

PRESS RELEASE

CATTOLICA GROUP RESULTS FOR THE FIRST HALF OF 2017 APPROVED

- **TOTAL PREMIUMS WRITTEN UP BY 3.8%**
- **COMBINED RATIO EQUAL TO 93.4%.**
- **CONSOLIDATED NET PROFIT AT 8 MILLION, AFTER WRITE-DOWNS FOR 67 MILLION**
- **STANDARD FORMULA USP SOLVENCY II RATIO EQUAL TO 187%.**

Verona, August 2nd, 2017. Cattolica Assicurazioni's Board of Directors which met today in Verona under the chairmanship of Paolo Bedoni, approved the **Consolidated interim report of the Cattolica Group**. The first six months of the year disclosed a **consolidated net profit** of € 8 million (-68.0% compared to June 30th, 2016) and **Group net profit**¹ of € 1 million (-94.1%). The net result remains positive also further to significant write-downs of a non-recurrent nature for a total of € 67 million (of which € 66 million for the Group's portion)².

Total premiums written for direct and indirect business - life and P&C³ came to € 2,624 million, up 3.8% compared with € 2,528 million in the first half of 2016.

P&C business

Premiums written for direct business rose from € 996 million as of June 30th, 2016 to € 1,004 million at the end of June 2017 (+0.7%).

The **motor segment** posted premiums written of € 549 million, more or less unchanged (-0.1%) compared with June 30th, 2016. The number of customers increased (the number of policies in the portfolio in the first half disclosed an increase of more than 100 thousand; +3.2%⁴), while the average premiums was again affected by the continuing market phase of reductions in tariffs.

The **non-motor classes**, with premiums written for € 455 million, increased with respect to June 2016 (+1.7%).

The **combined ratio**⁵ rose from 92.5% as of June 30th, 2016 to 93.4%. The increase is the result of 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. The Group is

¹ Net of minority interests.

² See the press release dated July 27th, 2017.

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

⁴ Figure relating to the period between December 31st, 2016 and July 14th, 2017.

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

nevertheless maintaining a positive technical result also in a complex market context, featuring sharp competition and a slight pick-up in the frequency of the claims, thanks to a quality portfolio and distinctive skills in the settlement sphere.
 The profitability of the other P&C classes remains very positive.

Life business

In the life sector, direct business premiums came to € 1,613 million, up compared with the first half of 2016 (+5.8%). The premiums underwriting activity for the traditional classes (I and V +1.3%) was weak, while premiums written strengthened in class III increasing by 27.1%, also without the contribution of the Banca Popolare di Vicenza network. New business relating to life with profit policies, with minimum guaranteed rates equal to zero, is permitting a progressive lowering of the average guaranteed minimum of the stock of Group mathematical provisions, which stands at 1% (1.2% as of December 31st, 2016).

Financial operations and equity situation

The **result from investments**⁶ came to € 240 million (compared with € 230 million as of 30th June, 2016), thanks to increasing assets under management and with very limited capital gains generated, with the aim of preserving the future portfolio profitability⁷.

Investments amounted to € 22,283 million. **Gross technical provisions for P&C business** amounted to € 3,584 million (€ 3,567 million as of December 31st, 2016) and the **life business provisions**, including financial liabilities, came to € 17,602 million (€ 16,991 million as of December 31st, 2016).

The result for the first half was affected by **one-off write-downs**, for a total value of € 67 million⁸ broken down as follows:

- € 45 million on the Life Business (write-down of the goodwill of the life CGU of the proprietary channels, of BCC Vita and Cattolica Life, respectively for € 29 million, 13 million and 3 million);
- € 9 million on the P&C Business and other sector;
- € 6 million consequent to the amendment of the thresholds applied to the impairment indicators for AFS securities, both significant or prolonged;
- € 5 million for the total write-down of Fondo Atlante;
- € 2 million in accordance with the previous impairment rules.

The figures as of June 30th, 2017 confirm the Group's equity soundness with **consolidated shareholders' equity** of € 2,043 million (€ 2,114 million as of December 31st, 2016). The slight drop in particular is the consequence of the write-downs of intangible assets and securities mentioned above.

The Group's **Solvency II margin** came to 187%. 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 June 30th, 2017 was made up of 1,509 agencies and the bank branches which place Group products numbered 5,644.

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

⁷ Gross capital gains realised for the P&C class amounting to € 13 million as of June 30th, 2017, compared with € 26 million as of June 30th, 2016.

⁸ Values already net of the tax effects and shadow accounting, where applicable.

Outlook for business activities

After the write-downs made during the period for the purpose of adapting the Group's evaluating models to the Solvency II approach, in line with the principles of maximum prudence, and communicated to the market on July 27th, the business trends envisaged for the period underway are confirmed, despite the continuation of heavy competition on the prices in the P&C classes and the impacts on the new life business, mainly linked to the Banca Popolare di Vicenza situation.

Cattolica Assicurazioni's **Chairman, Paolo Bedoni**, declared: "*The half-yearly financial report approved today by the Board of Directors confirms that, despite the write-downs consequent to the application of the new impairment test rules, Cattolica, thanks to its capital and financial soundness, to its business model and to its roots on the territory, is capable to face new challenges also in terms of innovation, by focusing on the needs of an ever more attentive and selective customer*".

The **Chief Executive Officer** of Cattolica Assicurazioni, **Alberto Minali**, declared: "*The half-yearly financial report of the Cattolica Group, that I am presenting to the market today, includes some one-off write-downs that affected the result for the period. I am aware and convinced that the Group's earning capacity, also consequent to the strength of its distribution network, its financial soundness and the quality of its capital will enable Cattolica to strengthen its market position and to adequately remunerate the capital invested*".

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 report as of June 30th, 2017 of the Cattolica Group, inclusive of the Independent auditors' report, 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, in accordance with the formalities and by the deadlines envisaged by current legal and regulatory provisions.

The results for the first half of 2017 shall be presented to the financial community at 9.30 a.m., tomorrow Thursday, August 3rd, 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 Investor Relations section just before the start of the conference call.

The reclassified statements as of June 30th, 2017 of the Consolidated interim report of the Cattolica Group are attached, disclosing that the envisaged independent auditors' report on the same has not yet been issued.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

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Cattolica Group - CONSOLIDATED INTERIM REPORT AS OF JUNE 30TH, 2017

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

Reclassified statement of financial position (€ millions)	June 30th, 2017	December 31st, 2016	<i>Items from obligatory statements (*)</i>
Assets			
Investment property and properties	738	658	4.1 + 2.1
Investments in subsidiaries, associated companies and joint ventures	73	71	4.2
Loans and receivables	863	847	4.4
Held to maturity investments	243	242	4.3
Available for sale financial assets	16.771	16.472	4.5
Financial assets at fair value through profit and loss	3.435	3.129	4.6
Cash and cash equivalents	160	172	7
Investments	22.283	21.591	
Intangible assets	275	325	1
Technical provisions - reinsurance amount	696	689	3
Other assets net of other liabilities	569	629	(**)
ASSETS	23.823	23.234	
Shareholders' equity and liabilities			
Group capital and reserves	1.789	1.779	
Group profit (loss)	1	76	1.1.9
Group shareholders' equity	1.790	1.855	1.1
Shareholders' equity pertaining to minority interests	253	259	1.2
Consolidated shareholders' equity	2.043	2.114	1
Premium provision	770	748	
Provision for outstanding claims	2.814	2.819	
Gross technical provisions - P&C	3.584	3.567	3
Gross technical provisions - life	16.188	15.638	3
Other gross P&C technical provisions	2	2	3
Other gross life technical provisions	333	279	3
Financial liabilities	1.673	1.634	4
<i>of which deposits from policyholders</i>	<i>1.414</i>	<i>1.353</i>	
SHAREHOLDERS' EQUITY AND LIABILITIES	23.823	23.234	

Reclassified income statement (€ millions)	June 30th, 2017	December 31st, 2016	<i>Items from obligatory statements (*)</i>
Revenues and income			
Net premiums	2.326	2.250	1.1
Commission income	3	4	1.2
Income and charges from financial instruments at fair value through profit or loss	16	-2	1.3
<i>Result from class D financial operations (***)</i>	<i>15</i>	<i>-2</i>	
Income from investments in subsidiaries, associated companies and joint ventures	2	0	1.4
Income from other financial instruments and investment property	331	338	1.5
<i>of which changes in other financial liabilities</i>	<i>0</i>	<i>0</i>	
Other revenues	55	33	1.6
Total revenues and income	2.733	2.623	
Costs and charges			
Net charges relating to claims	-2.138	-2.056	2.1
Commission expense	-1	0	2.2
Charges from investments in subsidiaries, associated companies and joint ventures	-1	-35	2.3
Charges from other financial instruments and investment property	-81	-66	2.4
Operating expenses	-295	-287	2.5
<i>Commission and other acquisition costs</i>	<i>-208</i>	<i>-201</i>	
<i>Operating expenses relating to investments (****)</i>	<i>-15</i>	<i>-12</i>	
<i>Other administrative expenses</i>	<i>-72</i>	<i>-74</i>	
Other costs	-173	-96	2.6
Total costs and charges	-2.689	-2.540	
Pre-tax profit (loss) for the period	44	83	
Taxation	-36	-58	3
Net profit (loss) for the period	8	25	
Profit (loss) from discontinued operations	0	0	4
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	8	25	
Profit (loss) pertaining to minority interests	7	8	
PROFIT (LOSS) PERTAINING TO THE GROUP	1	17	

(*) 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 position items under liabilities = 2 + 5 + 6).

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

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