

INTERIM FINANCIAL INFORMATION AS OF 30 SEPTEMBER 2018 – PRESS RELEASE

BUSINESS PLAN PROVES ITS EFFECTIVENESS: JUMP IN OPERATING RESULT (+45.5%)

9M CONFIRM START OF YEAR TREND: GROWING PREMIUMS INCOME AND MARKED IMPROVEMENT OF THE COR

- **TOTAL PREMIUMS INCOME AT €4.3BN (+16.7%); STRONG GROWTH IN LIFE (+23.5%), GOOD PERFORMANCE OF NON-LIFE (+5.8%)**
- **COMBINED RATIO SIGNIFICANTLY IMPROVING (93%, -1.9 p.p.)**
- **OPERATING RESULT GROWING STRONGLY AT €231M (+45.5%)**
- **CONSOLIDATED NET RESULT AT €93M AND GROUP AT €72M**
- **GROUP STRENGTH CONFIRMED WITH SOLVENCY II RATIO AT 160%**

Verona, 9 November 2018. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 30 September 2018.

Enrico Mattioli, Deputy General Manager and Chief Financial Officer of the Cattolica Assicurazioni Group, stated: *“The results we present today confirm the 2018 Cattolica Group positive trend, in line with the Business Plan targets. The jump in operating result, which grew by 45.5%, highlights the effectiveness of the business actions undertaken during the year. Total premiums income is growing, also thanks to the agency network’s contribution. This quarter results are enhanced by a marked improvement in the technical performance, with an excellent CoR. The Group’s capital position remains strong, despite the increase of the Italian government bonds spread”.*

The **overall premiums income of the direct and indirect business**, Non-Life and Life,¹ grew by 16.7% to €4,272m (unchanged like-for-like²). The Non-Life business shows an increase of 5.8% (+2.8% like-for-like) in the direct premiums. The growth of direct Life premiums is equal to 23.5% (-1.6% like-for-like) and is linked to a product review with a progressive reduction of the risk profile. Excluding the contribution of Vera and of the JVs with BpVi, Life premiums would grow by 3.4%.

The Non-Life technical profitability has clearly improved, with a combined ratio of 93%, down -1.9 p.p. compared to 9M2017, mainly thanks to Non-Motor.

Following the increase of Non-Life and Life volumes and the confirmed technical profitability, the **operating result**³ posts a 45.5% growth at €231m (+17.5% like-for-like) thanks to an improved technical result both in Life and Non-Life and to the contribution

¹ It includes life segment insurance premiums and investment contracts as defined by IFRS 4.

² Excluding the income relating to the partnership with Banco BPM established in the second quarter of 2018.

³ See Glossary.

of the new joint ventures with Banco BPM. The operating ROE⁴ at 8% has grown by 0.9 p.p. despite the increase of the interest costs following the subordinated bond issued at the end of 2017.

The **consolidated net result** at €93m (€30m 9M2017) and the **Group net result**⁵ at €72m (€21m 9M2017) show a strong growth compared to the previous year⁶.

Non-Life Business

The **premiums income from direct business** recorded a 5.8% improvement to €1,475m (+2.8% like-for-like), of which €815m in the **Motor segment** which is up by 3.1% (+2.8% like-for-like), mainly due to an increase in the average premium. The **Non-Motor segment** shows significant growth in the premiums income, +9.3% to €660m (+2.8% like-for-like) also due to numerous initiatives of the Business Plan implementation phase. In fact, this development is in line with the objective to rebalance the mix of Non-Life business in favour of Non-Motor.

The **combined ratio**⁷ significantly improved, from 94.9% to 93% (-1.9 p.p.). The claims ratio (retained business) improved by 4.3 p.p. (from 68.4% to 64.1%) thanks to the falling claims frequency, to the increase of the average Motor premium and to the start of the turnaround of Non-Motor, in line with the Business Plan directives. The expense ratio stands at 28%, up +2.5 p.p., mainly due to the production mix and, to a lower extent, to the investments needed to support the Business Plan.

Life Business

In the Life segment **premiums income from direct business** increased by 23.5% to €2,797m. The production is supported by a positive increase of linked products (+30.6%) in line with the Plan's actions.

The new with-profit Life contracts with guaranteed minimum rates equal to zero have helped to further lower the average guaranteed minimum of the Group's stock of mathematical provisions, which now stands at 0.8% (1% FY2017; 0.9% 1H2018).

Financial management and balance sheet position

The **result from investments**⁸ is equal to €380m (€357m 9M2017); it reflects the increase of the interest costs of the new subordinated bond issued in December 2017 and the consolidation of the new companies in partnership with Banco BPM.

The **investments**⁹ amount to €31,749m (€23,285m FY2017). The **Non-Life gross technical provisions** equal €3,690m (€3,603m FY2017) while the **Life sector provisions**¹⁰, including investment contracts, stand at €26,793m (€18,082m FY2017).

⁴The 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.

⁵ Net of minority interests.

⁶ In the press release of 3 August 2018, it was pointed out how the 1H2018 result was penalised by some one-off impacts, for a total of €12m, 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. It should in any case be remembered that the first part of 2017 was marked by significant one-off write-downs for a total of €67m (of which €66m Group quota).

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

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

⁹ Includes C and D class investments.

¹⁰The data of the Life provisions at 1H2018 was equal to €26,849m, higher than the data reported in the press release of 3 August (€25,973m) which did not contain a part of the provisions classed as investment contracts.

The **net consolidated shareholders' equity** is equal to €2,184m, growing compared to 31 December 2017 (€2,108m), due to the increase of minority capital linked to the consolidation of the new Companies in partnership with Banco BPM.

The Group's **Solvency II ratio** is equal to 160%. The ratio is stable, despite 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. It is noted that the ratio did not benefit from the countercyclical measure of "country specific volatility adjustment".

Sales network

At 30 September 2018 the agency network was made up of 1,484 agencies and the Bank branches distributing Group products stood at 6,363.

Business outlook

In an insurance market that remains 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 an improvement of both the operating result and of net Group profits compared to the previous financial year.

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.

The results at 30 September 2018 will be presented to the financial community at 9.30 am of 9 November 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.

Summary of the main Group data:

(amounts in millions of €)	30.09.2017	30.09.2018	var %
Net premiums	3,344	3,998	19.6%
Net charges relating to claims	-3,100	-3,601	16.1%
Operating expenses	-408	-506	24.1%
<i>of which commission and other acquisition costs</i>	-301	-351	16.8%
<i>of which other administration expenses</i>	-107	-155	44.6%
Other revenues net of other costs (other technical income and charges)	-42	-34	-20.5%
Income on ordinary gross investments (Class C)	379	423	11.4%
Income on ordinary gross investments (Class D)	28	10	-63.1%
Commissions income net of commissions expense	4	2	-44.2%
Operating expenses relating to investments	-21	-30	40.0%
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	184	262	44.1%
Other revenues net of other operating costs	-25	-31	35.1%
OPERATING RESULT	159	231	45.5%
Realised and valuation income	-2	3	n.s.
Interests on subordinated debt	-7	-23	n.s.
Net income from investments in subsidiaries, associate companies and joint ventures	2	3	91.9%
Other revenues net of other non-operating costs	-72	-48	-34.5%
PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR	80	166	n.s.
Taxes	-50	-73	46.2%
CONSOLIDATED RESULT FOR THE PERIOD	30	93	n.s.
of which pertaining to the Group	21	72	n.s.
of which pertaining to minority interests	9	21	n.s.

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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.