

PRESS RELEASE

RESULTS OF THE CATTOLICA ASSICURAZIONI GROUP AT 30 JUNE 2019

NET PROFIT GROWING STRONGLY IN THE FIRST HALF OF 2019 (+20.5%). GROUP'S SOLVENCY POSITION INCREASING

- TOTAL PREMIUM INCOME AT €3.3B (+10.6%): GROWTH IN BOTH LIFE (+14.8%) AND NON-LIFE (+3%)
- NON-MOTOR PREMIUMS CONTINUE TO GROW IN NON-LIFE (+9.3%)
- STRONG COMBINED RATIO (93.4% +0.8 p.p.) DESPITE THE INCREASED INCIDENCE OF CLAIMS DUE TO WEATHER RELATED EVENTS
- OPERATING RESULT AT €156M (+4.3%)
- GROUP NET PROFIT GROWING SHARPLY TO €61M (+20.5%)
- SOLVENCY II RATIO RISING TO 165% (161% 1Q2019)

Verona, 9 August 2019. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 30 June 2019.

Alberto Minali, Chief Executive Officer of the Cattolica Assicurazioni Group, stated: *“The results presented today show that the Group is on track to deliver its targets thanks to its disciplined approach. Half way through the 2018-2020 Business Plan, the operating result posts an increase for the sixth consecutive quarter, total premium income and profit are showing double-digit growth and profitability is confirmed – signs of the Group's technical and underwriting expertise and of the strength of its agency and bank sales networks. The Solvency position is 1.65 times the regulatory requirement, an improvement on the previous quarter.”*

Total premium income from direct and indirect Life and Non-Life¹ business is up 10.6% to €3,268m (down 2.8% like-for-like). Non-Life direct premiums are up 3%. The growth of Life premiums is equal to 14.8% and the product review is progressively reducing the risk profile of the business.

The increase in Non-Life and Life business volumes and technical profitability drives an improvement at the level of **operating result²**, which rises by 4.3% to €156m.

On a like-for-like basis, and also excluding the contribution of the JVs with the former BpVi, operating result would rise by 3.1% to €145m. This figure, which rose for the

¹ This figure includes insurance premiums and life insurance contracts as defined by IFRS 4.

² See the Glossary.

sixth consecutive quarter, is a proof of the effectiveness of the Business Plan and of the strategy being implemented by the Group and is reflected in the 0.5 p.p. increase of the operating RoE³ which stands at 8.6% despite the increased incidence of weather related claims that characterised the half-year, compared with the same period of 2018.

The Group's net result⁴ of €61m (€51m in 1H2018) grows sharply, by 20.5%, versus the previous year (+17.1% like-for-like).

Non-Life Business

Direct premium income is up by 3% to €1,090m (+1.1% like-for-like). This figure includes €538m attributable to the **Non-Motor segment**, up sharply by 9.3% (+5.6% like-for-like) due to the many initiatives envisaged in the Business Plan to rebalance the Non-Life business mix in favour of the Non-Motor segment. The **Motor segment** stands at €552m, down by 2.5% (-2.8% like-for-like) due to measures to recover profitability through an increase in the average premium and some specific pruning initiatives.

The **combined ratio**⁵ goes from 92.6% to 93.4% (+0.8 p.p.), an increase essentially attributable to the higher incidence of weather related claims for €24m, up €7m compared with 1H2018. The claims ratio of retained business remains essentially unchanged at 62.6% (-0.2 p.p.) due to the decline in the frequency and to an increase in the average premium in the Motor segment, and to the turnaround in the Non-Motor segment, in accordance with the guidelines set in the Business Plan. If we excluded the effect of the increase in claims associated with bad weather, the claims ratio would further improve and would stand at 61.9%. The expense ratio is 29.4%, up 1.4 p.p., mainly due to the business mix effect, which has an impact on the commission ratio (+0.9 p.p.) and, to a lesser extent, to the investments in support of the new Plan.

Life Business

In the Life segment, **premium income from direct business** is up by 14.8% to €2,171m (-5% like-for-like). Premium income is driven by a very positive increase in unit-linked products (+37.2%), in line with the actions outlined in the Plan; after a slow start also due to the financial markets conditions, such products accelerated sharply in the second quarter (+68.8%) mainly thanks to the contribution of the bancassurance partnership with Banco BPM.

The new with-profit Life contracts with zero guaranteed rate have helped to further lower the average minimum guaranteed of the Group's stock of reserves, which now stands at 0.65% (0.78% in FY2018), continuing the reduction targeted in the Business Plan. Furthermore, all new traditional insurance contracts are characterised by a low capital absorption.

Financial management and balance sheet position

The **result of investments**⁶ is €252m (€258m 1H2018), down due to a decline in net realised gains and to a general downturn of interest rates.

Investments amount to €32,648m. The **gross technical reserves of the Non-Life business** amount to €3,754m (€3,748m FY2018), whereas the **reserves of the Life business**, including financial liabilities associated with investment contracts, amount to €27,188m (€26,503m FY2018).

³ The operational ROE is the ratio between the sum of the net operating result of the cost of subordinated debt, taxes and minority interests and the average of the Group's net equity (excluding the AFS reserve).

⁴ Net of the minority-interest share.

⁵ Combined ratio for retained business: 1-(Technical balance/net premiums), inclusive of the other technical items.

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

The figures at 30 June 2019 confirm the capital soundness, with a **net consolidated shareholders' equity** of €2,331m, up on 31 December 2018 (€2,255m).

The Group's **Solvency II ratio** is 165% (161% 1Q2019). The ratio is calculated according to the Standard Formula using the Undertaking Specific Parameters (USPs) authorised by the supervisory authority. It should be noted that this ratio has not benefited from the countercyclical country-specific volatility adjustment.

Distribution Network

At 30 June 2019 the agency network consisted of 1,429 agencies and there were 6,107 bank branches distributing the Group's products.

Business outlook

In an insurance market that continues to be characterised by a high level of competition, additional decline in interest rates and significant volatility of the spread on Italian bonds, in the absence extraordinary events, we forecast that the Group's operating result and net profit in 2019 will improve compared to the previous financial year.

Pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, Corporate Financial Reporting Manager Enrico Mattioli declares that the accounting information contained in this press release matches the company documents, books and financial records.

Please be advised that the Cattolica Group's Consolidated Interim Report at 30 June 2019, inclusive of the independent auditors' report, will be available to the public from the Company's registered office, its website, www.cattolica.it, and the storage facility authorised by Consob eMarket STORAGE, managed by Spafid Connect S.p.a. and accessible from the site www.emarketstorage.com, in the manner and according to the terms set out in applicable laws and regulations.

The results at 30 June 2019 will be presented to the financial community at 09:30 hours today, 9 August 2019, in a conference call (with Italian, English and original audio). The numbers to be called are: + 39 02 805 88 11 from Italy, + 44 1 212818003 from the United Kingdom and +1 718 7058794 from the United States. Journalists may follow the event by calling +39 02 805 88 27 (listen-only mode). The results presentation will be available on the homepage of the site www.cattolica.it in the Investor Relations section.

The reclassified statements at 30 June 2019 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

Cattolica Assicurazioni is one of the main players on the Italian insurance market and the only cooperative company in its industry to be listed on the Milan Stock Exchange, where it has been present since November 2000. With nearly 3.6 million customers who rely on the insurance solutions and products it distributes, the Group has total premiums of nearly €6 billion (2018). At the Group level, Cattolica has 1,429 agencies spread throughout Italy, covering both large cities and smaller towns, and a network of 1,907 agents. For further information: www.cattolica.it/profilo-societario

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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.

Cattolica Group - HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2019

(drawn up based on international accounting standards)

Reclassified Balance Sheet (amounts in millions)	30.06.2019	31.12.2018	Compulsory items (*)
Assets			
Property and real estate investments	1.009	957	4.1 + 2.1
Shares held in subsidiaries, associate companies and joint ventures	123	119	4.2
Loans and credits	1.184	865	4.4
Investments owned until expiry	226	225	4.3
Financial assets held for sale	23.703	23.120	4.5
Financial assets at fair value recognised in the income statement	5.819	5.810	4.6
Liquid assets and cash equivalents	584	406	7
Investments	32.648	31.502	
Intangible assets	892	911	1
Technical reserves borne by the reinsurers	697	702	3
Other assets net of other liabilities	588	705	(**)
ASSETS	34.825	33.820	
Net assets and liabilities			
Group Capital and reserves	1.787	1.673	
Group result	61	107	1.1.9
Net Group assets	1.848	1.780	1.1
Net minority assets	483	475	1.2
Net consolidated assets	2.331	2.255	1
Premiums reserve	894	854	
Claims reserve	2.860	2.894	
Non-life gross technical reserves	3.754	3.748	3
Life gross technical reserves	25.460	24.693	3
Other non-life gross technical reserves	2	2	3
Other life gross technical reserves	673	521	3
Financial liabilities	2.605	2.601	4
of which deposits to policyholders	1.728	1.810	
NET ASSETS AND LIABILITIES	34.825	33.820	
Reclassified Income Statement (amounts in millions)	30.06.2019	30.06.2018	Compulsory items (*)
Income and revenues			
Net premiums	3.032	2.681	1.1
Commission income	3	3	1.2
Revenues and fees deriving from financial instruments at fair value recognised in the income statement	208	-8	1.3
D class financial management result (***)	209	-9	
Revenues deriving from shares held in subsidiaries, associate companies and joint ventures	3	2	1.4
Revenues deriving from other financial instruments and real estate investments	399	362	1.5
of which variation of other financial liabilities	0	0	
Other income	76	43	1.6
Total income and revenues	3.721	3.083	
Costs and fees			
Net fees relating to claims	-2.903	-2.394	2.1
Commission expense	-3	-2	2.2
Fees deriving from shares held in subsidiaries, associate companies and joint ventures	0	0	2.3
Fees deriving from other financial instruments and real estate investments	-126	-88	2.4
Management expenses	-407	-357	2.5
Commission and other acquisition expenses	-275	-237	
Management expenses for investments (****)	-26	-20	
Other administration expenses	-106	-100	
Other costs	-161	-130	2.6
Total costs and fees	-3.600	-2.971	
Result for the period before taxes	121	112	
Taxes	-45	-49	3
Result for the period net of taxes	76	63	
Result of ceased operating activities	0	0	4
CONSOLIDATED RESULT FOR THE PERIOD	76	63	
Result pertaining to third parties	15	12	
RESULT PERTAINING TO THE GROUP	61	51	

(*) 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 1 million and other revenues equal to 3 million.

(****) Included are management expenses for class D investments equal to 1 million.