

PRESS RELEASE

CATTOLICA GROUP'S EARNINGS AND PREMIUMS WRITTEN RISE.

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

Total premiums written amounting to € 1,405 million (+30.9% compared with the first quarter of 2013) with a **consolidated net profit** of € 25 million, up 4.2% when compared with March 2013. Total premiums for direct business were made up of non-life premiums for € 404 million and life premiums for € 987 million. The **combined ratio** once again improved (to 92.5%). The **solvency margin**¹ stood at 1.60 times the regulatory minimum. These are the highlights of the Interim Management Report ²as at March 31st, 2014 approved by the Board of Directors of Cattolica Assicurazioni, which met today in Verona under the chairmanship of Paolo Bedoni.

The first three months of the year revealed a **consolidated net profit** of € 25 million, compared with € 24 million in the same period in 2013 (+4.2%).

The **Group net profit**³ amounted to € 23 million, compared with € 21 million in March 2013 (+9.5%).

Total premiums written for direct and indirect life and non-life business⁴ amounted to € 1,405 million, up 30.9% with respect to the € 1,073 million in the first quarter of 2013.

Non-life business

Premiums written for direct business rose from € 406 million as at March 31st, 2013 to € 404 million at the end of March 2014 (-0.6%). In the **motor segment**, premiums written amounted to € 247 million, down slightly (-0.5%) when compared with March 31st, 2013. **Non-motor classes**, with premiums written for € 157 million, in turn decreased by 0.7% with respect to March 2013 (€ 158 million).

In general, the market context discloses a decreasing phase both with regard to premiums written and volumes, particularly important in the motor classes, where competition has led to a drop on the average premium when compared with the beginning of 2013. In this context, once again in the first quarter of 2014 Cattolica

¹ Already net of the dividend which will be distributed on May 22nd, 2014.

² The Interim management report relating to the first quarter of 2014 has been drawn up on the basis of Article 154 *ter* of the Consolidated Finance Law and CONSOB Communication No. DEM/8041082 dated April 30th, 2008 and does not represent interim financial statements drawn up in pursuance of IAS 34.

³ Net of minority interests.

⁴ They include insurance premiums and life insurance investment contracts as defined by IFRS 4.

managed to deal with the competitiveness on the market, in particular increasing the motor policy portfolio, without failing to make the usual accurate undertaking decisions. The **combined ratio**⁵ continued to improve, dropping from 94.5% as at March 31st, 2013 to 92.5%, disclosing a further improvement with respect to the end of 2013 (93.5%)

Life business

With regard to life business, direct premiums written came to € 987 million. The improvement with respect to the first quarter of 2013 (+50.9%) is mainly due to the premiums written for traditional classes I (+51.4%) and V (+35.8%). Premiums written for class III were also satisfactory (+129%), growing once again after a negative period.

The increase in premiums was significantly affected by all the main distribution channels.

Financial operations and statement of financial position

The **result of investments**⁶ came to € 119 million (compared with € 125 million as at March 31st, 2013).

Investments amounted to € 17,810 million. **Gross technical provisions for non-life business** amounted to € 3,072 million (unchanged with respect to December 31st, 2013), while **life provisions**, inclusive of financial liabilities, came to € 13,783 million (€ 13,165 million as at December 31st, 2013).

The figures as at March 31st, 2014 confirm the Group's statement of financial position solidity with **consolidated shareholders' equity** of € 1,642 million (€ 1,561 million as at December 31st, 2013).

The Group's **solvency margin** came to 1.60 times the regulatory minimum (already net of the dividend which will be distributed on May 22nd, 2014, with coupon detachment date on the 19th of said month and record date as at May 21st, 2014, as already disclosed previously).

Sales Network

The agency network at the end of March 2014 had 1,424 agencies and bank branches which place Group products as at March 31st, 2014 numbered 5,990.

Outlook for business activities

In a still uncertain macro-economic context, the Group will continue its action with the aim of consolidating the operating results in an insurance market which discloses sharp competition with regard to prices which is expected to manifest its effects above all else in the second half of the year.

In the life classes, a significant commitment will be made towards distribution via the various channels of products with the greatest added value.

The **Chairman** of Cattolica Assicurazioni, **Paolo Bedoni**, declared: "The gradual and continual nature of the Cattolica growth process is also confirmed in the figures for the first quarter in a market context where levels of competition necessarily rise, due to

⁵ Combined ratio of retained business: $1 - (\text{Technical balance} / \text{Net premiums})$ inclusive of other technical items.

⁶ Financial assets excluding investments whose risk is borne by the policyholders, gross of the tax effects.

both structural reasons which require decisive modernisation of the insurance industry and due to cyclical reasons linked to the expectations of an inversion in the economic cycle. In the wake of the choices made in the last few years, confirmed by the shareholders' meeting held last month, Cattolica shows itself to be ready to lay the bases, by means of a new strategic business plan, for a further period of growth which will require choices of considerable strategic scope, especially in terms of innovation”.

Cattolica Assicurazioni's **Managing Director, Giovan Battista Mazzucchelli**, declared: “The results for the first quarter join the tendency towards growth in total premiums written with particular attention towards efficiency and profitability in a market where competition is increasingly fiercer. The consolidated net profit and the further improvement of the combined ratio are proof of this. The tension on prices was seen mainly in the motor segment while it is necessary to emphasise the confirmation of the sharp tendency towards an increase in Life premiums, to an extent which is more than proportionate with respect to the market. Cattolica's commitment with the new strategic business plan aims to focus the innovation processes required by developments in the insurance sector, on the strong points of its market positioning”.

The Executive appointed to draw up the corporate accounting documents, Giuseppe Milone, declares in pursuance of Article 154 *bis*, section 2 of the Consolidated Finance Law that the accounting disclosure contained in this press release complies with the documental results, the books and the accounting records.

The Company hereby discloses that the Cattolica Group's Interim management report at March 31st, 2014 shall be made available to the public at the registered office and on the company's website www.cattolica.it, as per the formalities and by the deadlines envisaged by current legal and regulatory provisions.

The reclassified consolidated Statement of Financial Position and Income Statement schedules at March 31st, 2014 are enclosed.

SOCIETA' CATTOLICA DI ASSICURAZIONI

CONTACTS

Investor Relations Officer

Carlo Ferraresi

Tel. +39 045 8391202

investor.relations@cattolicaassicurazioni.it

Institutional Communication

Aldo Canale

Tel. +39 335 6202116/ +39 045 8391613

aldo.canale@cattolicaassicurazioni.it

Cattolica Group - CONSOLIDATED INTERIM MANAGEMENT REPORT AS AT MARCH 31ST, 2014

(drawn up on the basis of the international accounting standards)

Reclassified statement of financial position (€ millions)	31.03.2014	31.12.2013	<i>Items from obligatory statements (*)</i>
Assets			
Investment property and properties	394	395	4.1 + 2.1
Investments in subsidiaries, associates and joint ventures	85	83	4.2
Loans and receivables	1.111	1.172	4.4
Held to maturity investments	266	270	4.3
Available for sale financial assets	12.081	11.235	4.5
Financial assets at fair value through profit or loss	3.262	3.267	4.6
Cash and cash equivalents	611	505	7
Investments	17.810	16.927	
Intangible assets	289	289	1
Technical provisions - reinsurance amount	675	681	3
Other assets net of other liabilities	476	628	(**)
ASSETS	19.250	18.525	
Liabilities and shareholders' equity			
Group capital and reserves	1.385	1.290	
Group result	23	44	
Group shareholders' equity	1.408	1.334	1.1
Shareholders' equity pertaining to minority interests	234	227	1.2
Consolidated shareholders' equity	1.642	1.561	1
Provision for unearned premiums	673	671	
Provision for outstanding claims	2.399	2.401	
Gross technical provisions - non-life	3.072	3.072	3
Gross technical provisions - life	12.687	12.167	3
Other gross non-life technical provisions	2	2	3
Other gross life technical provisions	387	360	3
Financial liabilities	1.460	1.363	4
<i>of which deposits from policyholders</i>	<i>1.096</i>	<i>998</i>	
LIABILITIES AND SHAREHOLDERS' EQUITY	19.250	18.525	

Reclassified income statement (€ millions)	31.03.2014	31.03.2013	<i>Items from obligatory statements (*)</i>
Revenues and income			
Net premiums	1.253	974	1.1
Commission income	1	-	1.2
Income and charges deriving from financial instruments at fair value through profit or loss	28	18	1.3
<i>of which class D</i>	<i>25</i>	<i>15</i>	
Income from investments in subsidiaries, associates and joint ventures	1	-	1.4
Income from other financial instruments and investment property	146	166	1.5
<i>of which changes in other financial liabilities</i>	<i>-</i>	<i>-</i>	
Other revenues	9	7	1.6
Total revenues and income	1.438	1.165	
Costs and charges			
Net charges relating to claims	-1.211	-933	2.1
Commission expense	-1	-1	2.2
Charges from investments in subsidiaries, associates and joint ventures	-	-	2.3
Charges from other financial instruments and investment property	-27	-39	2.4
Operating expenses	-121	-119	2.5
<i>Commission and other acquisition costs</i>	<i>-87</i>	<i>-81</i>	
<i>Operating expenses relating to investments</i>	<i>-4</i>	<i>-4</i>	
<i>Other administrative expenses</i>	<i>-30</i>	<i>-34</i>	
Other costs	-30	-34	2.6
Total costs and charges	-1.390	-1.126	
Pre-tax profit for the period	48	39	
Taxation	-23	-15	3
Net profit for the period	25	24	
Profit (loss) from discontinued operations	-	-	4
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	25	24	
Profit (loss) pertaining to minority interests	2	3	
PROFIT PERTAINING TO THE GROUP	23	21	

(*) 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 (balance sheet items under assets = 5 + 6 + 2.2) net of provisions, payables and other liability items (balance sheet items under liabilities = 2 + 5 + 6).