Società Cattolica di Assicurazione - Società Cooperativa
Registered offices in Verona, Lungadige Cangrande n.16
Tax Code 00320160237 – Registered in the Companies Register of Verona as No. 00320160237
Registered in the Cooperative Companies Register as No. A100378

RESULTS OF THE CATTOLICA ASSICURAZIONI GROUP AT 30 JUNE 2018

CATTOLICA IN ACCELERATION: PREMIUMS INCOME AND TECHNICAL PROFITABILITY BOOST OPERATING AND GROUP RESULTS

- **TOTAL PREMIUMS INCOME AT €2.9BLN (+12.6%);**
  GROWTH IN BOTH LIFE (+17.2%) AND NON-LIFE (+5.4%)
- **COMBINED RATIO AT EXCELLENT LEVELS (92.6%)**
- **OPERATING RESULT[1] GROWING STRONG AT €149MLN (+25.1%)**
- **GROUP RESULT AT €51MLN DESPITE INTEGRATION COSTS FOR NEW JV AND ONE-OFF EFFECTS**
- **CONFIRMED GROUP STRONG CAPITAL POSITION WITH SOLVENCY II RATIO[2] AT 160%**

Verona, 3 August 2018. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 30 June 2018.

The CEO of the Cattolica Assicurazioni Group, Alberto Minali, stated: "*The figures we present today show the Group's substantial growth, thanks to the increase of Life and Non-Life volumes and a greater technical profitability. We recorded strong operating result progression at €149mln, a sign that the actions undertaken over the last months are moving in the right direction and allow us to reach a Group result equal to €51mln. Furthermore, the Solvency II data confirms our strong capital position, despite volatility in the bonds market. The industrial turnaround will lead us to achieve the Plan's targets through a sustainable growth that is translating, even in this financial year, to a decisive improvement in operating result and net profits".*

The **total premiums income of the direct and indirect business**, Non-Life and Life[3], grrow by 12.6% to €2,955mln (+4.6% like-for-like[4]). Non-Life business reports an increase of 5.4% (+2.9% like-for-like) in the direct premiums, 8.1% in Non-Motor (+2.9% like-for-like) and 3.2% in the Motor sector (+3% like-for-like). The growth of direct Life premiums is equal to 17.2% (+5.7% like-for-like) and is accompanied by a product review with a progressive reduction of the risk profile. The technical profitability of the Non-Life, with a combined ratio of 92.6%, continues to improve mainly thanks to the Motor business.
Thanks to the increase of Non-Life and Life volumes and the improvement in technical profitability, the **operating result** marks a strong growth of 25.1% at €149mln (+12.6%

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[1] See Glossary
[2] Ratio following distribution of the dividend by the Parent Company, calculated according to the *Standard Formula* using *Undertaking Specific Parameters* (USP). The ratio includes the acquisitions of partnership companies carried out at the time of finalising the closing of the transaction between Cattolica and Banco BPM on 29 March 2018.
[3] It includes life segment insurance premiums and investment contracts as defined by IFRS 4.
[4] Excluding the premiums income relating to the partnership with Banco BPM consolidated in the second quarter of 2018.

like-for-like). The operating ROE[5] at 8.1% has grown of 0.6 p.p. compared to 1H2017, despite the interests on the recently issued subordinated bond.
The **consolidated net result** at €63mln (€8mln 1H2017) and the **Group net result**[6] at €51mln (€1mln 1H2017) show strong growth compared to the previous year. It should in any case be mentioned that the first half of 2017 was marked by significant one-off write-downs for a total of €67mln (of which €66mln Group quota)[7]. The 1H2018 result was also penalised by some one-off impacts, for a total of €12mln, including the additional reserves related to the "dormienti" term life insurance policies, the risk fund for possible VAT application on coinsurance commission and the emergence of a cost linked to the unsuccessful commission recovery on some contracts sold via the branches of the former BPVi network. Impacts linked to the start of the partnership with Banco BPM are also present, such as the integration costs and the amortisation of the Value of Business Acquired.
The solid capital position is confirmed by a Solvency II ratio equal to 160%.

Non-Life Business

The **premiums income from direct business** records a growth of 5.4% to €1,058mln (+2.9% like-for-like), of which €566mln in the **Motor segment**, up by 3.2% (+3% like-for-like), mainly related to an increase in the average premium. The **Non-Motor segment** marks decisive growth in the premiums income for 8.1% to €492mln (+2.9% like-for-like) also due to numerous initiatives envisaged by the Business Plan. This development is in line with the objective to rebalance the mix of Non-Life business in favour of Non-Motor.

The **combined ratio**[8] further improves, passing from 93.4% to 92.6% (-0.8 p.p.), thus confirmed at optimal levels. The claims ratio from retained business improves significantly (from 66.5% to 62.8%) thanks to the improved Motor frequency and average premium, and due to the start of the turnaround of the Non-Motor business, as announced in the Business Plan. The expense ratio reached 28%, up 2.3 p.p., mainly due to the greater provisional incidence of the Non-Motor business and to a lesser amount for investments in support of the launch of the new Plan.

Life Business

In the Life segment **the direct premiums income** increases by 17.2% to €1,892mln (+5.7% like-for-like). The production is supported by a good growth of linked products (+23.6%) in line with the Plan's actions aimed at increasing its weight on the Life portfolio.
The new with-profit Life contracts with guaranteed rates equal to zero have helped to gradually lower the average guaranteed minimum of the Group's stock of mathematical provisions, which stands at 0.9% (1% FY2017).

Financial management and equity situation

The **investments result**[9] is equal to €258mln (€240mln 1H2017) and reflects the increase of the interest costs of the new subordinated bond issued in December 2017.

[5]The operating ROE is the ratio between the sum of the operating result net of the subordinated bond cost, taxes and minority interests and the average of the Group's net assets (excluding the AFS reserves). The taxes are calculated on the basis of a theoretical rate.
[6] Net of minority interests.
[7] See the press releases of 27 July 2017 and 2 August 2017.
[8] Combined ratio of retained business: 1-(Technical balance/net premiums), inclusive of all other technical items.
[9] Financial assets excluding investments whose risk is borne by the policyholders, gross of the tax effects.

The **investments**[10] amount to €32,006mln (€23,285mln FY2017). The **gross technical provisions for the Non-Life sector** equal €3,741mln (€3,603mln FY2017) and the **provisions for the Life sector**, including investment contracts, stand at €25,973mln (€18,082mln FY2017).

The **net consolidated shareholders' equity** is equal to €2,197mln, which has grown compared to 31 December 2017 (€2,108mln), as a consequence of the increase of minority capital due to the consolidation of new Companies in partnership with Banco BPM.

The Group's **Solvency II ratio** is equal to 160%. The ratio proves to be resilient, despite the negative impact of the increase of the spread on Italian government bonds. The ratio is calculated according to the Standard Formula, using the Undertaking Specific Parameters (USP) authorised by the Supervisory Body.

Sales network

At 30 June 2018 the agency network was made up of 1,486 agencies and the Bank branches that place Group products stood at 6,477.

Business outlook

In an insurance market that is still highly competitive, with low interest rates and a significant volatility of the spread on Italian bonds, in the absence of extraordinary events, we foresee a decisive improvement to the operating result and net Group profit compared to the previous financial year.

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The Corporate Financial Reporting Manager, Enrico Mattioli, states pursuant to paragraph 2 of Article 154bis of the Consolidated Law on Finance that the accounts information contained in this press release matches the results of the documents, books and financial records.

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The Company hereby states that the Consolidated Half-yearly Financial Report as at 30 June 2018 of the Cattolica Group, including the report by the auditing firm, will be available to the public at the Company offices and on the Company's website at the address www.cattolica.it and on the storage mechanism authorised by Consob entitled "eMarket STORAGE", managed by Spafid Connect S.p.a. and accessible via the website www.emarketstorage.com, according to the procedures and within the terms foreseen by current legal and regulatory provisions.

The results at 30 June 2018 will be presented to the financial community at 9.30 am CET on 3 August 2018 in a conference call (with double English/Italian audio). The 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. Journalists can follow the event by connecting to the number + 39 02 805 88 27 (listen-only mode). The presentation of the results will be available on the home page of the website www.cattolica.it in the Investor Relations section.

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10 Includes C and D class investments.

The reclassified statements at 30 June 2018 of the Consolidated Half-yearly Financial Report of the Cattolica Group are attached, with indication that the related report expected from the auditing firm has not yet been issued.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

CONTACTS

Investor Relations Officer
Atanasio Pantarrotas
Tel. +39 045 8391738
investor.relations@cattolicaassicurazioni.it

Media Relations Office
Ermina Frigerio – Media Relations
Tel. +39 337 1165255
Angelo Cipriani – Local Media
Tel. +39 045 8391693
ufficiostampa@cattolicaassicurazioni.it

Glossary

Operating result: the operating result does not include highly volatile components (realised gains, write-downs, other one-off items). In detail, the Non-Life operating result is defined as the sum of the technical balance, net of reinsurance, with ordinary financial revenues and other non-technical net items (depreciations, write-down of insurance credits, etc.); The operating result does not include financial realised and unrealised gains/losses and impairments, impairments on other assets, interests paid on financial debts (subordinated debts), the amortisation of the value of business acquired (VOBA), the voluntary redundancy incentives and staff severance indemnity as well as other one-off items. Life operating result is defined in a similar way, with the only difference that the entire financial income contributing to the return of securities pertaining to the segregated funds is considered part of the operating profit.

Cattolica Group - HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2018

(drawn up on the basis of international accounting standards)

Reclassified Financial Position (amounts in millions)	30.06.2018	31.12.2017	Compulsory items (*)
Assets			
Property and real estate investments	764	735	*4.1 + 2.1*
Shares held in subsidiaries, associate companies and joint ventures	91	96	*4.2*
Loans and credits	878	750	*4.4*
Investments owned until expiry	241	243	*4.3*
Financial assets held for sale	23.592	17.168	*4.5*
Financial assets at fair value recognised in the income statement	6.048	4.086	*4.6*
Liquid assets and cash equivalents	392	207	*7*
Investments	**32.006**	**23.285**	
Intangible assets	850	265	*1*
Technical reserves borne by the reinsurers	738	645	*3*
Other assets net of other liabilities	612	700	*(**)*
ASSETS	**34.206**	**24.895**	
Net assets and liabilities			
Group Capital and reserves	1.694	1.805	
Group result	51	41	*1.1.9*
Net Group assets	**1.745**	**1.846**	*1.1*
Net minority assets	452	262	*1.2*
Net consolidated assets	**2.197**	**2.108**	*1*
Premiums reserve	890	750	
Claims reserve	2.851	2.853	
Non-life gross technical reserves	**3.741**	**3.603**	*3*
Life gross technical reserves	**24.026**	**16.680**	*3*
Other non-life gross technical reserves	2	2	*3*
Other life gross technical reserves	1.522	329	*3*
Financial liabilities	2.718	2.173	*4*
of which deposits to policyholders	*1.947*	*1.402*	
NET ASSETS AND LIABILITIES	**34.206**	**24.895**	

Reclassified Income Statement (amounts in millions)	30.06.2018	30.06.2017	Compulsory items (*)
Income and revenues			
Net premiums	2.681	2.326	*1.1*
Commission income	3	3	*1.2*
Revenues and fees deriving from financial instruments at fair value recognised in the income statement	-8	16	*1.3*
D class financial management result (***)	*-9*	*15*	
Revenues deriving from shares held in subsidiaries, associate companies and joint ventures	2	2	*1.4*
Revenues deriving from other financial instruments and real estate investments	362	331	*1.5*
of which variation of other financial liabilities	*0*	*0*	
Other income	43	55	*1.6*
Total income and revenues	**3.083**	**2.733**	
Costs and fees			
Net fees relating to claims	-2.394	-2.138	*2.1*
Commission expense	-2	-1	*2.2*
Fees deriving from shares held in subsidiaries, associate companies and joint ventures	0	-1	*2.3*
Fees deriving from other financial instruments and real estate investments	-88	-81	*2.4*
Management expenses	-357	-295	*2.5*
Commission and other acquisition expenses	*-237*	*-208*	
Management expenses for investments (****)	*-20*	*-15*	
Other administration expenses	*-100*	*-72*	
Other costs	-130	-173	*2.6*
Total costs and fees	**-2.971**	**-2.689**	
Result for the period before taxes	**112**	**44**	
Taxes	-49	-36	*3*
Result for the period net of taxes	**63**	**8**	
Result of ceased operating activities	**0**	**0**	*4*
CONSOLIDATED RESULT FOR THE PERIOD	**63**	**8**	
Result pertaining to third parties	12	7	
RESULT PERTAINING TO THE GROUP	**51**	**1**	

(*) The items of the consolidated financial statement are shown pursuant to ISVAP Regulation No. 7 of 13 July 2007.

(**) Sundry credits, other assets or other tangible assets (items of financial position assets = 5 + 6 + 2.2) net of provisions, payables and other liabilities (items of financial position liabilities = 2 + 5 + 6).

(***) Also included are the class D results recognised in the management expenses for investments equal to less than one million.

(****) Included are management expenses for class D investments equal to less than one million.