



Modena Capitale S.p.A.

January 2025

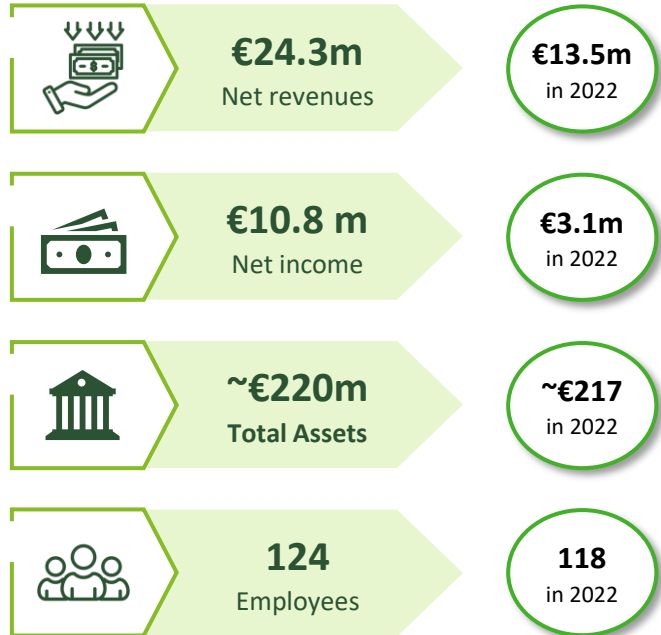
# Modena Capitale is an Italian holding company specialized in the insurance and financial sectors

## Overview

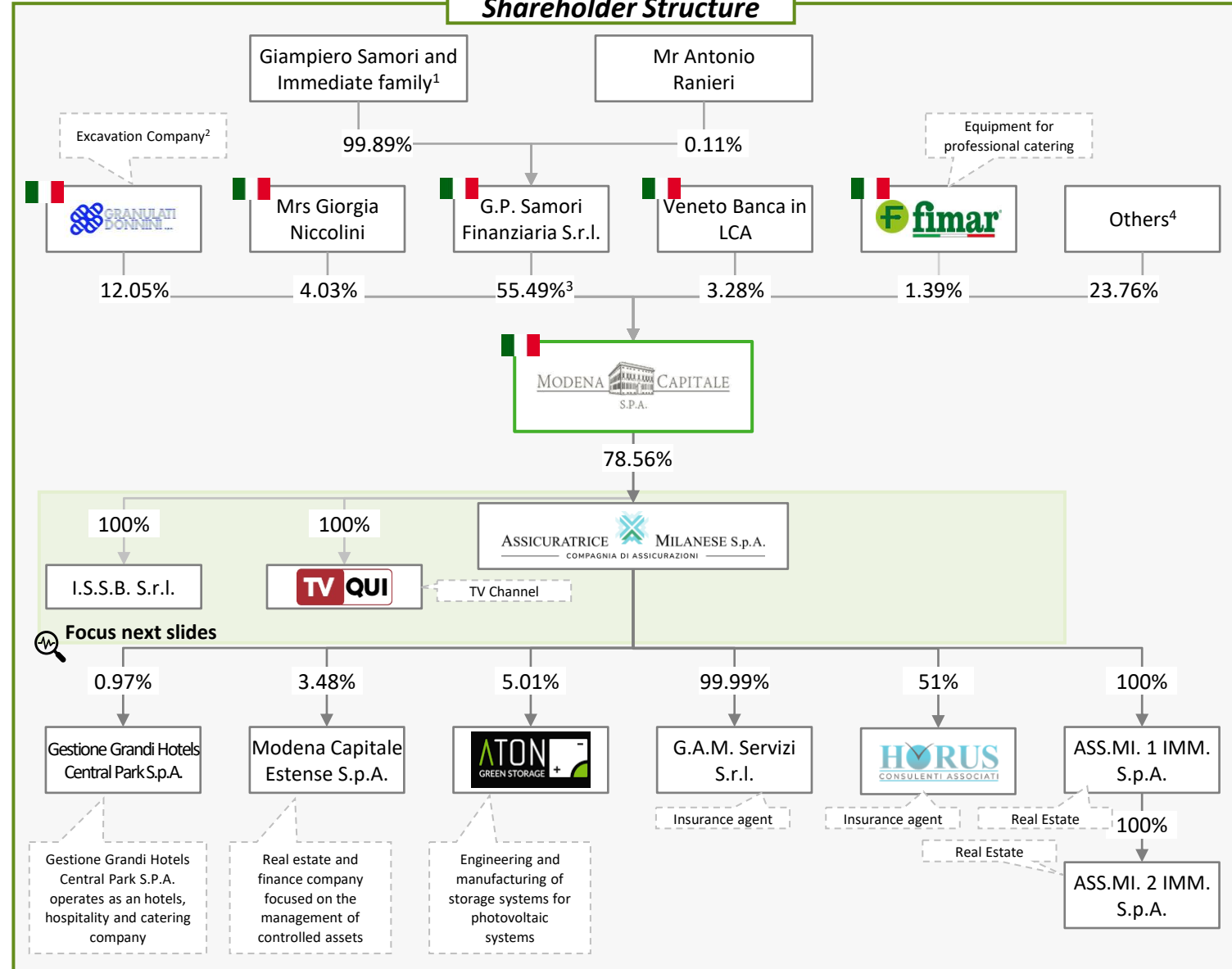
### Business overview

- **Modena Capitale S.p.A.** operates as a **holding company** in the insurance and financial sectors. Specifically, the company is involved in the management, direction, coordination, and control of the Modena Capitale Insurance Group, whose main asset is the controlling stake in the insurance company **Assicuratrice Milanese S.p.A.** (**78.56% share**), which operates in the non-life insurance sector.
- **Veneto Banca** holds 3.28% of the shares with a book value of €1,648 thousand.

### Key numbers (FY23 vs FY22)



## Shareholder Structure



# Modena Capitale's subsidiaries, I.S.S.B. S.r.l. and TV QUI, operate in the banking and multimedia sectors

## Modena Capitale - Key Financials

Data in €m	2022	2023	Δ 22-23
Net revenues from insurance services	15.3	22.1	44%
Net revenues from investments	(1.6)	2.5	n.a.
Net financial result	(1.8)	2.2	n.a.
Management costs	(8.2)	(7.3)	(11%)
Other costs / revenues	0.7	(0.9)	n.a.
Earnings before taxes	6.0	16.1	168%
Taxes	(2.9)	(5.3)	83%
Net income	3.1	10.8	248%

### Focus: dividend policy

- Modena Capitale has **distributed dividends** in recent years amounting to **€4.0m in 2023**, €5.4m in 2022, and €6.3m in 2021
- The main positive income component for Modena Capitale S.p.A. is the **dividend received** from its stake in **Assicuratrice Milanese**, amounting to **€3.9m in 2023**, €3.8m in 2022 and €6.3m in 2021

<sup>1</sup>For I.S.S.B. S.r.l. income is mainly generated from financial income

## Focus on subsidiaries - I.S.S.B. S.r.l. and TV QUI

### Business overview

- **I.S.S.B. S.r.l.** operates in the field of purchasing stakes in companies primarily operating in the banking sector. Investments in such assets can be allocated to long-term investments or trading activities.
- **TV QUI S.p.A.** operates as a regional television broadcaster

### Key numbers (FY23)





	I.S.S.B. S.r.l.	TV QUI
Revenues <sup>1</sup>	-	€692k
Net income	€1.3k	-€212k
Total assets	€157k	€865k
Shareholders equity	€155k	-€62k
Book value	€155k	€150k


# Assicuratrice Milanese is an Italian insurance company specialized in Medical Malpractice

## Business overview

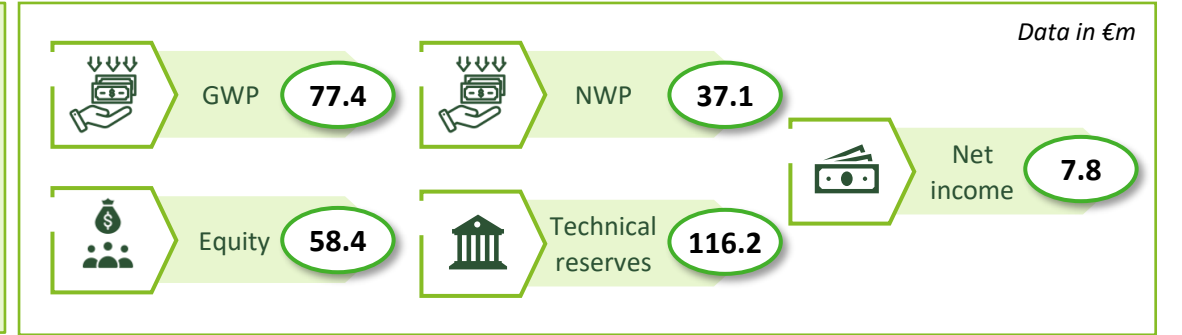
Assicuratrice Milanese S.p.A., founded in 1988 and based in San Cesario sul Panaro, provides a wide range of non-life insurance products, with **Medical Malpractice** being the main focus.

## Products & Distribution channel

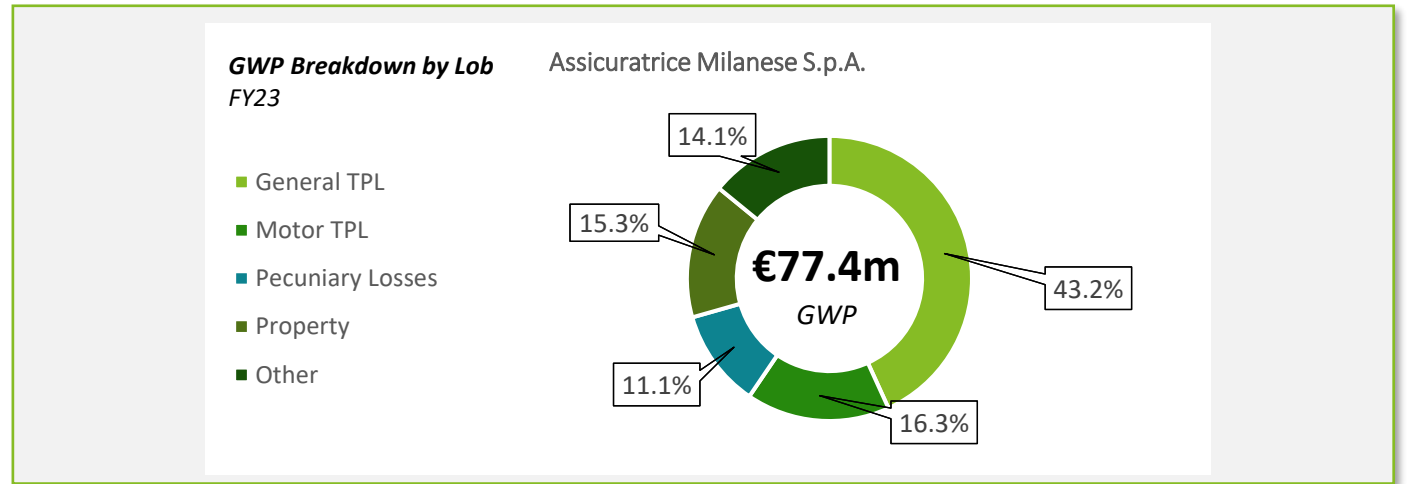
 <b>Medical Malpractice</b>	 MTPL	 Surety	 Property
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 Distributes its products through a commercial network, consisting of **208 intermediaries**

## Key numbers (FY23)



## Geographical presence



Over the five-year period analyzed, the Company experienced growth in terms of premiums reaching €77.4 million in FY23 (+1.0% vs FY22). The profitability trend was highly influenced by the recomposition of LoBs and the reinsurance contribution

Income Statements	FY18	FY19	FY20	FY21	FY22	FY23	VAR <sub>22-23</sub>	CAGR <sub>18-23</sub>
<i>(€Mln)</i>								
<b>1</b> Gross Written premiums	61.5	66.8	67.4	74.9	76.6	77.4	1.0%	4.7%
ceded to reinsurers	(31.5)	(34.7)	(35.9)	(39.5)	(39.6)	(40.0)	1.0%	4.9%
change in premium reserve	1.3	(1.5)	(2.5)	(4.7)	(3.3)	(1.0)	(69.7%)	n.m
change in premium reserve ceded to reinsurers	(0.3)	1.3	1.3	2.2	1.8	0.7	(61.1%)	n.m
<b>Net written premiums</b>	<b>30.9</b>	<b>32.0</b>	<b>30.3</b>	<b>32.9</b>	<b>35.4</b>	<b>37.1</b>	<b>4.8%</b>	<b>3.7%</b>
<b>2</b> Gross claims	(37.3)	(37.3)	(24.0)	(34.6)	(33.4)	(45.2)	35.3%	3.9%
Claims ceded to reinsurers	16.1	21.0	12.4	18.9	14.0	19.5	39.3%	3.9%
<b>Net claims</b>	<b>(21.2)</b>	<b>(16.3)</b>	<b>(11.6)</b>	<b>(15.7)</b>	<b>(19.4)</b>	<b>(25.8)</b>	<b>33.0%</b>	<b>4.0%</b>
<b>3</b> Operating expenses	(4.2)	(5.1)	(0.5)	(6.3)	(8.7)	(0.4)	(95.4%)	(37.5%)
Share of investment income transferred to the non-life business technical account	0.1	1.2	0.7	0.5	0.4	1.1	>100%	61.5%
Other technical income/charges net of reinsurance	(1.1)	(0.9)	(0.8)	(1.5)	(0.9)	(1.0)	11.1%	(1.9%)
<b>Net Technical Result</b>	<b>4.6</b>	<b>10.9</b>	<b>18.0</b>	<b>9.9</b>	<b>6.9</b>	<b>10.8</b>	<b>56.5%</b>	<b>18.6%</b>
Financials income/charges of non life business	0.1	2.0	1.2	1.0	0.8	2.0	>100%	82.1%
Share of investment income transferred to the non-life business technical account	(0.1)	(1.2)	(0.7)	(0.5)	(0.4)	(1.1)	>100%	61.5%
Other income/charges	0.1	(0.2)	0.1	0.1	0.2	(0.1)	n.m	n.m
Extraordinary income and charges	(0.1)	0.3	(0.2)	0.3	0.7	0.0	n.m	n.m
<b>EBT</b>	<b>4.6</b>	<b>11.7</b>	<b>18.5</b>	<b>10.7</b>	<b>8.0</b>	<b>11.7</b>	<b>46.3%</b>	<b>20.5%</b>
Taxes	(1.6)	(3.7)	(6.0)	(3.4)	(2.5)	(3.9)	56.0%	19.5%
<b>Net Income</b>	<b>3.0</b>	<b>8.0</b>	<b>12.6</b>	<b>7.3</b>	<b>5.5</b>	<b>7.8</b>	<b>41.8%</b>	<b>21.1%</b>
Commission Adjustment <b>4</b>	2.0	2.0	n.a	2.1	2.1	n.a.	n.m	n.m
Accrued income	-	-	n.a	-	0.2	n.a.	n.m.	n.m.
<b>Adjusted EBT</b>	<b>6.6</b>	<b>13.7</b>	<b>n.a</b>	<b>12.8</b>	<b>10.3</b>	<b>n.a.</b>	<b>15.6%</b>	<b>24.3%</b>

**1** The increase in GWP between 2018 to 2023 (CAGR +4.7%) has been driven mainly by Surety, Property and Legal Protection, more than compensating the decrease in MTPL. GTPL remained stable at around €33m in the 5 years analysed.

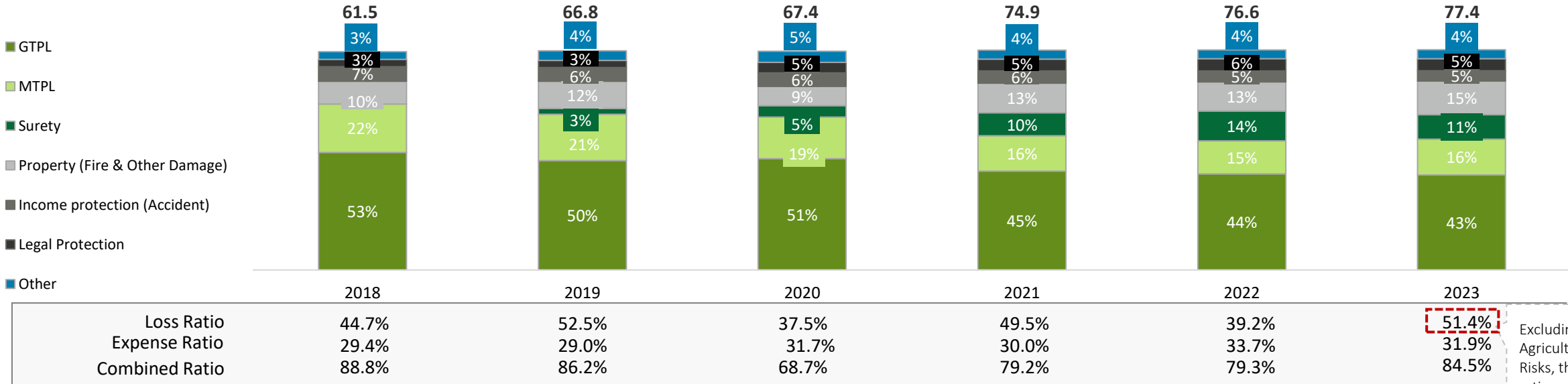
**2** Gross claims increased in 2023 driven by a strong increase in the property Lob. FY20 was highly affected by Covid (lower claims for Medical TPL).

**3** Operating expenses have strongly decreased in 2023 due to the positive net effect from higher Commissions and profit-sharing received from reinsurers

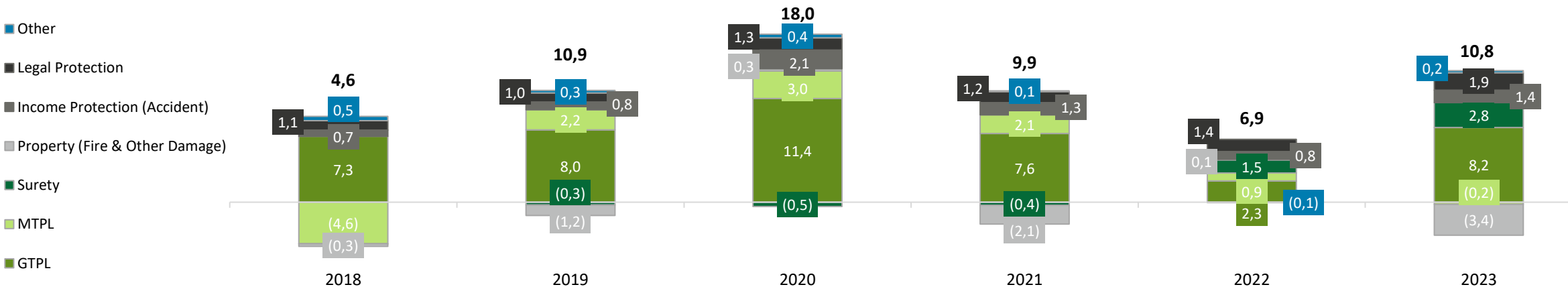
**4** As contractually agreed with the reinsurance partners, every 3 years the Company receives a positive commission adjustment based on the technical performance of the last 3 years. In 2020 such contribution amounted to €6.1m, while it is estimated at €6.4m in 2023. The Company calculates an adjusted EBT based on the accrual of such component over the 3 year period.

Throughout the analyzed period, GTPL persisted as the company's primary focus, despite a recent decline in favor of the Property and Surety LoBs. In 2023, the Loss Ratio worsened to 51.4%, primarily due to extreme weather events affecting Land Vehicle Hulls, Property and Agricultural Risks, as well as inflation affecting Motor Liability.

**Gross Written Premiums per Lobs (€mln)**



**Net Technical Result per Lobs (€mln)**



Source: Infobila, SFCR

The assets remained stable throughout the analyzed period. In FY22, there was an observed uptick in investments alongside a reduction in cash holdings, attributable to Assicurazione Milanese's acquisition of bond securities to enhance the liquidity return. In 2023, investments decreased to €75.3m due to the disinvestment of a life insurance policy (equal to €5.0m in FY22), which more than offset the increase of investments in liquid instruments

Balance Sheet	FY18	FY19	FY20	FY21	FY22	FY23	VAR <sub>22-23</sub>	CAGR <sub>18-23</sub>
<i>(€Mln)</i>								
<b>Assets</b>								
Intangible assets	1.0	1.2	1.0	0.9	1.1	1.3	18.2%	5.4%
<b>1</b> Investments	69.8	73.3	64.1	52.4	77.6	75.3	(3.0%)	1.5%
Technical provisions borne by reinsurers	52.3	50.6	50.8	51.5	52.4	48.7	(7.1%)	(1.4%)
<b>2</b> Receivables	29.1	30.9	40.0	45.0	36.1	49.4	36.8%	11.2%
Cash & Cash Equivalents	36.5	28.3	32.8	37.6	18.0	15.9	(11.7%)	(15.3%)
Other Assets	1.9	4.3	3.5	3.6	4.5	4.7	4.4%	19.9%
Accruals and deferrals	2.1	1.8	2.3	1.7	1.2	1.3	8.3%	(9.1%)
<b>Total Assets</b>	<b>192.6</b>	<b>190.4</b>	<b>194.6</b>	<b>192.6</b>	<b>190.9</b>	<b>196.5</b>	<b>2.9%</b>	<b>0.4%</b>
<b>Liabilities and Equity</b>								
<b>3</b> Equity	41.8	47.1	55.6	54.9	55.6	58.4	5.0%	6.9%
Technical provisions	117.6	111.6	110.4	112.5	117.3	116.2	(0.9%)	(0.2%)
<b>4</b> Provision for risks and charges	3.6	3.5	3.4	1.8	0.2	0.3	50.0%	(39.2%)
<b>2</b> Debt and other liabilities	29.5	28.3	25.1	23.4	17.8	21.5	20.8%	(6.1%)
Accruals and deferrals	0.0	0.0	0.0	0.0	0.0	0.0	n.m.	0.0%
<b>Total Liabilities and Equity</b>	<b>192.6</b>	<b>190.4</b>	<b>194.6</b>	<b>192.6</b>	<b>190.9</b>	<b>196.5</b>	<b>2.9%</b>	<b>0.4%</b>
<b>Dividends</b>	4.5	2.8	4.1	8.0	4.1	n.a.	(48.8%)	(2.3%)

Most of which are distributed to the parent company Modena Capitale S.p.A.

**1** The increase in investments and the decrease in 'Cash & Cash Equivalents' were due to the acquisition of Italian gov.t and corporate bonds (€22.5m).

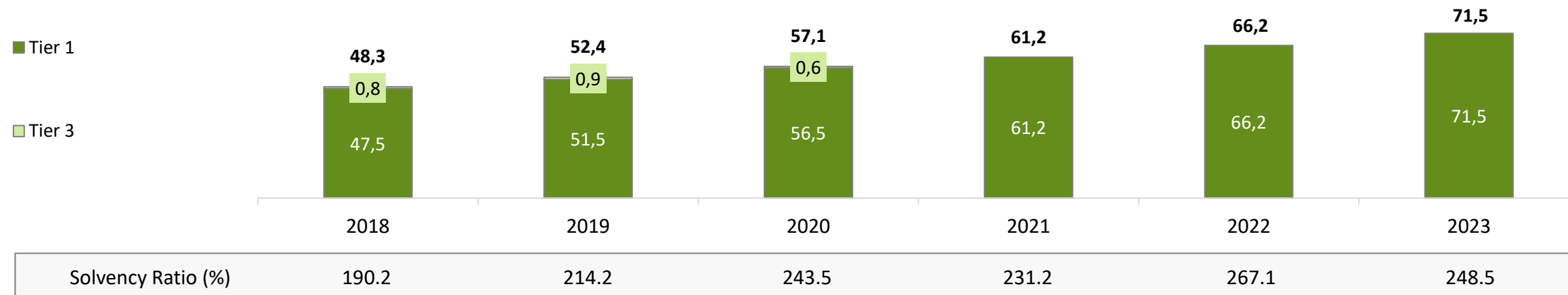
**2** In FY23 the increase in receivables was mainly due to the item 'Receivables toward reinsurance operations', while the increase in debt is mainly due to other debts

**3** The company executed three capital increases (€5.0m in 2019, €7.5m in 2020, and €2.5m in 2021) utilizing reserves and retained earnings. The adjustment in equity level in FY22 stemmed from fluctuations in profits. The company has issued dividends every year.

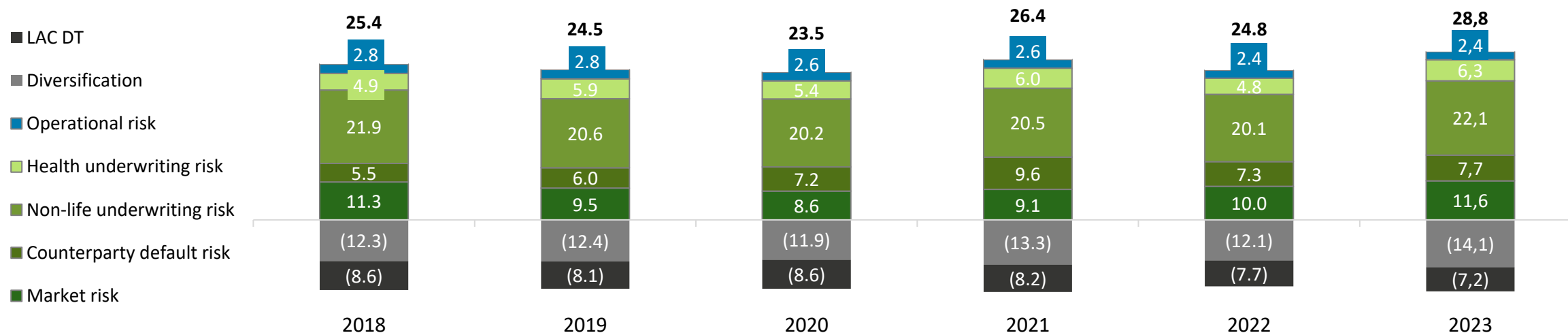
**4** The decrease in Provision for Risks and Charges can be attributed to the Loss Portfolio Transfer (LPT) ceded to SCOR in 2018. For the first period, the LPT requires the insurance company to keep a reserve to cover the claims in case of a reinsurer default. In 2022 these reserves were equal to 0.

In FY23 Assicuratrice Milanese's Solvency ratio was equal to 248.5% (vs 267.1% in FY22), resulting from a contemporary increase in Own Funds and in SCR. All the risk modules are increasing compared to FY22.

### Own Funds Solvency



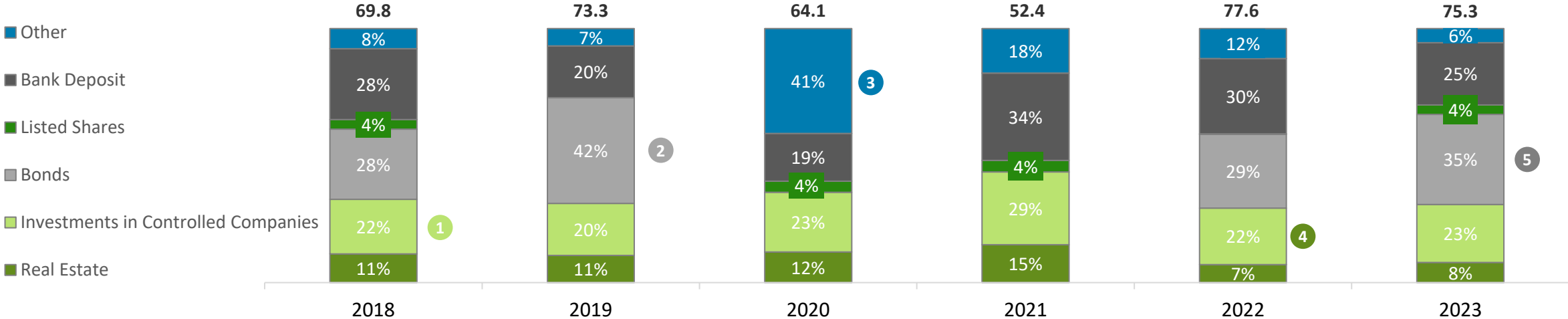
### SCR Breakdown (€mln)





Investments reached €75.3m (compared to €77.6m in FY22), with a significant portion allocated to bonds (35% of the total, increasing from 29% in FY22) and a slight reduction of bank deposits, in order to take advantage of the higher yield offered by bond in FY2023.

**Investments Breakdown (€mIn)**



- 1 The item "Investments in controlled companies" totaling €15.0m, includes €2.5m for the subsidiary **G.A.M. Servizi** and the remaining amount for the subsidiary **ASS. MI. 1 IMM. S.P.A.**
- 2 The increase in the proportion of **bonds**, valued at €10.6m in the total value of investments, is attributable to the purchase of **highly-rated government bonds** within the **European** perimeter.
- 3 The surge in the "other" category in 2020 is mainly due to a significant increase of €21.5m in **repurchase agreements secured by Italian government bonds**, maturing by **2021**.
- 4 The entry, totaling €17.2m, includes €2.5m for **G.A.M. Servizi**, €12.5m for **ASS. MI. 1 IMM. S.P.A.**, which is wholly owned, €1.6m for **Modena Capitale Estense**, and the rest for **Horus**, of which a 51% stake was acquired in September 2022.
- 5 The increase in the quantity of **bonds** held, from €22.5m to €26.7m, was due to the strong focus on liquidity, which experienced higher **returns** in 2023.