

PRESS RELEASE

RESULTS OF CATTOLICA ASSICURAZIONI GROUP AT 31 DECEMBER 2018

CATTOLICA REPORTS IN 2018 ITS BEST GROUP RESULT OF THE LAST DECADE (€107M)

2018 OPERATING RESULT STRONGLY INCREASING BY +42.2% THANKS TO HIGHER PREMIUMS INCOME AND TO THE IMPROVEMENT OF TECHNICAL MARGINS. SOLID CAPITAL POSITION CONFIRMED

PROPOSED DIVIDEND PER SHARE AT €0.40 (+14.3%)

- TOTAL PREMIUMS INCOME UP TO €5.8BN (+15.7%); NON-LIFE (+4.4%) AND LIFE (+23.2%) BOTH GROWING
- COMBINED RATIO IMPROVING AT 93.4% (-1.3 p.p.)
- OPERATING RESULT GROWING STRONGLY (+42.2%) AT € 292M
- GROUP RESULT AT €107M
- GROUP STRENGTH CONFIRMED WITH SOLVENCY II RATIO AT 172% POST DIVIDEND

ORDINARY ANNUAL GENERAL MEETING CALLED ON 12 AND 13 APRIL 2019 (FIRST AND SECOND CALL)

Verona, 8 March 2019. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 31 December 2018.

Paolo Bedoni, Chairman of Cattolica Assicurazioni Group, stated: "*Cattolica reports in 2018 a Group result of €107 million, in line with the Business Plan. Over these years, I have seen Cattolica transform and evolve, but 2018 marked an important step change for the Company, that today boasts an even stronger presence in the market and across the national territory. The results reached thanks to the quality of the management team, of Agents, of all distribution channels and of all collaborators, despite a turbulent market context, enable us to propose to the next Annual General Meeting a dividend per share of €0.40, increased by +14.3% compared to the previous year. The history of Cattolica is today that of a healthy and profitable Company, which has been able to renew itself by remaining consistent with the fundamental principles that inspire it and these results demonstrate to the Members the good management of the Company and the validity of the actions put in place.*"

Alberto Minali, Chief Executive Officer of Cattolica Assicurazioni Group, stated: *"Cattolica reports in 2018 an excellent result which makes us proud and enables us to look forward to the future with optimism as it proves the good start of the Business Plan. Today we present ourselves to the market with a strongly growing operating result, an optimal level of technical excellence and a confirmed capital soundness. These results confirm the solidity of our Group and the strength of the actions undertaken in a year during which we have carried out several projects. Industrial and cultural transformation is underway and already displaying the first results in terms of value created in the interest of all Members, shareholders and stakeholders"*.

The **overall premiums income of the direct and indirect business**, Life and Non-Life¹ grew sharply by 15.7% to €5,793m (-3.6% like-for-like²). The Non-Life business shows a 4.4% increase (+1.3% like-for-like) in direct premiums. The growth of direct Life premiums is equal to 23.2% (-7.1% like-for-like) and is linked to a product review with a progressive reduction of the risk profile. The Non-Life technical profitability has clearly improved, with a combined ratio of 93.4%, down by -1.3 p.p. compared to FY17, despite the higher investments required to support the Business Plan activities (G&A expense ratio +0.8 p.p.).

The increase of Life and Non-Life volumes and the improvement of technical profitability led to a strong acceleration of the **operating result**³ that records a sharp growth of +42.2% to €292m (+17.8% like-for-like). This figure shows the effectiveness of both the Business Plan and the strategy that the Company is implementing as also reflected by the profitability indicators: operating RoE⁴ at 7.5%, up 1.3 p.p. despite the increase of the interest costs following the issue of the subordinated bond at the end of 2017.

The **Group net result**⁵ at €107m (€41m FY2017) recorded a sharp increase compared to the previous year⁶.

Non-Life Business

The **premiums income from direct business** recorded a growth of +4.4% at €2,104m (+1.3% like-for-like), of which €1.111m in the **Motor segment**, +0.8% (+0.4% like-for-like), due to an increase in the average premium. The **Non-Motor segment** shows significant growth in the premiums income, +8.8% at €993mln (+2.3% like-for-like), also due to the many initiatives envisaged in the Business Plan. This development is in line with the Business Plan's objective of rebalancing the Non-Life business mix in favour of Non-Motor.

The **combined ratio**⁷ improves from 94.7% to 93.4% (-1.3 p.p.). Progress took place despite the claims related to the weather events that occurred during the fourth quarter of 2018. The claims ratio of retained business improved by 4.3 p.p. (from 67.5% to

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

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 The consolidated net result as at FY2018 is penalised by some one-off impacts, for a total of €13m, 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 work: 1- (Technical balance / net premiums), including other technical items.

63.2%) 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 29.1%, up 2.6 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 23.2% at €3,672m. Production is supported by a positive increase in linked products (+33.9%) in line with the Business Plan's actions.

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 0.78% (1.00% FY17).

Financial management and balance sheet position

The **result from investments**⁸ is stable at €484m (€491m FY17), despite the substantial lack of contribution coming from net realised gains.

The **investments** amount to €31,502m. The **Non-Life gross technical provisions** equal €3,748m (€3,603m FY17) while the **Life sector provisions**, including investment contracts, stand at €26,503m (€18,082m FY17).

The figures as at 31 December 2018 confirm the Group's capital soundness, with a **net consolidated shareholders' equity** equal to €2,255m, up compared to 2017.

The Group's **Solvency II ratio**, including the expected distribution of the dividend, is equal to 172% (178% before dividend). 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 noted that this ratio did not benefit from the counter-cyclical measure of the "country specific volatility adjustment".

Sales Network

At 31 December 2018 the agency network was made up of 1,444 agencies and the Bank branches distributing Group products stood at 6,054.

Parent Company

The Parent Company's gross direct and indirect premiums written reached €2,583m (-4.6%, €2,708m FY17), of which €1,726m of Non-Life direct premiums (+2.1%, €1,691m FY17) and €825m of Life premiums (-15.3%, €974m FY17). The net result, according to national accounting standards, amounts to €3m as a consequence of the Company's decision to not avail itself of the opportunity provided by the Decree Law no. 119 of 23 October 2018 converted into Law no. 136 of 17 December 2018, which allowed to temporarily suspend the losses on the non-durable portfolio as a result of the widening of the Italian Government bond spread.

Shareholders' remuneration

The Board of Directors will propose to the Annual General Meeting the distribution of a **dividend per share equal to €0.40**, corresponding to an increase of +14.3% compared to the previous year (€0.35).

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

The proposed dividend will be payable as from 22 May 2019, with coupon detachment date on 20 of the same month and record date on 21 May 2019, in accordance with Borsa Italiana's calendar.

Indications for the first months of 2019

The first few months of 2019 show a trend in line with the final part of 2018, with a moderate growth in Motor tariffs, despite an insurance market still characterised by a high level of competitiveness.

In line with what was declared in its 2018-20 Business Plan, without taking into account extraordinary events that are currently unforeseeable, the Group aims at a further growth of its Operating Result.

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 Board of Directors has verified the independence requirements of the Directors, based on the provisions of the Code of Conduct, qualifying as independents the non-executive directors Bettina Campedelli, Nerino Chemello, Chiara de' Stefani, Lisa Ferrarini, Paola Ferroli, Paola Grossi, Giovanni Maccagnani, Luigi Mion, Angelo Nardi, and Eugenio Vanda. The Board of Directors has also acknowledged that the Board of Statutory Auditors, following a similar verification procedure, has certified the possession of the independence requirements for all of its members, in addition to the absence of any situations that may lead to revocation.

The Board of Directors of Cattolica Assicurazioni decided to call the Ordinary Annual General Meeting on 12 and **13 April 2019**, in first and second call, respectively.

The agenda of the Annual General Meeting is as follows:

- Approval of the 2018 financial statements and the accompanying report, with consequent and correlated resolutions.
- Decisions relating to the remuneration policies, in compliance with the current legislative and Articles of Association provisions.
- Remuneration plans based on financial instruments.
- Authorisation to purchase and sell own shares in accordance with the law. Inherent and consequent resolutions.
- Appointment of the Board of Directors and of the Management Control Committee for 2019 - 2021.
- Determination for 2019 – 2021 of the remuneration for the members of the Board of Directors and of the Management Control Committee as well as their attendance allowance.
- Appointment of the Board of Arbitrators (Collegio dei Probiviri).

The reports on the items on the agenda will be made available at the headquarters and on the website www.cattolica.it within the terms established by current regulations.

The Board of Directors also approved the 2018 Non-Financial Consolidated Statement, also known as the Sustainability Report. The statement details the various dimensions of economic, social and environmental sustainability, as per consolidated best practice and in compliance with the guidelines and standards issued by the Global Reporting Initiative (GRI). The objective of the report is to provide a clear and complete disclosure of the Group's economic, environmental and social results and to outline the future strategies in terms of Corporate Social Responsibility.

The Company informs that the Financial Statements, the Consolidated Financial Statements, the Consolidated Statement of a non-financial nature as at 31 December 2018 and the Report on Corporate Governance and Ownership Structures will be available to the public at the registered office and on the company's website at www.cattolica.it and on the storage mechanism authorized by Consob termed "eMarket STORAGE", managed by Spafid Connect S.p.a. that can be accessed from the site www.emarketstorage.com, in the manner and within the terms established by the current provisions of law and regulations.

The results as at 31 December 2018 will be presented to the financial community today, 8 March 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.

The reclassified statements as at 31 December 2018 of the consolidated and Parent Company's Balance Sheet and Income Statement are attached, with indication that the annual and consolidated financial statements and the related documentation have not yet been certified by the independent auditing firm, as well as the Solvency II figures pursuant to Ivass regulation 2 August 2018, no. 42.

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 over 3.5 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 1,444 agencies spread throughout Italy, both in large and small centres and a network of 1,928 agents. For more information: <https://www.cattolica.it/en/profile>

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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 - Consolidated Financial Statements as at 31 DECEMBER 2018

(drawn up based on international accounting standards)

Reclassified Balance Sheet (amounts in millions)	2018	2017	Mandatory entries (*)
Assets			
Investment property and real estate	957	735	4.1 + 2.1
Investments in subsidiaries, associates and joint ventures	119	96	4.2
Loans and receivables	865	750	4.4
Investments held until maturity	225	243	4.3
Available-for-sale financial assets	23.120	17.168	4.5
Financial assets at fair value with a corresponding asset item in the income statement	5.810	4.086	4.6
Cash and cash equivalents	406	207	7
Investments	31.502	23.285	
Intangible assets	911	265	1
Technical reserves for reinsurers	702	645	3
Other assets net of other liabilities	705	700	(**)
ASSETS	33.820	24.895	
Net Equity and liabilities			
Capital and group reserves	1.673	1.805	
Group result	107	41	1.1.9
Group Net Equity	1.780	1.846	1.1
Minority interests	475	262	1.2
Consolidated Net Equity	2.255	2.108	1
Premiums reserve	854	750	
Claims reserve	2.894	2.853	
Gross accident technical provisions	3.748	3.603	3
Gross life technical reserves	24.693	16.680	3
Other gross accident technical provisions	2	2	3
Other gross life technical provisions	521	329	3
Financial liabilities	2.601	2.173	4
of which deposits to insured persons	1.810	1.402	
NET EQUITY AND LIABILITIES	33.820	24.895	

Reclassified income statement (amounts in millions)	2018	2017	Mandatory entries (*)
Revenues and income			
Net premiums	5.355	4.487	1.1
Commission income	7	7	1.2
Income and charges deriving from financial instruments at fair value recorded in the income statement	-162	53	1.3
Result of Class D financial management (***)	-164	47	
Income from investments in subsidiaries, associates and joint ventures	3	3	1.4
Income from other financial instruments and property investments	764	631	1.5
of which change other financial liabilities	0	0	
Other revenue	140	120	1.6
Total revenues and income	6.107	5.301	
Costs and charges			
Net charges relating to claims	-4.568	-4.161	2.1
Fee and commission expense	-7	-1	2.2
Charges from investments in subsidiaries, associates and joint ventures	-1	0	2.3
Charges from other financial instruments and property investments	-242	-124	2.4
Operating expenses	-779	-604	2.5
Commissions and other acquisition costs	-517	-417	
Investment management fees (****)	-43	-33	
Other administrative expenses	-219	-154	
Other costs	-279	-291	2.6
Total costs and charges	-5.876	-5.181	
Pre-tax income result	231	120	
Taxes	-94	-64	3
Result for the period net of taxes	137	56	
Result of discontinued operating activities	0	0	4
CONSOLIDATED PERIOD RESULT	137	56	
Result attributable to minority interest	30	15	
RESULT ATTRIBUTABLE TO THE GROUP	107	41	

(*) There are indicated the items of the consolidated financial statements as per ISVAP regulation 13 July 2007, no. 7.

(**) Other receivables, other assets and other tangible assets (balance sheet items assets = 5 + 6 + 2.2) net of provisions, payables and other liabilities (balance sheet items liabilities = 2 + 5 + 6).

(***) Class D results included in investment management expenses exceeding 2 million and other revenues of one million are also included.

(****) Class D investment expenses amounting to more than 2 million are included.

Cattolica Assicurazioni Soc. Coop. - Financial statements
(drafted according to national accounting standards)

Reclassified Balance Sheet (amounts in millions)	2018	2017	Mandatory entries
Assets			
Land and buildings	95	98	C.I
Shares and quota	1.705	924	C.II.1 + C.III.1
Bonds and other fixed-income securities	6.373	7.397	C.II.2 + C.III.3
Units of mutual funds	1.114	911	C.III.2
Loans and other investments	3	3	C.II.3 + C.III.4 + C.III.6 + C.III.7
Deposits with assignors	10	10	C.IV
Class D investments	957	1.089	D
Cash and cash equivalents	67	64	F.II
Investments	10.324	10.496	
Intangible assets	154	182	B
Technical reserves for reinsurers	486	513	D.bis
Other receivables and other assets net of other payables and other liabilities	-25	-28	(1)
ASSETS	10.939	11.163	
Net Equity and liabilities			
Share capital and equity reserves	1.754	1.810	
Fiscal year result	3	5	
Net equity	1.757	1.815	A
Gross technical provisions for damages (premiums and claims)	3.247	3.262	C.I.1 + C.I.2
Gross life technical reserves (mathematics and class D)	5.701	5.912	C.II.1 + D
Other accident gross technical provisions	14	13	C.I.4 + C.I.5
Other life gross technical provisions	220	161	(2)
NET EQUITY AND LIABILITIES	10.939	11.163	

Reclassified income statement (amounts in millions)	2018	2017	Mandatory entries
Premiums for the period	2.361	2.486	I.1 + II.1
Accruals and changes to technical reserves	1.886	2.100	I.4 + II.5 + II.6
Operating expenses	505	480	I.7 + II.8
Other technical entries	-20	-17	(3)
Net investment income class C	159	201	II.2 - II.9 + III.3 - III.5
Net investment income class D	-18	20	II.3 - II.10
Other income net of other charges	-71	-57	III.7 - III.8
RESULT OF THE ORDINARY ACTIVITY	20	53	III.9
Result non-recurring items	-1	-8	III.12
PRE-TAX INCOME	19	45	III.13
Income taxes for the year	16	40	III.14
FISCAL YEAR RESULT	3	5	III.15

(1) Other receivables and other assets (balance sheet assets = E + FI + F.IV + G) net of other payables and other liabilities (balance sheet liabilities item = B + E + F + G + H)

(2) Other gross life technical reserves (balance sheet items = C.II.2 + C.II.3 + C.II.4 + C.II.5)

(3) Other technical items (income statement items = I.3 + I.5 + I.6 + I.8 + I.9 + II.4 + II.7 + II.11)