

PRESS RELEASE

TREND IS CONFIRMED POSITIVE IN THE FIRST MONTHS OF 2019

GROWING PREMIUMS INCOME AND IMPROVEMENT OF THE OPERATING RESULT

- **TOTAL PREMIUMS INCOME AT €1.5B (+13%): GROWTH BOTH IN LIFE (+17.2%) AND IN NON-LIFE (+5.4%)**
- **STRONG GROWTH OF NON-MOTOR PREMIUMS (+17.1%)**
- **COMBINED RATIO STABLE AT 93.7%**
- **OPERATING RESULT GROWING AT €60M (+33.2%)**
- **GROUP RESULT AT €26M (+10.5%)**
- **SOLVENCY II RATIO AT 161%**

Verona, 10 May 2019. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 31 March 2019.

Enrico Mattioli, Deputy General Manager and Chief Financial Officer of the Cattolica Assicurazioni Group, stated: *“The figures we are presenting today show a positive trend for the Company: the operating result and the Group’s net result both display a double-digit growth with sound technical fundamentals. The quarter, characterised by a complex market situation, confirms the Group’s technical excellence and an overall growing premiums income, supported both by Life and Non-Life sectors. Premiums show a strong increase in Non-Motor, in line with what is envisaged in the Business Plan. The Group’s strength is confirmed with a Solvency II Ratio of 1.61 times the regulatory minimum, despite the decline in interest rates”.*

The **overall premiums income of the direct and indirect business**, Life and Non-Life¹ grew by 13% at €1,506m (down by 16.6% like-for-like²). The Non-Life business shows a 5.4% increase (+1.2% like-for-like) in direct premiums. The growth of direct Life premiums is equal to 17.2% (-26.2% like-for-like) and is linked to a product review with a progressive reduction of the risk profile.

The Non-Life technical profitability is confirmed stable, with a combined ratio of 93.7%, unchanged compared to 1Q2018, thanks in particular to Non-Motor.

The **operating result**³ records a sharp growth of 33.2% at €60m especially thanks to the consolidation of the new joint ventures with Banco BPM. It should be noted that,

¹ Includes insurance premiums and life insurance contracts as defined by IFRS 4.

² Excluding the premiums income relating to the partnership with Banco BPM written in 2018 starting from the second quarter.

³ See Glossary.

even like-for-like, the operating result would grow by +5.3%, thanks to the increase of Non-Life volumes and to a confirmed excellent technical profitability. The operating RoE⁴ at 7% has grown by 2.1 p.p.

The **Group net result**⁵ at €26m (€24m 1Q2018) records an increase compared to the previous year (+10.5%).

Non-Life Business

The **premiums income from direct business** recorded a growth of 5.4% at €492m (+1.2% like-for-like), of which €272m in the **Motor segment**, down by 2.4% (-2.9% like-for-like), due to the non-renewal of a large fleet policy and to the decrease in the number of policies, partly offset by the slight increase of the average premium. The **Non-Motor segment** shows significant growth in the premiums income, +17.1% at €220m (+7.2% like-for-like), also due to the many initiatives envisaged in the Business Plan. This development confirms the effectiveness of the actions stated in the Business Plan to rebalance the Non-Life business mix in favour of Non-Motor.

The **combined ratio**⁶ is confirmed stable and profitable at 93.7%. The claims ratio (retained business) improved by 1.2 p.p. (from 65.2% to 64%) mainly thanks to the start of the turnaround of Non-Motor, in line with the Business Plan directives. The expense ratio stands at 28.9%, mainly due to the shift of the business mix toward the Non-Life segment as strategically planned 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 17.2% at €1,012m. The new with-profit Life contracts with guaranteed rates equal to zero have helped to further lower the average minimum guaranteed of the Group's stock of mathematical reserves, which now stands at 0.74% (0.78% FY2018). Furthermore, all new traditional insurance contracts are characterised by a low capital absorption thanks to their low risk profile.

Financial management and balance sheet position

The **result from investments**⁷ stands at €118m (€101m 1Q2018), despite the substantial lack of contribution coming from net realised gains.

The **investments**⁸ amount to €32,103m. The **Non-Life gross technical provisions** equal €3,695m (€3,748m FY2018) while the **Life sector provisions**, including investment contracts, stand at €26,886m (€26,503m FY2018).

The **net consolidated shareholders' equity** is equal to €2,333m, growing compared to 31 December 2018 (€2,255m).

The Group's **Solvency II ratio** is equal to 161%, despite the decline in interest rates. The ratio is calculated according to the Standard Formula with the use of the Undertaking Specific Parameters (USP) authorised by the Supervisory Authority. It is

⁴ The operational ROE is the ratio between the sum of the net operating earnings of the cost of employment, taxes and minority interests and the average of the Group's net equity (excluding the AFS reserve). Taxes are calculated consistently with the operating result assets and liabilities.

⁵ Net of minority interests.

⁶ Combined ratio of retained business: 1-(Technical balance/net premiums), inclusive of all other technical items.

⁷ Financial assets excluding investments whose risk is borne by the policyholders, gross of the tax effects.

⁸ Includes C and D class investments.

noted that this ratio did not benefit from the counter-cyclical measure of the "country specific volatility adjustment".

Sales network

At 31 March 2019 the agency network was made up of 1,439 agencies and the Bank branches distributing Group products stood at 6,031.

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 for 2019 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 as at 31 March 2019 will be presented to the financial community today, 10 May 2019, at 9.30 CET in conference call (with Italian/English/original audio). The numbers to be dialed are: + 39 02 805 88 11 from Italy, + 44 1 212818003 from the United Kingdom and +1 718 7058794 from the United States. Journalists can follow the event by dialing +39 02 805 88 27 (listening mode only). The results presentation will be available on the home page of the site www.cattolica.it in the Investor Relations section.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

Cattolica Assicurazioni is one of the major players in the Italian insurance market and the only cooperative company in the sector listed on the Milan Stock Exchange, where it has been present since November 2000. With almost 3.6 million customers relying on insurance solutions and distributed products, the Group records premium income of almost €6 billion (2018). At Group level, Cattolica has over 1,439 agencies spread throughout Italy, both in large and small centres and a network of 1,924 agents. For more information: <https://www.cattolica.it/en/profile>

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Summary of the main Group data:

(amounts in millions of €)	31.03.2018	31.03.2019	var %
Net premiums	1.213	1.424	17.3%
Net charges relating to claims	-1.089	-1.441	32.3%
Operating expenses	-145	-180	25.1%
<i>of which commission and other acquisition costs</i>	-102	-127	25.4%
<i>of which other administration expenses</i>	-43	-53	24.4%
Other revenues net of other costs (other technical income and charges)	-15	-18	20.4%
Income on ordinary gross investments (Class C)	115	134	16.9%
Income on ordinary gross investments (Class D)	-19	161	n.s.
Commissions income net of commissions expense	1	0	-98.8%
Operating expenses relating to investments	-9	-12	28.7%
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	52	68	29.8%
Other revenues net of other operating costs	-7	-8	8.0%
OPERATING RESULT	45	60	33.2%
Realised and valuation income	1	2	n.s.
Interests on subordinated debt	-8	-7	-2.1%
Net income from investments in subsidiaries, associate companies and joint ventures	1	1	-23.5%
Other revenues net of other non-operating costs	1	-12	n.s.
PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR	40	44	10.4%
Taxes	-15	-16	8.0%
CONSOLIDATED RESULT FOR THE PERIOD	25	28	11.8%
of which pertaining to the Group	24	26	10.5%
of which pertaining to minority interests	1	2	27.2%

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.