

PRESS RELEASE

First half of 2014 positive for the Cattolica Group

PROFIT INCREASED BY 30.2% 56 MILLION IN THE FIRST HALF-YEAR

*The results for the first half of 2014 approved by the Board of Directors.
The comments of the Chairman Paolo Bedoni and of the Managing Director
Giovan Battista Mazzucchelli.*

Total premiums written totalling € 2,957 million (+30.6% compared with the first half of 2013) with a **consolidated net profit** of € 56 million, up 30.2% when compared with June 2013. Total premiums for direct business were made up of non-life premiums for € 844 million and life premiums for € 2,070 million. The **combined ratio** continued to improve to 91.5% when compared with June 2013 (93.5%). The **solvency margin**¹ stood at 1.45 times the regulatory minimum².

These are the highlights of the Consolidated interim report as at June 30th, 2014 approved by the Board of Directors of Cattolica Assicurazioni, which met today in Verona under the chairmanship of Paolo Bedoni.

The first six months of the year revealed for the Cattolica Group a significant increase in **consolidated net profit** of € 56 million, up 30.2% compared with € 43 million in the same period of 2013.

The **Group net profit**³ of € 48 million increased by 60% compared with € 30 million in June 2013.

Total premiums written for direct and indirect life and non-life business⁴ amounted to € 2,957 million, up 30.6% compared with € 2,264 million in the first half of 2013.

Non-life business

Premiums written for direct business fell from € 875 million as at June 30th, 2013 to € 844 million at the end of June 2014 (-3.5%).

In the **motor segment**, premiums written amounted to € 501 million, down by 5.5% when compared with June 30th, 2013, against a market figure, which showed in the first quarter of 2014 a drop in premiums written in the motor segment by 5.7%⁵. The

¹ Takes into account the acquisition of Fata Assicurazioni, whose impact on the solvency margin, net of the subordinated loan of € 100 million issued on December 17th, 2013, which was partly used to finance the acquisition, is 0.05 times the regulatory minimum.

² The statement of financial position figures at the close of the first half of 2014 include those related to FATA Assicurazioni acquired on June 11th, 2014, whose economic effects will be consolidated by the Cattolica Group as from the second half of 2014.

³ Net of minority interests.

⁴ Includes insurance premiums and investment contracts of life classes as defined in IFRS 4.

⁵ Source: IVASS circular of August 1st, 2014, like-for-like basis.

Group counteracted the generalised drop in the average premium on the market acquiring new customers (more than 52 thousand new motor policies were sold at the beginning of the year; +2.4%⁶).

Non-motor classes, with premiums written of € 343 million are slightly down when compared with June 2013 (€ 345 million, -0.4%), resulting, rather than from a given market trend, from specific assumptive choices that favour an increase in premiums written related to policies for retail customers.

The **combined ratio**⁷ continued to improve, dropping from 93.5% as at June 30th, 2013 to 91.5%, disclosing a further improvement even when compared to the end of 2013 (93.5%).

Life business

In the life business, direct premiums written stood at € 2,070 million, improving compared to the first half of 2013 (+50.5%): traditional classes (Class I +57.8% and Class V +27.4%) and class III (+48.4%) increased.

Financial operations and financial position

The **results of investments**⁸ amounted to € 264 million (compared with € 252 million as at June 30th, 2013). Investments as at June 30th, 2014 amounted to € 18,796 million.

Gross **technical provisions** for non-life business amounted to € 3,641 million (€ 3,072 million as at December 31st, 2013). The considerable growth in premiums written pushed the life business provisions, which include financial liabilities, to € 14,432 million (€ 13,165 million as at December 31st, 2013).

The figures as at June 30th, 2014 confirm the Group's equity soundness with a **consolidated shareholders' equity** of € 1,652 million (€ 1,561 million as at December 31st, 2013).

The Group's **solvency margin** amounted to 1.45 times the regulatory minimum. This value takes into account the acquisition of Fata Assicurazioni on June 11th, 2014.

Sales network

The agency network at the end of June 2014 had 1,590 agencies (including 165 agencies of Fata Assicurazioni) and bank branches that place products of the Group as at June 30th, 2014 were 5,959.

Outlook for business activities

In a still uncertain macro-economic context, the Group will continue to pursue all actions aimed at consolidating the overall result.

Life premiums written will continue to focus on the value of the products distributed through various channels.

Non-life classes, despite the strong competitiveness in the market, will consolidate profitability due to the actions already undertaken to protect the quality of the portfolio.

⁶ Figure related to the period from January 1st, 2014 to July 25th, 2014.

⁷ *Combined ratio* of retained business: 1-(Technical balance/net premiums), including other technical items.

⁸ Financial assets excluding investments whose risk is borne by the policyholders, gross of tax effects.

The **Chairman** of Cattolica Assicurazioni, **Paolo Bedoni**, declared: *"The excellent results of the interim report must be read with a twofold view. On the one hand, they are the really encouraging bases for starting a three-year plan that we will launch in September and that will have ambitious targets for growth in terms of quality and size of the Group supported by important choices on innovation, organisation, efficiency and competitiveness. On the other hand, they show the great attention of Cattolica to company profitability and hence to the consistency of a dividend policy that rewards the loyalty and quality of the corporate base and the reliability of the shareholders of the Group.*

In particular, this interim report shows that Cattolica produces and distributes value as part of a gradual consolidation of its financial position thanks also to an investment policy for enhancing its social and territorial location".

The **Managing Director** of Cattolica Assicurazioni, **Giovan Battista Mazzucchelli**, declared: *"The half-year figures show extremely positive indications with regard to the capacity of Cattolica to continue to grow significantly despite the persistent economic and market difficulties that oblige the insurance companies to compete increasingly. The growth in consolidated net profit by more than 30 per cent compared to last year is the result of improvement in both technical efficiency and portfolio quality as part of a decline in prices and increase in the number of insured customers. In this regard, we note the further significant improvement of the combined ratio determined by the constant recovery of efficiency and productivity, in particular.*

We have reason to believe that this framework will be strengthened in the second half of the year so we can start the new business plan with a 2014 characterised by more than satisfactory results for our shareholders".

The executive appointed to draw up the corporate accounting documents, Giuseppe Milone, declares according to paragraph 2 Article 154bis of "Testo Unico della Finanza" that the accounting disclosure contained in this press release conforms to the documental results, the books and the accounting records.

The company informs that the Interim report as at June 30th, 2014 of the Cattolica Group, inclusive of the Independent Auditors' Report, will be available to the public at the Registered office and on the Company's web site www.cattolica.it, as provided and within the time required by applicable laws and regulations.

The reclassified statements as at June 30th, 2014 of the Consolidated interim report of the Cattolica Group are attached herewith, by informing that the expected Independent Auditors' Report has not yet been issued.

SOCIETÀ CATTOLICA DI ASSICURAZIONI

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Cattolica Group - INTERIM REPORT AS AT JUNE 30TH, 2014

(prepared in accordance with international accounting standards)

Reclassified statement of financial position (€ millions)	June 30th, 2014	December 31st, 2013	Items from obligatory statements (*)
Assets			
Investment property and properties	463	395	4.1 + 2.1
Investments in subsidiaries, associates and joint ventures	85	83	4.2
Loans and receivables	1.156	1.172	4.4
Held to maturity investments	253	270	4.3
Available for sale financial assets	13.400	11.235	4.5
Financial assets at fair value through profit or loss	2.869	3.267	4.6
Cash and cash equivalents	570	505	7
Investment	18.796	16.927	
Intangible assets	308	289	1
Technical provisions - reinsurance amount	755	681	3
Other assets net of other liabilities	632	628	(**)
ASSETS	20.491	18.525	
Shareholders' equity and liabilities			
Group capital and reserves	1.391	1.290	
Group result	48	44	1.1.9
Group shareholders' equity	1.439	1.334	1.1
Shareholders' equity pertaining to minority interests	213	227	1.2
Consolidated shareholders' equity	1.652	1.561	1
Provision for unearned premiums	785	671	
Provision for outstanding claims	2.856	2.401	
Gross technical provisions - non-life	3.641	3.072	3
Gross technical provisions - life	13.260	12.167	3
Other gross non-life technical provisions	2	2	3
Other gross life technical provisions	361	360	3
Financial liabilities	1.575	1.363	4
<i>of which deposits from policyholders</i>	1.172	998	
SHAREHOLDERS' EQUITY AND LIABILITIES	20.491	18.525	

Reclassified Income Statement (€ millions)	June 30th, 2014	June 30th, 2013	Items from obligatory statements (*)
Revenues and income			
Net premiums	2.626	2.044	1.1
Commission income	1	1	1.2
Income and charges from financial instruments at fair value through profit or loss	62	22	1.3
<i>of which class D</i>	58	18	
Income from investments in subsidiaries, associates and joint ventures	2	1	1.4
Income from other financial instruments and investment property	309	330	1.5
<i>of which changes in other financial liabilities</i>	-	-1	
Other revenues	26	32	1.6
Total revenues and income	3.026	2.430	
Costs and charges			
Net charges relating to claims	-2.549	-1.931	2.1
Commission expense	-1	-2	2.2
Charges from investments in subsidiaries, associates and joint ventures	-	-	2.3
Charges from other financial instruments and investment property	-40	-75	2.4
Operating expenses	-248	-239	2.5
<i>Commission and other acquisition costs</i>	-173	-163	
<i>Operating expenses relating to investments</i>	-11	-8	
<i>Other administrative expenses</i>	-64	-68	
Other costs	-72	-102	2.6
Total costs and charges	-2.910	-2.349	
Pre-tax profit for the period	116	81	
Income taxes for the year	-60	-38	3
Net profit for the period	56	43	
Profit from discontinued operations	-	-	4
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	56	43	
Profit pertaining to minority interests	8	13	
PROFIT PERTAINING TO THE GROUP	48	30	

(*) Indicates the items of the statements in the consolidated financial statements as per ISVAP regulation No. 7 of July 13th, 2007.

(**) Sundry receivables, other asset items and other tangible assets (statement of financial position items under assets = 5 + 6 + 2.2) net of allowances, payables and other liability items (statement of financial position items under liabilities = 2 + 5 + 6)

The statement of financial position figures of the first half of 2014 include those related to FATA Assicurazioni acquired on June 11th, 2014.