

PRESS RELEASE

ECONOMIC IMPACTS OF THE IMPLEMENTATION OF THE NEW IMPAIRMENT TEST PROCEDURES AND THE CONSEQUENT AMENDMENT TO 2017 CONSOLIDATED FORECASTS

Verona, July 27th, 2017. The Board of Directors of Cattolica Assicurazioni met yesterday under the chairmanship of Paolo Bedoni.

The Chief Executive Officer reported to the Board of Directors on the effects of the implementation of the new impairment test procedures on the Group's assets, introduced, following the Board resolution of July 13th 2017, for the purpose of aligning the Group to the best market practice, in accordance with the principle of the utmost prudence.

The Board, that availed itself of the support of a leading auditing firm, has therefore approved the following write-downs (net of fiscal effects):

- **Write-downs consequent to the change of the impairment test procedures on goodwill:**
 - Life Business: the Appraisal Value, based on Solvency2 data, has been applied to all CGU.
As a result of the application of such model, write-downs of €45 million occurred, due to the impairment on the goodwill of life proprietary channels CGU, BCC Vita and Cattolica Life for €29 million, €13 million and €3 million respectively.
It should be noted that, while taking into consideration the recent events, the implementation of the new impairment procedures had no impact on the goodwill pertaining to Berica Vita, a joint venture with Banca Popolare di Vicenza, recorded in the consolidated financial statements (for a total amount of €3 million).
 - P&C Business and other activities: the Dividend Discount Model, based on Solvency2 data, has been specifically applied to P&C CGU;
The overall write-downs of these sectors are equal to €9 million.

- **Write-downs consequent to the change of “significant or prolonged” thresholds applied to the indicators of permanent impairment on AFS securities:**
 - the “significant” impairment threshold, namely the one used when the fair value decreases more than the initial recognition value, goes from 40% to 30%.
 - the “prolonged” impairment threshold, namely the one used when a reduction lasts longer than a continuous observation period, is reduced from two years to one year.

The application of these new rules results in write-downs of €6 million.

Moreover, the Board **proceeded to a full write-down of the shareholding in Fondo Atlante** (-98% of the amount paid on June 30th 2017), as a consequence of the recent developments on this investment, with an impact of €5 million.

In the light of the abovementioned one-off write-downs for a total amount of €67 million¹ (of which €66 million pertaining to the Group), it is therefore considered that the consolidated profit forecasts as at December 31st 2017 of about 150 million, communicated to the market on November 11th 2016, might differ by the aforementioned amount of €67 million.

These write-downs neither concern nor affect the Group's ordinary income and its capital position.

For the sake of completeness, reference should be made to the 2017 Interim Report that will be approved by the Board of Directors of Cattolica on August 2nd 2017 and presented to the financial community at 9.30 a.m. CET on August 3rd 2017 during a conference call.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

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¹ Of which €54 million on goodwill and other investments and €13 million on AFS securities and equity holdings (including €2 million according to the previous impairment rules).