA SA	AXASA 5.625 54	AXASA	XS1004674450	750	GBP	01/16/14	5.6250	callable	01/16/54	01/16/34	subord.	313.19
AXA SA	AXASA 6.379 PERP	AXASA	USF0609NAQ19	750	USD	12/14/06	6.3790	perp/call	n.a.	12/14/36	jr subord.	268.29
AXA SA	AXASA 6.6862 PERP	AXASA	XS0260056717	350	GBP	07/06/06	6.6862	perp/call	n.a.	07/06/26	jr subord.	307.19
AXA SA	AXASA 7.125 20	AXASA	XS0122028904	325	GBP	12/15/00	7.1250	at maturity	12/15/20	n.a.	subord.	47.57
AXA SA	AXASA 6.772 PERP	AXASA	XS0325823119	700	GBP	10/16/07	6.7720	perp/call	n.a.	10/16/19	jr subord.	79.01
AXA SA	AXASA 6.379 PERP	AXASA	US054536AC14	750	USD	12/14/06	6.3790	perp/call	n.a.	12/14/36	jr subord.	271.23
AXA SA	AXASA 6.463 PERP	AXASA	US054536AB31	750	USD	12/14/06	6.4630	perp/call	n.a.	12/14/18	jr subord.	737.02
AXA SA	AXASA 6.2 22	AXASA	XS0151885703	20	EUR	07/26/02	6.2000	callable	07/26/22	07/26/12	subord.	124.44
AXA SA	AXASA 6.15 22	AXASA	XS0147339906	20	EUR	05/15/02	6.1500	callable	05/15/22	05/15/12	subord.	120.14

Source: Bloomberg, UniCredit Research

CNP Group (RESTRICTED)

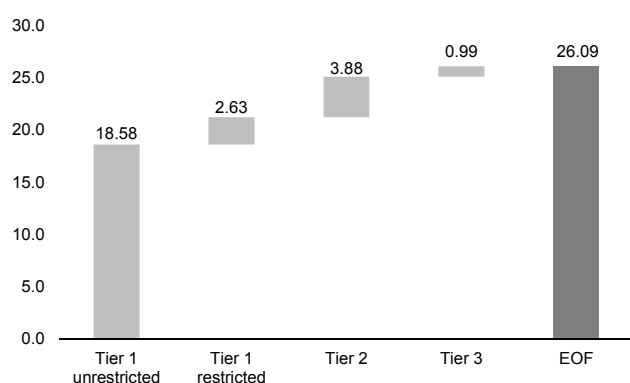
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	395,401	393,732	419,130	423,298
Investments	367,141	370,904	383,262	387,088
Technical reserves	344,354	349,807	361,748	365,204
Profitability (EUR mn)				
GWP	30,643	31,760	31,780	32,460
Operating profit	2,330	2,309	2,482	2,756
Net income (attributable to shareholders)	1,080	1,131	1,200	1,285
Efficiency and capitalization (%)				
ROE	8.1	7.9	7.9	8.0
Combined ratio (P&C)	n.a.	84.3	83.5	82.5
Expense ratio (P&C)	n.a.	n.a.	n.a.	n.a.
SCR incl. transitional measures and adjustments	160.0	192.0	177.0	190.0

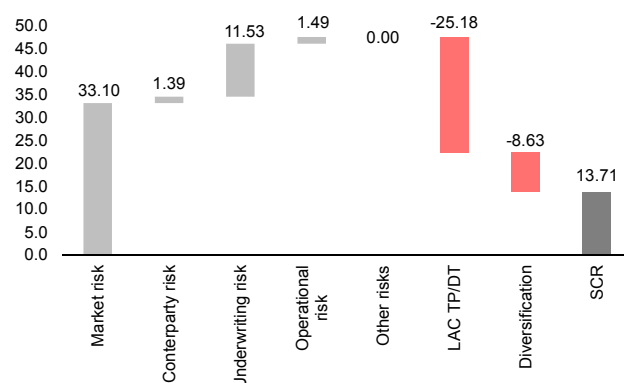
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (in EUR bn)



SCR by risk type (in EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
CNP Ass.	CNPFP 4 PERP	CNPFP	FR0012317758	500	EUR	11/18/14	4.0000	perp/call	n.a.	11/18/24	subord.	261.73
CNP Ass.	CNPFP 0 PERP	CNPFP	FR0010093328	300	EUR	06/21/04	0.7400	perp/call	n.a.	12/21/09	jr subord.	10.00
CNP Ass.	CNPFP 6.875 PERP	CNPFP	FR0011538461	500	USD	07/18/13	6.8750	perp/call	n.a.	07/18/19	subord.	105.21
CNP Ass.	CNPFP 1.875 22	CNPFP	FR0013213832	1,000	EUR	10/20/16	1.8750	at maturity	10/20/22	n.a.	subord.	104.06
CNP Ass.	CNPFP 7.5 PERP	CNPFP	FR0011345552	500	USD	10/18/12	7.5000	perp/call	n.a.	10/18/18	subord.	69.13
CNP Ass.	CNPFP 0 PERP	CNPFP	FR0010167247	225	EUR	03/11/05	3.2459	perp/call	n.a.	03/11/11	jr subord.	n.a.
CNP Ass.	CNPFP 4.5 47	CNPFP	FR0013066388	750	EUR	12/10/15	4.5000	callable	06/10/47	06/10/27	subord.	242.38
CNP Ass.	CNPFP 6 40	CNPFP	FR0010941484	750	EUR	09/14/10	6.0000	callable	09/14/40	09/14/20	subord.	80.53
CNP Ass.	CNPFP 4.25 45	CNPFP	FR0011949403	500	EUR	06/05/14	4.2500	callable	06/05/45	06/05/25	subord.	223.08
CNP Ass.	CNPFP 6.875 41	CNPFP	FR0011033851	700	EUR	04/07/11	6.8750	callable	09/30/41	09/30/21	subord.	121.92
CNP Ass.	CNPFP 0 PERP	CNPFP	FR0010203026	75	EUR	06/27/05	2.0000	perp/call	n.a.	06/27/10	jr subord.	n.a.

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OUTSTANDING SUBORDINATED DEBT (CONTINUED)

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
CNP Ass.	CNPFP 7.375 41	CNPFP	FR0011034065	300	GBP	04/07/11	7.3750	callable	09/30/41	09/30/21	subord.	182.25
CNP Ass.	CNPFP 0 PERP	CNPFP	FR0010167296	25	EUR	03/11/05	4.8600	perp/call	n.a.	03/11/11	jr subord.	n.a.
CNP Ass.	CNPFP 6 49	CNPFP	FR0013101599	500	USD	01/22/16	6.0000	callable	01/22/49	01/22/29	subord.	165.60
CNP Ass.	CNPFP 5.25 PERP	CNPFP	FR0010318386	160	EUR	05/16/06	5.2500	perp/call	n.a.	05/16/36	jr subord.	n.a.
CNP Ass.	CNPFP 4.75 PERP	CNPFP	FR0013336534	500	EUR	06/27/18	4.7500	perp/call	n.a.	06/27/28	jr subord.	381.53

Source: Bloomberg, UniCredit Research

Generali Group

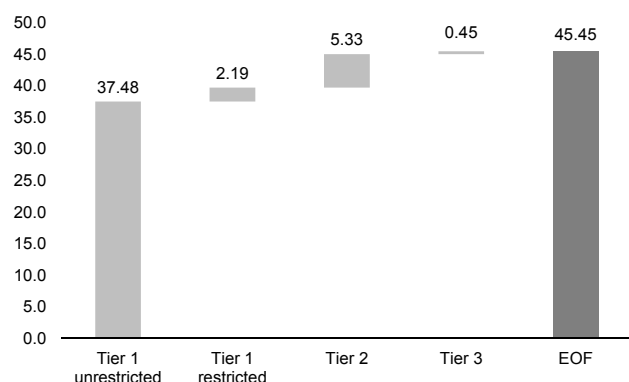
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	501,318	500,549	521,184	537,080
Investments	427,191	447,448	469,172	471,233
Technical reserves	386,202	404,687	421,477	430,489
Profitability (EUR mn)				
GWP	70,430	74,165	70,513	68,537
Operating result	4,508	4,785	4,830	4,895
Net income (attributable to shareholders)	1,670	2,030	2,081	2,110
Efficiency and capitalization (%)				
ROE	13.2	14.0	13.5	13.4
Combined ratio (P&C)	93.8	93.1	92.5	92.8
Expense ratio (P&C)	27.1	27.3	27.4	27.8
SCR incl. transitional measures and adjustments	n.a.	202.0	238.0	257.0

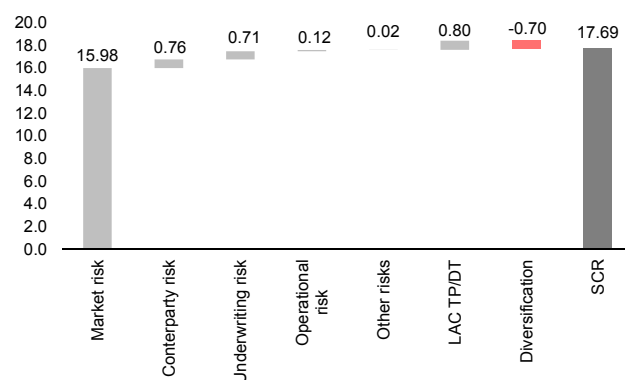
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (in EUR bn)



SCR by risk type (in EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
A. Generali SpA	ASSGEN 4.596 PERP	ASSGEN	XS1140860534	1,500	EUR	11/21/14	4.5960	perp/call	n.a.	11/21/25	jr subord.	359.59
A. Generali SpA	ASSGEN 5 48	ASSGEN	XS1428773763	850	EUR	06/08/16	5.0000	callable	06/08/48	06/08/28	subord.	324.04
A. Generali SpA	ASSGEN 5.5 47	ASSGEN	XS1311440082	1,250	EUR	10/27/15	5.5000	callable	10/27/47	10/27/27	subord.	331.00
A. Generali SpA	ASSGEN 7.75 42	ASSGEN	XS0863907522	1,250	EUR	12/12/12	7.7500	callable	12/12/42	12/12/22	subord.	273.05
A. Generali SpA	ASSGEN 10.125 42	ASSGEN	XS0802638642	750	EUR	07/10/12	10.1250	callable	07/10/42	07/10/22	subord.	271.36
A. Generali SpA	ASSGEN 4.125 26	ASSGEN	XS1062900912	1,000	EUR	05/02/14	4.1250	at maturity	05/04/26	n.a.	subord.	233.30
A. Generali SpA	ASSGEN 6.416 PERP	ASSGEN	XS0283627908	495	GBP	02/08/07	6.4160	perp/call	n.a.	02/08/22	jr subord.	353.34
A. Generali SpA	ASSGEN 6.269 PERP	ASSGEN	XS0257010206	350	GBP	06/16/06	6.2690	perp/call	n.a.	06/16/26	jr subord.	417.93
A. Generali SpA	ASSGEN 8.5 PERP	ASSGEN	XS0416148202	350	EUR	03/06/09	8.5000	perp/call	n.a.	03/06/19	jr subord.	511.77
A. Generali SpA	ASSGEN 7.678 PERP	ASSGEN	XS0399861326	150	EUR	11/19/08	7.6780	perp/call	n.a.	11/19/18	jr subord.	365.86
A. Generali SpA	ASSGEN 7.898 2131	ASSGEN	XS0406159623	100	EUR	12/19/08	7.8980	callable	12/31/31	12/19/18	subord.	1,195

Source: Bloomberg, UniCredit Research

Groupama Group

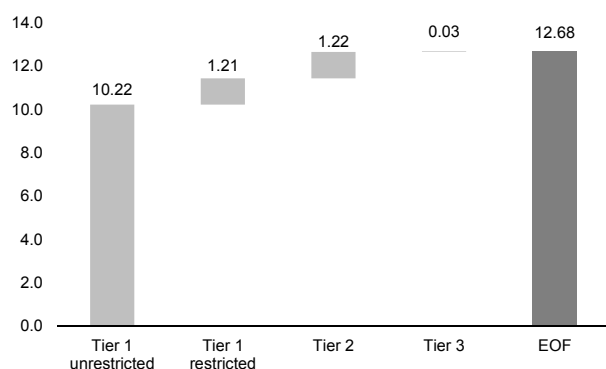
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	106,439	107,295	98,085	98,957
Investments	83,421	83,876	86,245	87,200
Technical reserves	55,394	56,919	58,750	n.a.
Profitability (EUR mn)				
GWP	13,356	13,465	13,443	13,819
Operating income	443	551	446	349
Net income (attributable to shareholders)	257	368	322	292
Efficiency and capitalization (%)				
ROE	3.1	4.5	3.7	3.3
Combined ratio (P&C)	99.0	99.2	100.3	98.9
Expense ratio (P&C)	27.6	27.9	27.7	28.0
SCR incl. transitional measures and adjustments	n.a.	263.0	289.0	315.0

Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
Groupama SA	CCAMA 6 27	CCAMA	FR0013232444	650	EUR	01/23/17	6.0000	at maturity	01/23/27	n.a.	subord.	256.33
Groupama SA	CCAMA 6.375 PERP	CCAMA	FR0011896513	1,100	EUR	05/28/14	6.3750	perp/call	n.a.	05/28/24	subord.	338.84
Groupama SA	CCAMA 6 27	CCAMA	FR0013232444	650	EUR	01/23/17	6.0000	at maturity	01/23/27	n.a.	subord.	256.33
Groupama SA	CCAMA 7.875 39	CCAMA	FR0010815464	750	EUR	10/27/09	7.8750	callable	10/27/39	10/27/19	subord.	58.51

Source: Bloomberg, UniCredit Research

Hannover Re Group

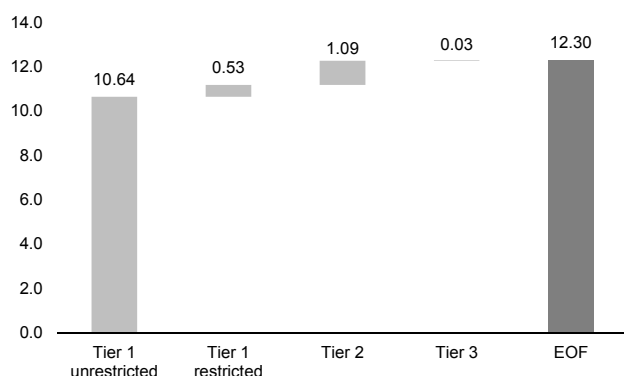
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	60,458	63,215	63,529	61,197
Investments	36,228	39,347	41,793	40,058
Technical reserves	38,942	42,248	42,121	41,292
Profitability (EUR mn)				
GWP	14,362	17,069	16,354	17,790
Operating profit	1,466	1,755	1,689	1,364
Net income (attributable to shareholders)	2,025	1,032	1,511	959
Large/major losses (reinsurance)	426	573	626	1,127
Efficiency and capitalization (%)				
ROE	14.7	14.7	13.7	10.9
Combined ratio (P&C reinsurance)	94.7	94.4	93.7	99.8
Expense ratio (P&C reinsurance)	n.a.	n.a.	n.a.	n.a.
SCR w/o transitional measures	n.a.	246.0	230.0	260.0

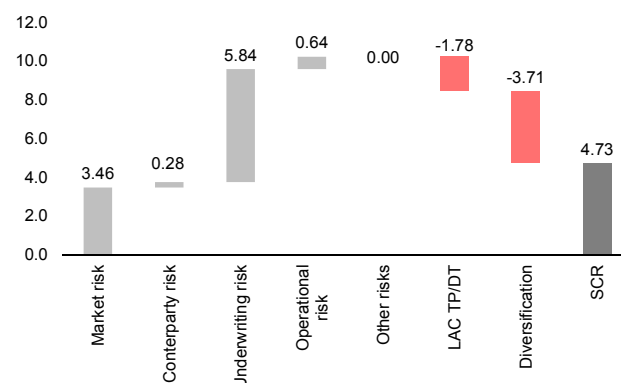
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
Hannover Fin. Lux.	HANRUE 5 43	HANRUE	XS0856556807	500	EUR	11/20/12	5.0000	callable	06/30/43	06/30/23	subord.	130.54
Hannover Fin. Lux.	HANRUE 5.75 40	HANRUE	XS0541620901	500	EUR	09/14/10	5.7500	callable	09/14/40	09/14/20	subord.	83.82
Hannover Rueck SE	HANRUE 3.375 PERP	HANRUE	XS1109836038	500	EUR	09/15/14	3.3750	perp/call	n.a.	06/26/25	jr subord.	177.02

Source: Bloomberg, UniCredit Research

MAPFRE Group

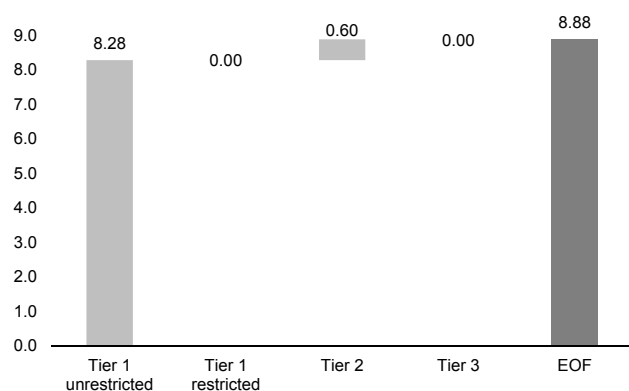
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	65,415	63,489	67,882	67,570
Investments	44,232	42,533	45,088	44,691
Technical reserves	44,358	43,262	45,226	45,494
Profitability (EUR mn)				
GWP	16,370	17,441	17,700	18,155
Profit before tax from ongoing operations	1,805	1,476	1,745	1,509
Net income (attributable to shareholders)	845	709	776	701
Efficiency and capitalization (%)				
ROE	10.0	8.0	8.8	7.9
Combined ratio (P&C)	95.8	98.6	97.4	98.1
Expense ratio (P&C)	27.8	28.6	27.4	27.5
SCR incl. transitional measures and adjustments	n.a.	200.0	210.0	200.2

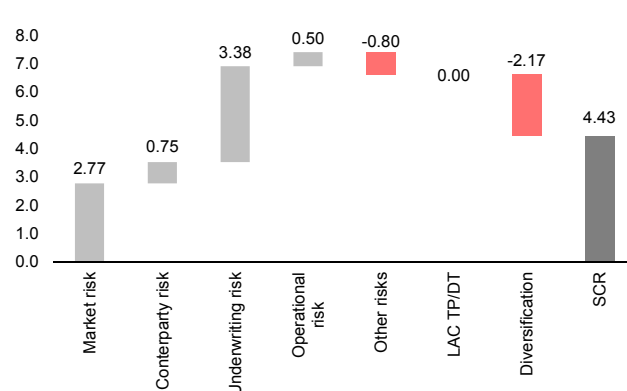
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (in EUR bn)



SCR by risk type (in EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
MAPFRE SA	MAPSM 4.375 47	MAPSM	ES0224244089	600	EUR	03/31/17	4.3750	callable	03/31/47	03/31/27	subord.	269.79
MAPFRE SA	MAPSM 4.375 47	MAPSM	ES0224244089	600	EUR	03/31/17	4.3750	callable	03/31/47	03/31/27	subord.	269.79

Source: Bloomberg, UniCredit Research

Munich Re Group

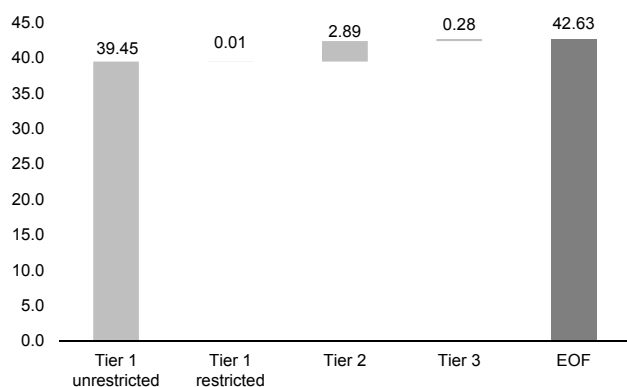
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	272,984	268,868	267,805	265,722
Investments	218,927	215,093	219,416	217,562
Technical reserves	195,875	194,582	197,480	200,592
Profitability (EUR mn)				
GWP	48,848	50,374	48,851	49,115
Operating result	4,027	4,819	4,025	1,241
Net income (attributable to shareholders)	3,152	3,107	2,580	375
Large/major losses (reinsurance)	1,162	1,046	1,542	4,314
Efficiency and capitalization (%)				
ROE	11.3	10.0	8.1	1.3
Combined ratio (P&C reinsurance)	92.7	89.7	95.7	114.1
Expense ratio (P&C reinsurance)	32.5	32.6	32.4	33.5
SCR incl. transitional measures and adjustments	277.0	302.0	316.0	297.0

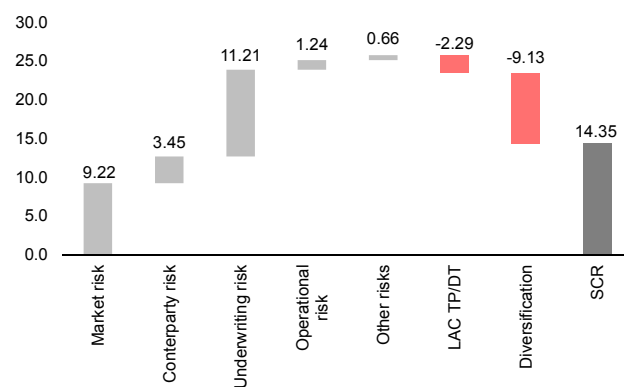
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
MunichRe	MUNRE 6.25 42	MUNRE	XS0764278528	900	EUR	03/29/12	6.2500	callable	05/26/42	05/26/22	subord.	89.47
MunichRe	MUNRE 6 41	MUNRE	XS0608392550	1,000	EUR	04/05/11	6.0000	callable	05/26/41	05/26/21	subord.	69.31
MunichRe	MUNRE 7.625 28	MUNRE	XS0167260529	300	GBP	04/16/03	7.6250	callable	06/21/28	06/21/18	subord.	713.35
MunichRe	MUNRE 6.625 42	MUNRE	XS0764278288	450	GBP	03/29/12	6.6250	callable	05/26/42	05/26/22	subord.	125.82

Source: Bloomberg, UniCredit Research

NN Group

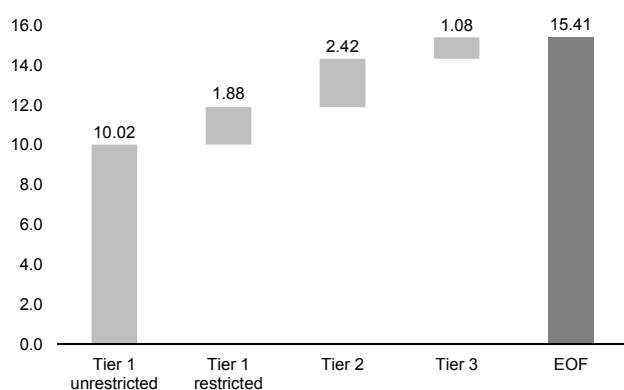
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	165,481	162,152	168,505	227,062
Investments	152,349	159,948	166,204	227,061
Technical reserves	119,237	115,984	115,669	163,639
Profitability (EUR mn)				
GWP	9,340	9,205	9,424	12,064
Profit before tax	762	1,761	1,463	2,524
Net income (attributable to shareholders)	588	1,565	1,189	2,110
Efficiency and capitalization (%)				
ROE	8.6	10.8	8.1	10.3
Combined ratio (non-life Netherlands)	99.4	101.5	103.4	102.0
Expense ratio (non-life Netherlands)	30.6	30.7	29.8	28.4
SCR incl. transitional measures and adjustments	n.a.	239.0	241.0	199.0

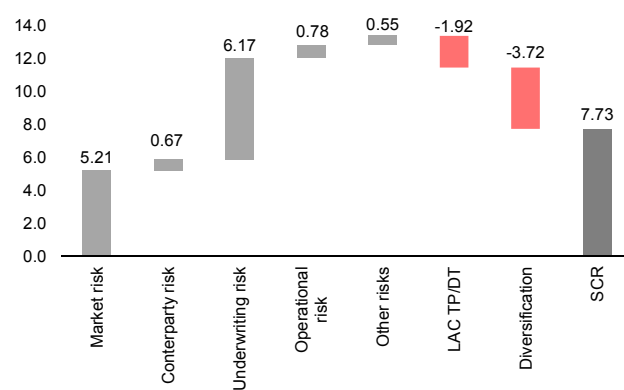
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
NN Group NV	NNGRNV 4.625 48	NNGRNV	XS1550988643	850	EUR	01/13/17	4.6250	callable	01/13/48	01/13/28	subord.	275.39
NN Group NV	NNGRNV 4.5 PERP	NNGRNV	XS1028950290	1,000	EUR	07/15/14	4.5000	perp/call	n.a.	01/15/26	jr subord.	284.59
NN Group NV	NNGRNV 4.375 PERP	NNGRNV	XS1076781589	750	EUR	06/13/14	4.3750	perp/call	n.a.	06/13/24	subord.	267.77
NN Group NV	NNGRNV 4.625 44	NNGRNV	XS1054522922	1,000	EUR	04/08/14	4.6250	callable	04/08/44	04/08/24	subord.	229.22
NN Group NV	NNGRNV 4.625 48	NNGRNV	XS1550988643	850	EUR	01/13/17	4.6250	callable	01/13/48	01/13/28	subord.	275.39

Source: Bloomberg, UniCredit Research

SCOR Group

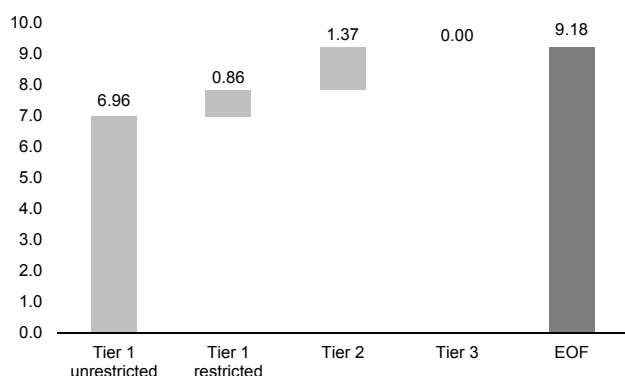
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	37,046	41,605	43,293	43,234
Investments	25,217	27,676	28,137	28,360
Technical reserves	25,839	27,839	28,715	29,006
Profitability (EUR mn)				
GWP	11,316	13,421	13,826	14,789
Operating result	825	1,048	951	491
Net income (attributable to shareholders)	512	642	603	286
Large/major losses (reinsurance)	179	111	274	779
Efficiency and capitalization (%)				
ROE	9.9	10.6	9.5	4.5
Combined ratio (P&C reinsurance)	91.4	91.1	93.1	103.7
Expense ratio (P&C reinsurance)	34.5	34.2	39.0	32.7
SCR w/o transitional measures	n.a.	232.0	225.0	213.0

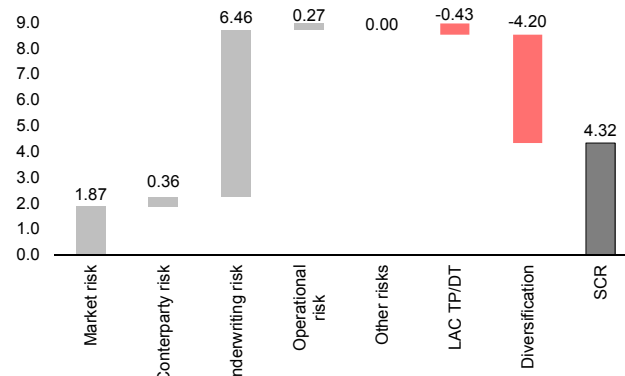
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
SCOR SE	SCOR 5.25 PERP	SCOR	FR0013322823	625	USD	03/13/18	5.2500	perp/call	n.a.	03/13/29	jr subord.	310.47
SCOR SE	SCOR 3 46	SCOR	FR0013067196	600	EUR	12/07/15	3.0000	callable	06/08/46	06/08/26	subord.	166.86
SCOR SE	SCOR 3.625 48	SCOR	FR0013179314	500	EUR	05/27/16	3.6250	callable	05/27/48	05/27/28	subord.	182.08
SCOR SE	SCOR 3.875 PERP	SCOR	FR0012199123	250	EUR	10/01/14	3.8750	perp/call	n.a.	10/01/25	subord.	193.64
SCOR SE	SCOR 5 PERP	SCOR	CH0223321990	250	CHF	09/30/13	5.0000	perp/call	n.a.	11/30/18	subord.	104.66
SCOR SE	SCOR 3.25 47	SCOR	FR0012770063	250	EUR	06/05/15	3.2500	callable	06/05/47	06/05/27	subord.	180.77
SCOR SE	SCOR 3.375 PERP	SCOR	CH0255497452	125	CHF	10/20/14	3.3750	perp/call	n.a.	10/20/20	subord.	97.61

Source: Bloomberg, UniCredit Research

Talanx (HDI Group)

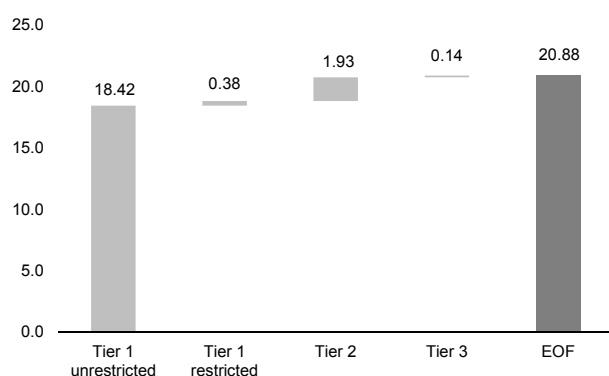
KEY FINANCIAL DATA (INCLUDING HANNOVER RE)

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	147,298	152,760	156,571	158,386
Investments	112,879	115,611	118,855	118,673
Technical reserves	101,109	106,832	110,429	111,897
Profitability (EUR mn)				
GWP	28,994	31,799	31,106	33,060
Operating profit	1,892	2,182	2,300	1,807
Net income (attributable to shareholders)	769	734	907	672
Efficiency and capitalization (%)				
ROE	10.2	9.0	10.4	7.5
Combined ratio (P&C)	97.9	96.0	95.7	100.4
Expense ratio (P&C)	n.a.	n.a.	n.a.	n.a.
SCR incl. transitional measures and adjustments (HDI Group)	n.a.	253.0	236.0	253.0

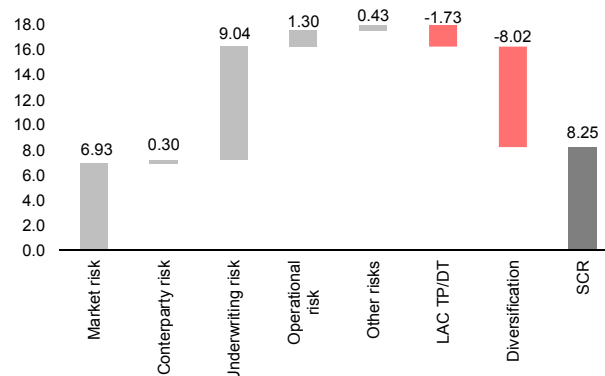
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (in mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
Talanx AG	TALANX 2.25 47	TALANX	XS1729882024	750	EUR	12/05/17	2.2500	callable	12/05/47	12/05/27	subord.	214.32
Talanx AG	TALANX 2.25 47	TALANX	XS1729882024	750	EUR	12/05/17	2.2500	callable	12/05/47	12/05/27	subord.	214.32
Talanx Fin. Lux.	TALANX 8.3673 42	TALANX	XS0768664731	500	EUR	04/04/12	8.3673	callable	06/15/42	06/15/22	jr subord.	164.14

Source: Bloomberg, UniCredit Research

UnipolSai Group

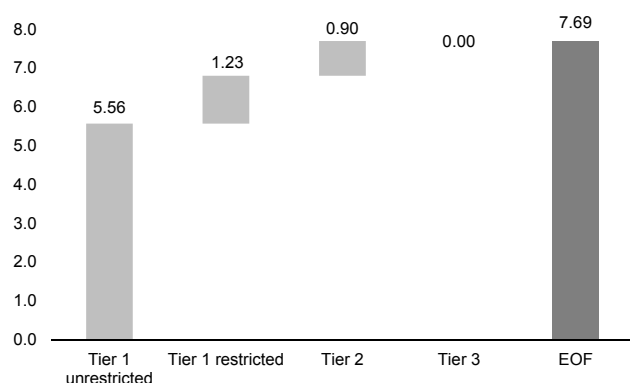
KEY FINANCIAL DATA

	2014	2015	2016	2017
Balance sheet (EUR mn)				
Balance sheet total	68,977	68,724	69,248	67,750
Investments	61,122	61,010	61,215	49,085
Technical reserves	56,229	56,095	55,816	45,757
Profitability (EUR mn)				
GWP	16,415	13,558	11,999	10,833
Pre-tax profit for the year	1,142	1,044	681	760
Net income (attributable to shareholders)	740	711	497	504
Efficiency and capitalization (%)				
ROE	14.9	11.3	8.0	8.4
Combined ratio (P&C)	94.7	93.5	95.0	97.2
Expense ratio (P&C)	26.7	27.9	27.9	28.1
SCR incl. transitional measures and adjustments	n.a.	190.0	243.0	263.0

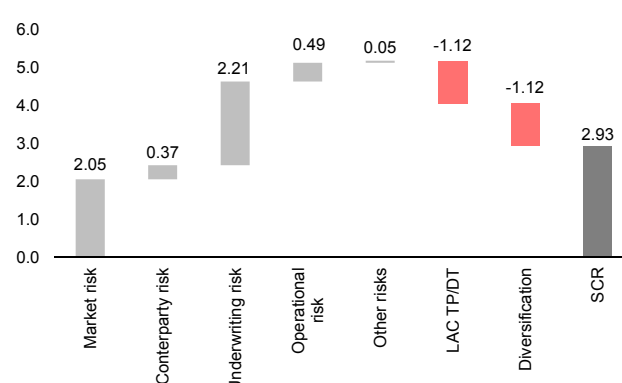
Source: company data, Bloomberg, UniCredit Research

ELIGIBLE OWN FUNDS AND SOLVENCY CAPITAL REQUIREMENT

EOF by tiering type (EUR bn)



SCR by risk type (EUR bn)



Source: company data, UniCredit Research

OUTSTANDING SUBORDINATED DEBT

Company	Structure	Ticker	ISIN	Volume (mn)	Currency	Issue date	Coupon (%)	Maturity type	Maturity	First call date	Ranking	ASW spread
UnipolSai	USIMIT 5.75 PERP	USIMIT	XS1078235733	750	EUR	06/18/14	5.7500	perp/call	n.a.	06/18/24	jr subord.	520.19
UnipolSai	USIMIT 3.875 28	USIMIT	XS1784311703	500	EUR	03/01/18	3.8750	at maturity	03/01/28	n.a.	subord.	388.00

Source: Bloomberg, UniCredit Research

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Company	Date	Recommendation	Analyst	Company	Date	Recommendation	Analyst
ACHMEA	05/04/2018	Marketweight	Natalie Tehrani Monfared	CNPFP	11/12/2017	Marketweight	Natalie Tehrani Monfared
AEGON	05/04/2018	Marketweight	Natalie Tehrani Monfared	HANRUE	07/05/2018	Marketweight	Natalie Tehrani Monfared
AXASA	25/05/2018	Marketweight	Natalie Tehrani Monfared	HANRUE	10/04/2018	Restricted	Natalie Tehrani Monfared
AXASA	27/04/2018	Restricted	Natalie Tehrani Monfared	MAPSM	05/04/2018	Marketweight	Natalie Tehrani Monfared
AXASA	05/04/2018	Marketweight	Natalie Tehrani Monfared	NNGRNV	11/12/2017	Marketweight	Natalie Tehrani Monfared
AXASA	21/03/2018	Restricted	Natalie Tehrani Monfared	SCOR	11/12/2017	Marketweight	Natalie Tehrani Monfared
CCAMA	05/04/2018	Underweight	Natalie Tehrani Monfared	USIMIT	05/04/2018	Underweight	Natalie Tehrani Monfared
CNPFP	14/06/2018	Restricted	Natalie Tehrani Monfared				

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For high grade names the recommendations are relative to the "iBoxx EUR Benchmark" index family, for sub investment grade names the recommendations are relative to the "iBoxx EUR High Yield" index family.

Marketweight (MW): We recommend having the same portfolio exposure in the name as the respective iBoxx index. We expect that the average total return of the instruments of the issuer is equal to the total return of the index.

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Not rated (NR): Suspension of coverage.

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