

PRESS RELEASE

CATTOLICA GROUP RESULTS AS OF SEPTEMBER 30th, 2017 APPROVED

- **TOTAL PREMIUMS WRITTEN UP BY 5.1%**
- **COMBINED RATIO EQUAL TO 94.9%.**
- **CONSOLIDATED NET PROFIT AT 30 MILLION**
- **USP STANDARD FORMULA SOLVENCY II RATIO EQUAL TO 185%**

RESOLUTION TO ISSUE A SUBORDINATED BOND

DISCLOSURE ON THE DATE OF THE 2018-2020 BUSINESS PLAN PRESENTATION

PUBLICATION OF THE ADDITIONAL PERIODIC FINANCIAL INFORMATION

Verona, November 14th, 2017. Cattolica Assicurazioni's Board of Directors which met today in Verona under the chairmanship of Paolo Bedoni, approved the **Interim management report of the Cattolica Group**. The first nine months of the year disclosed a **consolidated net profit** of € 30 million (-46.4% compared to September 30th, 2016) and **Group net profit**¹ of € 21 million (-53.3%). The net result takes into account the non-recurrent economic impacts of the application of the new impairment test procedures, for a total of € 67 million (of which € 66 million for the Group's portion) already recognised in the first half of the year².

Total premiums written for direct and indirect business - life and P&C -³ amounted to € 3,669 million, up 5.1% compared with € 3,493 million at the end of September 2016.

P&C business

Premiums written for direct business rose from € 1,382 million as of September 30th, 2016 to € 1,394 million at the end of September 2017 (+0.9%).

The **motor segment** posted premiums written of € 790 million, up slightly (+0.6%) compared with September 30th, 2016. The number of customers increased (the number

¹ Net of minority interests.

² See the press releases dated July 27th, 2017 and August 2nd, 2017.

³ Includes insurance premiums and investment policies for life classes as defined by IFRS 4.

of policies in the portfolio in the first nine months disclosed an increase of around 97 thousand; +3.0%⁴), while the average premium decreased by 1.6%.

The **non-motor classes**, with premiums written for € 604 million, increased with respect to September 2016 (+1.2%) essentially thanks to a uniform contribution to all the classes.

The **combined ratio**⁵ rose from 93.2% as at September 30th, 2016 to 94.9% (93.4% as at June 30th, 2017). The change is mainly due to the claims linked to atmospheric events which took place during the third quarter of 2017 with an effect of 1.5 percentage points and to the drop in profitability of the motor class in the presence of a prolonging of the decrease in the average premium which is affecting the entire market. Nevertheless, the Group is keeping up a positive technical result, even in a challenging, and strongly competitive market scenario marked by a slight pick-up in the frequency of claims, owing to a quality portfolio and its distinctive settlement expertise.

Life business

In the life sector, direct business premiums came to € 2,265 million, up compared with September 30th, 2016 (+7.8%). Premiums in the traditional classes increased (I and V +4.1%) and especially those of class III (+31.4%). The new business relating to life, with profit policies with minimum guaranteed rates of zero, is allowing the average guaranteed minimum of the Group's stock of actuarial provisions to progressively go down, and it came in at 1% (1.2% as of December 31st, 2016).

Financial operations and equity situation

The **result from investments**⁶ came to € 357 million (compared with € 356 million as of 30th September, 2016), with increasing assets under management and limited capital gains generated, in view of maintenance of the future profitability of the portfolio.

Investments amounted to € 22,717 million. **Gross technical provisions for P&C business** amounted to € 3,585 million (€ 3,567 million as at December 31st, 2016) and the **life provisions**, including financial liabilities, came to € 17,900 million (€ 16,991 million as of December 31st, 2016).

The figures as of September 30th, 2017 confirm the Group's equity soundness with **consolidated shareholders' equity** of € 2,077 million (€ 2,114 million as of December 31st, 2016).

The **Solvency II margin** of the Group came to 185%. The ratio is calculated according to the Standard Formula with the use of the Undertaking Specific Parameters (USPs) authorised by the Supervisory Body as communicated on May 23rd, 2017.

Sales network

The agency network as of September 30th, 2017 was made up of 1,503 agencies and the bank branches which place Group products numbered 5,160.

Business Outlook

After the writedowns made during the half-year with the aim of adapting the Group's assessment models to the Solvency II approach, in line with the maximum prudence principles, and disclosed to the market on July 27th, the industrial trends forecast for the year in progress are confirmed, net of the atmospheric events which characterised the

⁴ Figure relating to the period between December 31st, 2016 and September 30th, 2017.

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

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

third quarter and despite the continuation of the strong competitiveness on prices in the P&C business as well as the impacts on the new life production, for the most part connected with the situation of Banca Popolare di Vicenza.

Issue of a subordinated bond

Cattolica Assicurazioni's Board of Directors also formally adopted, as per Article 2410 of the Italian Civil Code, the resolution to issue a subordinated Tier 2 bond up to a total maximum amount of € 500 million. The bond issue will be reserved to qualified investors and listed on a regulated market.

The transaction is aimed at strengthening the equity and financial profile of Cattolica, having taken into account the recent transaction for the acquisition a 65% stake in Avipop Assicurazioni SpA and in Popolare Vita ("Target Companies") and the establishment of a 15-year strategic partnership between Banco BPM Group and Cattolica Assicurazioni, as communicated on November 3rd and November 9th.

Taking into consideration the issue of the aforementioned bond and the information today available on the Target Companies, it is considered that the impact on the Group's Solvency II margin will consist in a drop of about 15 percentage points, which can be further reduced through capital management activities, currently under consideration.

The Board of Directors therefore granted the Chairman and the CEO, acting separately, the powers for proceeding with the implementation of said resolution.

The minutes of the resolution adopted by the Board of Directors will be made available to the general public at the registered offices and on the Company website (www.cattolica.it) by the deadlines envisaged by current legislation.

Presentation of the 2018 - 2020 Business Plan

The new 2018 - 2020 Business Plan of the Cattolica Group, outlining the strategic guidelines, industrial priorities and financial targets, will be presented to the financial and institutional community and to the press, on January 29th, 2018.

Publication of the additional periodic financial information

With the aim of providing a more concise, but at the same time clearer disclosure, the Board of Directors of Cattolica resolved today that, as from the figures relating to the first quarter of 2018 and accordingly to the option now envisaged in the TUF (Consolidated Finance Act), the Group's quarterly reporting will be disclosed with a presentation of the business focused on the significant information for the market, specifically in connection with the KPI of the new Business Plan that will be disclosed on January 29th, 2018. The quarterly information will be nevertheless disclosed by means of a press release within 45 days from the closing of the quarter, while the Interim Management Report will no longer be published.

Cattolica Assicurazioni's **Chief Financial Officer, Enrico Mattioli**, declared: *"The first 9 months of the year ended with a set of results showing the equity soundness of the Cattolica Group. Total premiums written are increasing, both in Life and P&C sectors,*

and the industrial performance remains outstanding despite the summer atmospheric events that impacted on the technical result of the P&C business. The profit for the period still suffers from the one-off write-downs registered in the first half of the year, but the Group's strength is nevertheless clearly visible in a Solvency II ratio at 185%, calculated according to the strict parameters of the Standard Formula, that affirms the equity soundness of the Group. The Company is now strongly focused on the drafting of the 2018-2020 Business Plan, which will be presented to the market at the end of January and that, building on the actual sound foundations of technical profitability and equity capacity and on the consolidation of the recent bancassurance partnership with Banco BPM, will lay down the growth and profitability guidelines for the next three years”.

The executive appointed to draw up the corporate accounting documents, Marco Cardinaletti, declares pursuant to Article 154 *bis*, section 2 of the Consolidated Finance Law, that the accounting disclosure contained in this press release corresponds with the documental results, the books and the accounting entries.

The Company hereby discloses that the Interim Management report as of September 30th, 2017 of the Cattolica Group shall be available to the general public care of the Registered offices and on the company website at the following address www.cattolica.it and on the storage mechanism authorised by Consob known as “eMarket STORAGE”, managed by Spafid Connect S.p.a. and accessible from the website www.emarketstorage.com, as from today, November 14th, 2017.

The results as of September 30th, 2017 shall be presented to the financial community at 9.30 a.m., on Wednesday, November 15th, 2017 during a conference call. The telephone numbers to call are as follows: + 39 02 8058811 from Italy, + 44 1212818003 from the United Kingdom and +1 718 7058794 (or 1 855 2656959 toll free) from the United States. The presentation relating to the results will be available on the homepage of the website www.cattolica.it in the Italian Investor Relations section just before the start of the conference call.

The reclassified consolidated Statement of Financial Position and Income Statement as of September 30th, 2017 are attached.

SOCIETÀ CATTOLICA DI ASSICURAZIONI

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Cattolica Group - CONSOLIDATED INTERIM MANAGEMENT REPORT AS OF SEPTEMBER 30th, 2017

(drawn up on the basis of the international accounting standards)

Reclassified statement of financial position (€ millions)	September 30th, 2017	December 31st, 2016	<i>Items from obligatory statements (*)</i>
Assets			
Investment property and properties	737	658	4.1 + 2.1
Investments in subsidiaries, associated companies and joint ventures	73	71	4.2
Loans and receivables	823	847	4.4
Held to maturity investments	240	242	4.3
Available for sale financial assets	17.055	16.472	4.5
Financial assets at fair value through profit or loss	3.582	3.129	4.6
Cash and cash equivalents	207	172	7
Investments	22.717	21.591	
Intangible assets	276	325	1
Technical provisions - reinsurance amount	728	689	3
Other assets net of other liabilities	434	629	(**)
ASSETS	24.155	23.234	
Shareholders' equity and liabilities			
Group capital and reserves	1.801	1.779	
Group profit (loss)	21	76	1.1.9
Group shareholders' equity	1.822	1.855	1.1
Shareholders' equity pertaining to minority interests	255	259	1.2
Consolidated shareholders' equity	2.077	2.114	1
Premium provision	673	748	
Provision for outstanding claims	2.912	2.819	
Gross technical provisions - P&C	3.585	3.567	3
Gross technical provisions - life	16.468	15.638	3
Other gross P&C technical provisions	2	2	3
Other gross life technical provisions	338	279	3
Financial liabilities	1.685	1.634	4
<i>of which deposits from policyholders</i>	<i>1.432</i>	<i>1.353</i>	
SHAREHOLDERS' EQUITY AND LIABILITIES	24.155	23.234	
Reclassified income statement (€ millions)	September 30th, 2017	September 30th, 2016	<i>Items from obligatory statements (*)</i>
Revenues and income			
Net premiums	3.344	3.192	1.1
Commission income	5	5	1.2
Income and charges from financial instruments at fair value through profit or loss	28	19	1.3
<i>Result from class D financial operations (***)</i>	<i>27</i>	<i>18</i>	
Income from investments in subsidiaries, associated companies and joint ventures	2	1	1.4
Income from other financial instruments and investment property	471	494	1.5
<i>of which changes in other financial liabilities</i>	<i>0</i>	<i>0</i>	
Other revenues	72	50	1.6
Total revenues and income	3.922	3.761	
Costs and charges			
Net charges relating to claims	-3.100	-2.944	2.1
Commission expense	-1	-1	2.2
Charges from investments in subsidiaries, associated companies and joint ventures	-1	-35	2.3
Charges from other financial instruments and investment property	-100	-91	2.4
Operating expenses	-429	-431	2.5
<i>Commission and other acquisition costs</i>	<i>-301</i>	<i>-300</i>	
<i>Operating expenses relating to investments</i>	<i>-21</i>	<i>-20</i>	
<i>Other administrative expenses</i>	<i>-107</i>	<i>-111</i>	
Other costs	-211	-128	2.6
Total costs and charges	-3.842	-3.630	
Pre-tax profit (loss) for the period	80	131	
Taxation	-50	-75	3
Net profit (loss) for the period	30	56	
Profit (loss) from discontinued operations	0	0	4
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	30	56	
Profit (loss) pertaining to minority interests	9	11	
PROFIT (LOSS) PERTAINING TO THE GROUP	21	45	

(*) Indicates the items of the statements in the consolidated financial statements as per ISVAP Regulation No. 7 dated July 13th, 2007.

(**) Sundry receivables, other asset items, and other tangible assets (statement of financial position items under assets = 5 + 6 + 2.2) net of the provisions, payables and other liability items (statement of financial positions under liabilities = 2 + 5 + 6).

(***) Includes the Class D profits recognised in the operating expenses relating to investments amounting to less than € 1 million and other revenues amounting to € 1 million.

(****) Includes operating expenses relating to class D investments amounting to less than € 1 million.