

PRESS RELEASE

RESULTS FOR THE FIRST QUARTER OF 2017 APPROVED CONSOLIDATED NET PROFIT UP 20% TO 30 MILLION

*Results as of March 31st, 2017 approved by the Board of Directors.
Comments of the Chairman Paolo Bedoni and the Managing Director
Giovanni Battista Mazzucchelli.*

Direct P&C premiums for € 465 million (-0.9%) and **life premiums** for € 849 million (+5.4%) contributed to **total premiums written** for € 1,317 million (+3.2% compared with March 31st, 2016). The **consolidated net profit** came to € 30 million (+20% compared with March 31st, 2016), while **Group net profit** amounted to € 29 million (+20.8%).

The **combined ratio**¹ came to 93.4%.

The **consolidated Solvency II margin**² came to 1.81 times the regulatory minimum.

These are the main figures of the Interim Management report as of March 31st, 2017 approved by Cattolica Assicurazioni's Board of Directors which met today in Verona under the chairmanship of Paolo Bedoni.

Verona, May 9th 2017. Cattolica Assicurazioni's Board of Directors which met today in Verona under the chairmanship of Paolo Bedoni, approved the **Interim management report as of March 31st, 2017**. The first three months of the year disclosed **consolidated net profit** of € 30 million, up 20% compared with March 2016 (€ 25 million). The Group's net profit³ amounted to € 29 million compared with € 24 million in March 2016 (+20.8%).

Total premiums written for direct and indirect business - life and P&C⁴ - came to € 1,317 million, up 3.2% compared with € 1,277 million in the first quarter of 2016.

P&C business

Premiums written for direct business dropped from € 469 million as of March 31st, 2016 to € 465 million at the end of March 2017 (-0.9%).

The **motor segment** posted premiums written of € 271 million, slightly down (-1.8%) compared with March 31st, 2016. The number of customers increased (during the first

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

² Ratio after distribution of the Parent Company dividend, calculated according to the Standard Formula with the use of the Undertaking Specific Parameters (USPs). Net of the use of the USPs, the solvency margin would have come to 1.64 times the regulatory minimum (after distribution of the Parent Company dividend).

³ Net of minority interests.

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

quarter the number of new motor policies in the company portfolio increased by over 60 thousand units; +1.98%⁵), while the average premium was affected by the continuing market phase of reductions in tariffs.

The **non-motor classes**, with premiums written for € 194 million, increased slightly with respect to March 2016 (+0.5%).

The **combined ratio**¹ rose from 92% as of March 31st, 2016 to 93.4%. The increase, already present 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.

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 with signs of a pick-up in the frequency of claims.

Life business

In the life sector, direct business premiums came to € 849 million, up compared with the first quarter of 2016 (+5.4%). The weakness of the distribution channels linked to Banca Popolare di Vicenza continues, but sales via the agency channel have strengthened. The traditional classes (I and V) decreased by 2.6%, while premiums written strengthened in class III increasing by 57.3%. 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.

Financial operations and equity situation

The **result from investments**⁶ came to € 126 million (compared with € 108 million as of 31st, March 2016), in the absence of significant writedowns and thanks among other aspects to increasing assets under management.

Investments amounted to € 21,992 million. **Gross technical provisions for P&C business** amounted to € 3,532 million (€ 3,567 million as of December 31st, 2016) and the **life provisions**, including financial liabilities, came to € 17,294 million (€ 16,991 million as of December 31st, 2016).

The figures as of March 31st, 2017 confirm the Group's equity soundness with **consolidated shareholders' equity** of € 2,129 million (€ 2,114 million as of December 31st, 2016).

The Group's **Solvency II margin** came to 1.81 times the regulatory minimum⁷. The ratio is calculated according to the Standard Formula with the use of the Undertaking Specific Parameters (USPs). On April 4th, 2017 the company presented the Supervisory Authority with the application for authorisation to use the USPs as from December 31st, 2016.

Sales network

The agency network at the end of March 2017 was made up of 1,514 agencies and the bank branches which place Group products as of March 31st, 2017 numbered 5,722.

⁵ Figure relating to the period between December 31st, 2016 and April 28th, 2017.

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

⁷ Already net of the dividend of € 0.35 which will be paid as from May 24th 2017, with coupon detachment date on the 22nd of said month and record date on May 23rd, 2017, as already communicated previously.

Outlook for business activities

In an insurance market characterised by sharp competition and low rates of return, the expected trends for the current year, in the absence of extraordinary events, are confirmed.

Cattolica Assicurazioni's **Chairman, Paolo Bedoni**, declared: *"The positive performance of this first part of the year is the result of a controlled and balanced increase in written premiums, both in Life and P&C, and of a good management of financial investments, that during the last two years were affected by the impairments on the banking holdings. The increase of the consolidated net profit is in line with the year-end targets and shows Cattolica's capacity to move effectively and with long-sightedness within an increasingly selective market that is still affected by the results of a long recession. The capital soundness and the strong market positioning are confirmed as fundamental strengths on which to continue a broad development of innovation processes within the agency network, the multichannel system and the investment program for growth on the Group's strategic assets, which were successfully introduced by the 2014-2017 business plan."*

Cattolica Assicurazioni's **Managing Director, Giovanni Battista Mazzucchelli**, declared: *"The figures for the first quarter show a general positive trend of Cattolica's business. Total premiums written rise by 3.2%, while the net consolidated profit, as at March 31st 2017, stands at €30 million, up 20% compared with the same period of the previous year. The slight reduction in Motor premiums, due to the decrease in the average premium which is affecting the entire market, is offset by an increase in the number of customers. The ability to maintain a good technical balance in a phase of prospective increase in claims frequency, remains one of Cattolica's strengths. Life premiums increase by 5.4%. The decrease in premiums collected by the distribution channels linked to Banca Popolare di Vicenza is more than compensated by the positive results of the agency network, with a sharp increase in Class III premiums (+57.3% compared with the same period of last year). All this stands within a context of confirmed capital soundness, with a Solvency II margin 1.81 times the regulatory minimum and a significant improvement in the profitability of the investments"*.

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 Company hereby discloses that the Interim Management report as of March 31st, 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 May 10th, 2017.

The results for the first quarter of 2017 shall be presented to the financial community at 9.30 a.m., on Wednesday May 10th, 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 in the Investor Relations section just before the start of the conference call.

The reclassified consolidated Statement of Financial Position and Income Statement as of March 31st, 2017 are attached.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

CONTACT INFO

Investor Relations Officer

Carlo Ferraresi

Tel. +39 045 8391202

investor.relations@cattolicaassicurazioni.it

Institutional Communications

Aldo Canale

Tel. +39 06 42035631

comunicazione@cattolicaassicurazioni.it

Cattolica Group - CONSOLIDATED INTERIM MANAGEMENT REPORT AS OF MARCH 31st, 2017

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

Reclassified statement of financial position (€ millions)	31.03.2017	31.12.2016	Items from obligatory statements (*)
Assets			
Investment property and properties	658	658	4.1 + 2.1
Investments in subsidiary companies, associated companies and joint ventures	72	71	4.2
Loans and receivables	851	847	4.4
Held to maturity investments	240	242	4.3
Available for sale financial assets	16.596	16.472	4.5
Financial assets at fair value through profit and loss	3.381	3.129	4.6
Cash and cash equivalents	194	172	7
Investments	21.992	21.591	
Intangible assets	324	325	1
Technical provisions - reinsurance amount	681	689	3
Other assets net of other liabilities	488	629	(**)
ASSETS	23.485	23.234	
Liabilities and shareholders' equity			
Group capital and reserves	1.838	1.779	
Group profit (loss)	29	76	1.1-9
Shareholders' equity pertaining to the Group	1.867	1.855	1.1
Shareholders' equity pertaining to minority interests	262	259	1.2
Consolidated shareholders' equity	2.129	2.114	1
Premium provision	744	748	
Provision for outstanding claims	2.788	2.819	
Gross technical provisions - non-life	3.532	3.567	3
Gross technical provisions - life	15.899	15.638	3
Other gross non-life technical provisions	2	2	3
Other gross life technical provisions	273	279	3
Financial liabilities	1.650	1.634	4
<i>of which deposits from policyholders</i>	<i>1.395</i>	<i>1.353</i>	
LIABILITIES AND SHAREHOLDERS' EQUITY	23.485	23.234	

Reclassified income statement (€ millions)	31.03.2017	31.03.2016	Items from obligatory statements (*)
Revenues and income			
Net premiums	1.193	1.152	1.1
Commissions income	2	2	1.2
Income and charges from financial instruments at fair value through profit or loss	25	-16	1.3
<i>Result from class D financial operations (***)</i>	<i>24</i>	<i>-14</i>	
Income from investments in subsidiary companies, associated companies and joint ventures	1	0	1.4
Income from other financial instruments and investment property	162	158	1.5
<i>of which changes in other financial liabilities</i>	<i>0</i>	<i>0</i>	
Other revenues	28	29	1.6
Total revenues and income	1.411	1.325	
Costs and charges			
Net charges relating to claims	-1.134	-1.047	2.1
Commissions expense	0	0	2.2
Charges from investments in subsidiary companies, associated companies and joint ventures	0	-1	2.3
Charges from other financial instruments and investment property	-34	-44	2.4
Operating expenses	-144	-143	2.5
<i>Commission and other acquisition costs</i>	<i>-102</i>	<i>-99</i>	
<i>Operating expenses relating to investments (****)</i>	<i>-7</i>	<i>-6</i>	
<i>Other administrative expenses</i>	<i>-35</i>	<i>-38</i>	
Other costs	-52	-46	2.6
Total costs and charges	-1.364	-1.281	
Profit (loss) for the period before taxation	47	44	
Taxation	-17	-19	3
Profit (loss) for the period net of taxation	30	25	
Profit (loss) from discontinued operations	0	0	4
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	30	25	
Profit (loss) pertaining to minority interests	1	1	
PROFIT (LOSS) PERTAINING TO THE GROUP	29	24	

(*) 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.