

PRESS RELEASE

CATTOLICA ASSICURAZIONI GROUP RESULTS AT 30 SEPTEMBER 2019

NET PROFIT GROWING IN THE FIRST NINE MONTHS OF 2019 (+15.8%). GROUP'S SOLVENCY POSITION FURTHER INCREASING

- **TOTAL PREMIUM INCOME AT €5BLN (+16.5%): GROWTH IN BOTH LIFE (+23.4%) AND NON-LIFE (+3.3%)**
- **NON-MOTOR PREMIUMS CONTINUE TO GROW IN NON-LIFE (+9.7%)**
- **COMBINED RATIO AT GOOD LEVEL 95.1% (+2.1 p.p.), DESPITE THE HIGHER INCIDENCE OF WEATHER-RELATED CLAIMS (+2.8 p.p.)**
- **OPERATING RESULT AT €216M (-6.4%; IMPACTED BY A MATERIAL INCREASE IN WEATHER RELATED EVENTS, +40M YEAR ON YEAR)**
- **GROUP NET PROFIT GROWING SHARPLY TO €84M (+15.8%)**
- **CAPITAL STRENGTH FURTHER INCREASING WITH SOLVENCY II RATIO AT 169% (165% 1H2019)**

Verona, 8 November 2019. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 30 September 2019.

Carlo Ferraresi, General Manager of the Cattolica Assicurazioni Group, stated: *"We are reporting a strong set of results, demonstrating Cattolica's industrial capacity and ability to create value, despite a very challenging environment due to low interest rates, high volatility of the spread and a strong market competition. The Company is moving in continuity with the business strategy presented to the markets: the whole managerial team, all the employees and the collaborators will continue to work hard over the next months to respect the targets of the Business Plan and to repay the trust of Members and shareholders"*.

Total premium income from direct and indirect Life and Non-Life business¹ is up by 16.5% at €4,986m (+7.2% like-for-like). Non-Life direct premiums are up 3.3%. The growth of Life premiums is equal to 23.4% with an increasing incidence of the unit-linked products (31% on total premiums) and of the traditional products with a low risk profile.

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

The increase in weather-related claims (€40m of higher costs, net of reinsurance, in 9M2019 vs. 9M2018) has determined an increase of the combined ratio at 95.1% (+2.1 p.p.) and a decline of the **operating result**² (-6.4% at €216m).

On a like-for-like basis, also excluding the contribution of the JVs with the former BpVi and neutralising the impact of weather-related events, the operating result would raise by 11.4% at €243m. The operating RoE³ stands at 7.3%.

The **Group's net result**⁴ of €84m (€72m 9M2018) grows by 15.8% versus the previous year.

Non-Life Business

Direct premium income is up by 3.3% to €1,523m (+1.9% like-for-like). This figure includes €724m attributable to the **Non-Motor segment**, up sharply by 9.7% (+6.9% 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 €799m, down by 1.9% (-2.1% 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 increases from 93.0% to 95.1% (+2.1 p.p.), a growth essentially attributable to the higher incidence of weather-related claims whose impact was 6.9% on 9M2019 net earned premiums, up 2.8 p.p. compared to the same period of 2018. The retained business claims ratio increases to 65.1% (+1.0 p.p.) whereas the expense ratio stands at 28.8%, up 0.8 p.p., due to the business mix effect, which has an impact on the commission ratio (+0.6 p.p.); the G&A expense ratio increases slightly.

Life Business

In the Life segment, **premium income from direct business** is up by 23.4% to €3,452m (+10% like-for-like). Premium income is driven by a very positive increase in unit-linked products (+79.8%), in line with the actions outlined in the Plan; such products accelerated sharply in the second quarter 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 reserves, which now stands at 0.61% (0.78% FY2018), continuing the reduction targeted in the Business Plan. Furthermore, all new traditional insurance contracts are characterised by a low capital absorption thanks to their technical features that enable a low risk profile.

Financial management and balance sheet position

The **result of investments**⁶ is €437m (€380m 9M2018), with an increasing Non-Life ordinary component (+4.9%) thanks to an improved Group's strategic asset allocation. **Investments** amount to €33,811m. The **gross technical reserves of the Non-Life business** amount to €3,736m (€3,690m 9M2018) whereas the **reserves of the Life business**, including financial liabilities associated with investment contracts, amount to €28,243m (€26,793m 9M2018).

² See the Glossary

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 minority interests.

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

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

The **net consolidated shareholders' equity** is equal to €2,398m, growing compared to 31 December 2018 (€2,255m).

The Group's **Solvency II ratio** is 169%, increasing compared to the 1H2019 level (165%), also thanks to the contraction of the spread on Italian Government bonds and despite the decrease of the risk-free interest rates. The ratio is calculated according to the Standard Formula using the Undertaking Specific Parameters (USPs) authorised by the supervisory authority.

Sales network

At 30 September 2019 the agency network was made up of 1,419 agencies and the Bank branches distributing Group products stood at 6,082.

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 of further extraordinary events, we forecast that the Group's economic results in 2019 will be substantially in line with the previous financial year, despite the sharp increase in the cost of weather-related claims during the first 9 months of the 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.

The results at 30 September 2019 will be presented to the financial community at 9:30 CET today, 8 November 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.

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 1,419 agencies spread throughout Italy, covering both large cities and smaller towns, and a network of 1,900 agents. For further information: www.cattolica.it/profilo-societario

CONTACTS
Investor Relations Officer

Atanasio Pantarrotas, CFA

Tel. +39 045 8391738

Investor.relations@cattolicaassicurazioni.it
Media Relations Office

Erminia Frigerio – Media Relations

Tel. +39 337 1165255

Angelo Cipriani – Local media

Tel. +39 045 8391693

ufficiostampa@cattolicaassicurazioni.it
Summary of the main Group data:

(amounts in millions of €)	30.09.2018	30.09.2019	var %
Net premiums	3,998	4,744	18.7%
Net charges relating to claims	-3,601	-4,595	27.6%
Operating expenses	-506	-566	11.8%
<i>of which commission and other acquisition costs</i>	-351	-407	15.9%
<i>of which other administration expenses</i>	-155	-159	2.6%
Other revenues net of other costs (other technical income and charges)	-34	-57	63.6%
Income on ordinary gross investments	433	745	71.7%
Income on ordinary gross investments Class C	423	465	9.7%
Income on ordinary gross investments Class D	10	280	n.s.
Commissions income net of commissions expense	2	13	n.s.
Operating expenses relating to investments	-30	-37	24.3%
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	262	247	-5.7%
Other revenues net of other operating costs	-31	-31	-0.7%
OPERATING RESULT	231	216	-6.4%
Realised and valuation income	3	13	n.s.
Interests on subordinated debt	-23	-22	-2.3%
Net income from investments in subsidiaries, associate companies and joint ventures	3	4	54.1%
Other revenues net of other non-operating costs	-48	-36	-24.7%
PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR	166	175	5.7%
Taxes	-73	-67	-8.0%
CONSOLIDATED RESULT FOR THE PERIOD	93	108	16.4%
of which pertaining to the Group	72	84	15.8%
of which pertaining to minority interests	21	24	18.3%

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.