Società Cattolica di Assicurazione - Società Cooperativa
Registered offices in Lungadige Cangrande 16, Verona, Italy
Tax Code 00320160237 – Enrolled in the Verona Companies' Register under No. 00320160237
Company enrolled in the Register of Co-operatives under No. A100378

PRESS RELEASE

2016 RESULTS APPROVED
GROUP NET PROFIT AT € 76 MILLION, +25.2%
DIVIDEND AT €0.35 PER SHARE

Results as of December 31st, 2016 approved by the Board of Directors
Comments of the Chairman Paolo Bedoni and the Managing Director Giovan Battista Mazzucchelli.

Direct P&C premiums for €1,973 million (-2.8%) and **life premiums** for € 2,771 million (-22.3%) contributed to **total premiums written** for € 4,759 million (-15.2% compared with December 31st, 2015). The **consolidated net profit** came to € 93 million (+14.4% compared with December 31st, 2015), while **Group net profit** amounted to € 76 million (+25.2%).
The **combined ratio**[1] came to 93.2%.
The **consolidated Solvency II margin**[2] came to 1.92 times the regulatory minimum.
These are the main figures of the Consolidated financial statements as of December 31st, 2016 approved by Cattolica Assicurazioni's Board of Directors which met today in Verona under the chairmanship of Paolo Bedoni. The Board, in consideration of the profitability achieved, proposes the payment of a dividend of € 0.35 per share to the General Meeting.

Verona, March 16th, 2017 - 2016 closed with a **consolidated net profit** of € 93 million, up 14.4% compared with the € 82 million in the same period during 2015. The **group net profit**[3], amounting to € 76 million, rose 25.2% when compared with the € 61 million in December 2015. After the significant writedowns of bank equity investments in the first half, the figures of the 2016 financial statements confirm Cattolica's profitability, in line with the Group's consolidation ambitions.

Total premiums written for direct and indirect business - life and P&C -[4] came to € 4,759 million, down compared with the € 5,611 million as of December 31st, 2015 (-15.2%).

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[1] Combined ratio of retained business: 1-(Technical balance/net premiums), inclusive of other technical items.
[2] The ratio doesn't take into account the Parent Company's dividend and is calculated according to the Standard Formula with the use of the Undertaking Specific Parameters (USP). Net of the use of the USP, the solvency margin would have come to 1.75 times the regulatory minimum (value prior to Parent Company dividend payment).
[3] Net of minority interests.
[4] Includes insurance premiums and investment policies for life classes as defined by IFRS 4.

P&C business

Premiums written for direct business dropped from € 2,028 million as of December 31st, 2015 to € 1,973 million at the end of December 2016 (-2.8%).
The **motor segment** disclosed premiums written of € 1,086 million, down 3.3% compared with December 31st, 2015. The generalised decline on the market of the average premiums also continued in the latter part of the year. During 2016, the Group increased the number of customers (over 68 thousand new motor polices sold from the beginning of 2016; +2.2%[5]).
Premiums written for **non-motor classes** amounted to € 887 million (-2.1%), down with respect to December 2015 mainly as a consequence of the underwriting choices.

The **combined ratio**[1] was 93.2%, steadfast with respect to September 30th, 2016 and up with respect to December 31st, 2015 (91.5%). The increase during 2016 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, and the effects of the earthquake in central Italy on the non-motor classes.
The quality of the Motor TPL portfolio and the expertise within the sphere of claims settlement permit the Group to maintain the technical balance also in a market context of heavy competition and a pick up in the frequency of claims.

Life business

In the life sector, direct business premiums came to € 2,771 million. The drop (-22.3%) is due to a significant extent to the weakness of the distribution channels linked to Banca Popolare di Vicenza (-€ 349 million with respect to December 31st, 2015; -64.5%). With regard to the other distribution channels, in a market context still characterised by very contained interest rates, steps were taken to try and favour the class III premiums written which, despite slowing down like the rest of the market, emerge as above the targets pre-established at the beginning of the year.

Financial operations and equity situation

The **result from investments**[6] came to € 474 million (compared with € 538 million as of December 31st, 2015). The 2015 result benefited from a significant generation of capital gains from trading, made possible by particular market conditions.

Investments as of December 31st, 2016 amounted to € 21,591 million (compared with € 21,391 million as of December 31st, 2015).

Gross **technical provisions** for P&C business amounted to € 3,567 million (€ 3,589 million as at December 31st, 2015). Provisions for life business, which include financial liabilities, amounted to € 16,991 million (€ 16,607 million as of December 31st, 2015).

As of December 31st, 2016, the **consolidated shareholders' equity** amounted to € 2,114 million (€ 2,159 million as of December 31st, 2015, prior to distribution of dividends of the Parent Company and minority interests).
The Group's **Solvency II margin**[2] came to 1.92 times the regulatory minimum and is calculated according to the Standard Formula with the use of the Undertaking Specific Parameters (USPs). the Board of Directors of the Parent Company has resolved to apply to the Supervisory Authority for the permission to use USP as from December 31st 2016.

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[5] Figure relating to the period between January 1st and December 31st, 2016.
[6] Financial assets excluding investments whose risk is borne by the policyholders, gross of the tax effects.

Sales network
The agency network at the end of December 2016 was made up of 1,514 agencies and the banks which place Group products as of December 31st, 2016 were 5,649.

The Parent Company
Gross premiums written[7] for direct and indirect business of the Parent Company came to € 2,566 million (€ 2,778 million as of December 31st, 2015; -7.6%), of which € 1,658 million for direct P&C business (€ 1,722 million as of December 31st, 2015; -3.7%) and € 861 million for life business (€ 1,010 million as of December 31st, 2015; -14.7%). The **net profit** on the basis of the Italian accounting standards amounted to € 64 million.

Shareholder remuneration
The Board of Directors will propose the payment of a **single dividend** of € 0.35 per share to the General Meeting.
The proposed dividend will be payable as from May 24th, 2017, with coupon detachment date on the 22nd of said month (coupon number 27) and record date on May 23rd, 2017, in accordance with Borsa Italiana's calendar.

Indications relating to the first few months of 2017
At the present moment and in the absence of extraordinary events, the trends observed during the last months, still showing a sharp competition on P&C prices and a prolonged reduction of life premiums due to the situation with BPVI, in addition to the high volatility of the financial markets and the low yield rates, are confirmed for the year underway.

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Cattolica Assicurazioni's **Chairman**, **Paolo Bedoni**, declared: *"The positive figures of the 2016 financial statements are in line with our expectations and they fully confirm the Group's ability to continue along the path of profitability and of planned growth in a market environment where serious structural concerns continue to affect the possible relaunch of Italy. Looking ahead, The Cattolica Group confirms and reinforces its choice of a dynamic approach to the market as a characteristic element of its model and of its corporate culture. It is thanks to this approach that qualified investments have been made possible and a strategic framework was given to innovative programmes which offer development possibilities in new and important segments of the market, in particular in the agro-food sector, in welfare, in the sector of small and medium-sized enterprises, in the field of social enterprises and of the third sector. These are qualifying and stimulating elements that foster the Group's growth and consolidation"*.

The **Managing Director** of Cattolica Assicurazioni, **Giovan Battista Mazzucchelli**, declared: "*The confirmed profitability, in line with the Group's consolidation goals, certainly represents the most significant element that emerges from a set of results that, among other things, leaves behind the weight and the impact of the relevant write-downs of bank holdings that, in the meantime, were deemed necessary. It is to be emphasised that the overall results, which allow to propose to the General Meeting a dividend equal to € 0.35, are the outcome of a balanced and careful management of*

[7] The figures, both as of December 31st, 2015 and December 31st, 2016 also include the FATA Assicurazioni Danni premiums.

resources and expertise within a Group the has, over the last years, carried out a profound renewal process in order to further qualify its market position also through the strengthening and expansion of its distribution system. Today Cattolica is able to face, with adequate competitiveness, the insurance business requests for innovation in a sector that is called to give new answers to the evolution of a social context deeply marked by the prolonged economic crisis".

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The executive appointed to draw up the corporate accounting documents, Giuseppe Milone, 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 Board of Directors also checked the independence requirements of the Directors on the basis of the matters envisaged by the Code of Conduct, qualifying 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 as independent. The Board of Directors also formally acknowledged that the Board of Statutory Auditors, on conclusion of the same acknowledgment process, has certified the possession of the independence requirements for each of its members, as well as the absence of any situation of forfeiture.

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Cattolica Assicurazioni's Board of Directors resolved the calling of the ordinary shareholders' meeting for **April** 21st and **22nd, 2017**, respectively in first and **second calling**.
The agenda of the shareholders' meeting is as follows:

Ordinary session
- Approval of the 2016 annual financial statements and the accompanying reports, with consequent and correlated resolutions.
- Decisions relating to the remuneration policies, in compliance with the current legislative and Articles of Association provisions.
- Authorisation to purchase and sell own shares in accordance with the law. Inherent and consequent resolutions.
- Appointment, pursuant to article 2386 cod. civ. and article 33.5 of the Articles of Association, of two members of the Board of Directors.

Extraordinary session
- Articles of Association: amendments to articles 2, 24, 32, 33, 35, 39, 41, 44, 54 and deletion of article 55. Inherent and consequent resolutions.

The reports on the agenda business will be made available care of the Registered Offices and on the website www.cattolica.it by the deadlines envisaged by current legislation.

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The Company hereby discloses that the annual financial statements of Cattolica Assicurazioni, the consolidated financial statements of the Cattolica Group and the

Report on corporate governance and the ownership structures as of December 31st, 2016, 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 per the formalities and within the timescales envisaged by current legal and regulatory provisions.

The results as of December 31st, 2016 shall be presented to the financial community at 9.30 a.m. CET tomorrow, March 17th, 2017 during a conference call (with dual Italian/English audio facilities). The numbers to call are as follows: + 39 02 805 88 11 from Italy, + 44 1 212818003 from the United Kingdom and +1 718 7058794 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.

The reclassified consolidated and Parent Company Statement of Financial Position and Income Statement as of December 31st, 2016 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' communication to the market of December 7th 2016.

SOCIETÁ CATTOLICA DI ASSICURAZIONI

CONTACT INFO

Investor Relations Officer	**Institutional Communications**
Carlo Ferraresi	Aldo Canale
Tel. 045 8391202	Tel. 06 42035631
investor.relations@cattolicaassicurazioni.it	comunicazione@cattolicaassicurazioni.it