

## PRESS RELEASE

### Positive first nine months of 2014 for the Cattolica Group

**PREMIUMS AT 4.2 BILLION + 30,5%**

**COSOLIDATED PROFIT INCREASED BY 27.7% TO 83 MILLION**

**CONSOLIDATED SHAREHOLDERS' EQUITY OVER 1.7 BILLION**

*The results for the first nine months of 2014 approved by the Board of Directors<sup>1</sup>.*

*The comments of the Chairman Paolo Bedoni and the Managing Director Giovan Battista Mazzucchelli.*

Total premiums written totaling € 4,182 million (+30.5% compared with the third quarter of 2013) with a **consolidated net profit** of 83 million, up 27.7% when compared with September 2013. Total premiums for direct business are made up of Non-Life premiums for € 1,246 million (+2.9%) and Life premiums for € 2.893 million (+46%). The **combined ratio** further improving at 92%<sup>2</sup> when compared with September 2013 (93.5%). The **solvency margin** stands at 1.46 times the regulatory minimum.

These are the highlights of the Interim Management Report as at 30 September 2014 approved by the Board of Directors of Cattolica Assicurazioni which met today in Verona under the chairmanship of Paolo Bedoni.

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Verona, November 12<sup>th</sup> 2014. The first nine months<sup>3</sup> of the year revealed significant growth in the **consolidated net profit** for the Cattolica Group, equal to € 83 million, up 27.7% compared with € 65 million in the same period of 2013.

Also the **Group net profit**<sup>4</sup>, amounting to € 71 million, disclosed an increase of 51.1% when compared with the € 47 million reported in September 2013.

**Total premiums written for direct and indirect** Life and Non-Life business<sup>5</sup> amounted to € 4,182 million, up 30.5% with respect to the € 3,205 million in the third quarter of 2013.

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<sup>1</sup> The interim abbreviated consolidated Financial Statements included in the Interim Management Report as at 30 September 2014 is prepared under IAS 34 (Interim Financial Reporting) and subject to limited audit. This choice is in connection with the Share Capital Increase as communicated on 19 September 2014.

<sup>2</sup> Combined ratio of retained business: 1 - (Technical balance / Net premiums) inclusive of other technical items. It includes the result of FATA from the date of the acquisition, which took place in June.

<sup>3</sup> The figures as at 30 September 2014 includes those of FATA Assicurazioni, acquired in June.

<sup>4</sup> Net of minority interests.

<sup>5</sup> They include insurance premiums and life insurance investment contracts as defined by IFRS 4.

## Non Life Business

**Direct premiums written**, including the premiums of Fata Assicurazioni equal to € 68 million from the date of the acquisition, rose from € 1,211 million at 30 September 2013 to 1,246 million at 30 September 2014 (+2.9%). Excluding the premiums of Fata Assicurazioni, premiums written fell from € 1,211 million at 30 September 2013 to € 1,178 million at the end of September 2014 (-2.7%). The nine-month trend with respect to the previous year, shows improvements when compared to that of the first semester, with a decrease reducing from -3.5% to -2.7%, and it is still the consequence of the widespread drop on the market of the average motor TPL premium, caused by the growing competition between operators and the weakness of demand associated with the overall economic scenario.

In the **Motor segment**, including the premiums of Fata Assicurazioni, those written came to € 750 million (+0.1% compared to 30 September 2013), while excluding Fata Assicurazioni's premiums, they amounted to € 705 million, down 5.9% with respect to 30 September 2013, against market figures that showed a decline in Motor premiums of 6.2% solely for the first quarter of 2014<sup>6</sup>. Group counteracted the generalised drop in the average premium on the market acquiring new customers (more than 100 thousand new motor policies were sold at the end of October; +4.7%<sup>7</sup>), despite maintaining the usual prudent approach in terms of risk selection.

**Non-motor classes**, with premiums written for € 496 million also including Fata Assicurazioni, increased with respect to September 2013 (€ 462 million, +7.4%). Excluding Fata Assicurazioni's premiums, those written in the non-motor classes amounted to € 473 million, up 2.4% with respect to the same period in 2013. This increase is the result of specific assumptive choices, which resulted in an increase in premiums from retail customers' policies, rather than a clear market trend; by contrast policies intended for the corporate segment decreased.

The combined ratio<sup>8</sup> decreased from 93.5% as at 30 September 2013 to 92%<sup>9</sup>. Excluding Fata Assicurazioni, the combined ratio of the Group at 30 September 2014 stood at 91.5% showing a further improvement also with respect to the end of 2013 (93.5%).

## Life Business

With regard to life business, direct premiums written came to € 2,893 million, up sharply with respect to the third quarter of 2013 (+46%): the traditional classes rose (Class I +55.6% and Class V +7.4%) along with Class III (+59.2%). The constantly growing trend led to a flow, net of amounts settled, which was positive with a consequent increase in the overall technical provisions.

## Financial operations and statement of financial position

The **result of investments**<sup>10</sup> is equal to € 382 million (compared with 375 million at 30 September 2013). Investments at 30 September 2014 amounted to € 19,285 million<sup>11</sup>.

<sup>6</sup> Source: Circolare IVASS of 27 October 2014.

<sup>7</sup> Figure relating to the period as from 31 December 2013 until 7 November 2014 (excluding Fata).

<sup>8</sup> Combined ratio of retained business:  $1 - (\text{Technical balance} / \text{Net premiums})$  inclusive of other technical items.

<sup>9</sup> Including of the result of FATA Assicurazioni from the date of the acquisition, which took place in June.

<sup>10</sup> Financial assets excluding investments whose risk is borne by the policyholders, gross of the tax effects. The result takes into account impairment for € 14 million that, net of taxes and shadow accounting, amount to about 2 million.

<sup>11</sup> The amount of the investments net of the figure related to Fata Assicurazioni totals € 18.656 million.

Gross **technical provisions** for non-life business amounted to € 3,626 million (3,072 million at 31 December 2013)<sup>12</sup>. The considerable increase in premiums written resulted in life business provisions, which include financial liabilities, rising to € 14,749 million (13,165 million at 31 December 2013).

The figures as at 30 September 2014 confirm the Group's capital solidity with a **consolidated Shareholders' Equity** of € 1,742 million (€ 1,561 million as at 31 December 2013).

The Group's **solvency margin** came to 1.46 times the regulatory minimum. This value takes into account the acquisition of Fata Assicurazioni which took place in June.

### Sales Network

The agency network at the end of September 2014 had 1,589 agencies (of which 167 agencies of Fata Assicurazioni) and bank branches, which place Group's products, as at 30 September 2014 numbered 5,956.

### Outlook for business activities

The macroeconomic picture still shows elements of uncertainty in the economic recovery and in the financial market volatility.

The Group will continue its efforts to achieve the goals in terms of volumes and in terms of economic performance.

In Life business the growth of premiums written is confirmed for the different channels of the Group.

In Non-Life business, despite the competition that is still present on the market, the Group will continue producing positive results thanks to the further improvement in the portfolio risk quality.

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The **Chairman** of Cattolica Assicurazioni, **Paolo Bedoni**, declared: *"The overall picture that emerges from the figures of the first nine months of the year, confirms the importance and the validity of the decision of Cattolica's Board of Directors to approve the 2014-2017 Business Plan and to exercise the mandate for the share capital increase. The figures show that the Plan's targets, which strengthen the position of Cattolica in the insurance market, are well within the compass of a group that already has in place, in spite of a persistent situation of economic crisis, a strong profitability and a considerable capital solidity. We are confident that the market will be able to read and appreciate the level of these figures, which allow us to express optimism for the year-end results and to be sure that a right satisfaction will be granted to Shareholders and Members for having chosen to support the project of Cattolica's development and growth in such a challenging market"*.

Cattolica Assicurazioni's **Managing Director**, **Giovan Battista Mazzucchelli**, declared: *"Data concerning the Group's performance in the first nine months of the year are higher than the budget and in line with the growth path outlined in the new Business Plan, which sets important targets for the increase of written premiums and profitability in 2017. It should be emphasized that all sectors contributed to the increase of consolidated net profit to 83 million (+27.7% compared to the same period in 2013). The increase of 4.7% in the client base confirms the Group's dynamism in a*

<sup>12</sup> Gross technical provisions for non-life business without Fata Assicurazioni amounted to € 3.062 million.

*stagnant market. Life business premiums grew by 46% with a remarkable increase of total technical provisions*

*The Group's increased profitability is confirmed along with the strengthening of its capital position. The net consolidated Shareholders' Equity improves by 11.6% compared to the end of last year, while the Solvency I margin stands at 1.46 times the regulatory minimum, taking into account FATA's acquisition which took place in June. These figures fully confirm the concreteness and reasonableness of the profitability targets affirmed in the 2014-2017 Business Plan".*

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The Executive appointed to draw up the corporate accounting documents, Giuseppe Milone, declares in pursuance of Article 154bis, paragraph of the "Testo Unico della Finanza" (Consolidated Law on Finance) that the accounting disclosure contained in this press release complies with the documental results, the books and ledgers and the accounting entries

The Company hereby discloses that the Cattolica Group's Interim Management Report at September 30th, 2014, together with the independent auditors' report, shall be made available to the public at the Registered offices, on the company's website [www.cattolica.it](http://www.cattolica.it), and on the authorised storage platform "1INFO", as per the formalities and by the deadlines envisaged by current legal and regulatory provisions

A conference call has been organised for the presentation of the results at 9.30 a.m. tomorrow, November 13th, 2014 (with double Italian/English audio). The telephone numbers to call are: + 39 02 805 88 11 from Italy, + 44 1212 818003 from the United Kingdom and +1 718 7058794 from the United States. The presentation relating to the results will be available, in Italian and English, on the home page of the website [www.cattolica.it](http://www.cattolica.it) in the Investor Relations section.

*The reclassified statements as at September 30th, 2014 of the Cattolica Group's Interim Management Report have been enclosed, with disclosure that the envisaged independent auditors' report on the same has not yet been issued.*

SOCIETÀ CATTOLICA DI ASSICURAZIONE

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# Cattolica Group - INTERIM MANAGEMENT REPORT as at September 30th 2014

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

Reclassified statement of financial position (€ millions)	30.09.2014	31.12.2013	<i>Items from obligatory statements (*)</i>
<b>Assets</b>			
Investment property and properties	477	395	4.1 + 2.1
Investments in subsidiaries, associates and joint ventures	92	83	4.2
Loans and receivables	1.057	1.172	4.4
Held to maturity investments	250	270	4.3
Available for sale financial assets	13.900	11.235	4.5
Financial assets at fair value through profit and loss	2.791	3.267	4.6
Cash and cash equivalents	718	505	7
<b>Investments</b>	<b>19.285</b>	<b>16.927</b>	
Intangible assets	306	289	1
Technical provisions - reinsurance amount	779	681	3
Other assets net of other liabilities	512	628	(**)
<b>ASSETS</b>	<b>20.882</b>	<b>18.525</b>	
<b>Liabilities and shareholders' equity</b>			
Group capital and reserves	1.443	1.290	
Group profit (loss)	71	44	1.1.9
<b>Group shareholders' equity</b>	<b>1.514</b>	<b>1.334</b>	<b>1.1</b>
Shareholders' equity pertaining to minority interests	228	227	1.2
<b>Consolidated shareholders' equity</b>	<b>1.742</b>	<b>1.561</b>	<b>1</b>
Provision for unearned premiums	743	671	
Provision for outstanding claims	2.883	2.401	
<b>Gross technical provisions - non-life</b>	<b>3.626</b>	<b>3.072</b>	<b>3</b>
<b>Gross technical provisions - life</b>	<b>13.535</b>	<b>12.167</b>	<b>3</b>
Other gross non-life technical provisions	2	2	3
Other gross life technical provisions	355	360	3
Financial liabilities	1.622	1.363	4
<i>of which deposits from policyholders</i>	1.214	998	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>20.882</b>	<b>18.525</b>	
Reclassified income statement (€ millions)	30.09.2014	30.09.2013	<i>Items from obligatory statements (*)</i>
<b>Revenues and income</b>			
Net premiums	3.772	2.939	1.1
Commission income	2	1	1.2
Income and charges from financial instruments at fair value through profit and loss	82	53	1.3
<i>of which class D (***)</i>	77	47	
Income from investments in subsidiaries, associates and joint ventures	2	1	1.4
Income from other financial instruments and investment property	467	479	1.5
<i>of which changes in other financial liabilities</i>	0	0	
Other revenues	37	36	1.6
<b>Total revenues and income</b>	<b>4.362</b>	<b>3.509</b>	
<b>Costs and charges</b>			
Net charges relating to claims	-3.639	-2.795	2.1
Commission expense	-1	-3	2.2
Charges from investments in subsidiaries, associates and joint ventures	0	0	2.3
Charges from other financial instruments and investment property	-75	-98	2.4
Operating expenses	-370	-350	2.5
<i>Commission and other acquisition costs</i>	-256	-240	
<i>Operating expenses relating to investments</i>	-18	-11	
<i>Other administrative expenses</i>	-96	-99	
Other costs	-120	-129	2.6
<b>Total costs and charges</b>	<b>-4.205</b>	<b>-3.375</b>	
<b>Pre-tax profit (loss) for the period</b>	<b>157</b>	<b>134</b>	
Taxation	-74	-69	3
<b>Net profit (loss) for the period</b>	<b>83</b>	<b>65</b>	
<b>Profit (loss) from discontinued operations</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD</b>	<b>83</b>	<b>65</b>	
Profit pertaining to minority shareholders	12	18	
<b>PROFIT PERTAINING TO THE GROUP</b>	<b>71</b>	<b>47</b>	

(\*) 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 provisions, payables and other liability items (statement of financial position items under liabilities = 2 + 5 + 6).

(\*\*\*) Includes the Class D profits recognised in income from the operating expenses relating to investments amounting to € 1 million.

The balances as at September 30th, 2014 include those relating to FATA Assicurazioni Danni acquired in June 2014.