

PRESS RELEASE

- **RESULTS FOR THE THIRD QUARTER OF 2016 APPROVED¹
CONSOLIDATED NET PROFIT AT € 56 MILLION**

P&C premiums for € 1,382 million (-2.9%) and Life premiums for € 2,100 million (-24.9%) contributed to **total premiums written** for € 3,493 million (-17.4% compared with September 30th, 2015).

The **combined ratio** came to 93.2%².

The **consolidated net profit** for the third quarter came to € 56 million (-44% compared with September 30th, 2015), while Group net profit amounted to € 45 million (-46.4%).

The **Solvency II margin**, calculated using the Standard Formula, came to 1.75 times the regulatory minimum.

- **AMENDMENT TO 2017 FORECASTS**

Verona, November 11th, 2016. The Board of Directors of Cattolica Assicurazioni, which met today in Verona under the chairmanship of Paolo Bedoni, approved the **Interim management report as at September 30th, 2016 of the Cattolica Group**.

The first nine months of the year disclosed a **consolidated net profit** of € 56 million (€ 100 million in September 2015; -44%) and Group net profit³ of € 45 million (€ 84 million in September 2015; -46.4%). The third quarter of 2016, with a Group profit of €28 million, indicates a return to significant core profitability after the impairments on bank equity investments recorded in the first part of the year⁴ which negatively affected the interim results.

Total premiums written for direct and indirect business - Life and P&C⁵ - came to € 3,493 million, down 17.4% compared with € 4,230 million in the third quarter of 2015. This figure in particular for the Life business was influenced by the negative effects deriving from the situation in which Banca Popolare di Vicenza finds itself, which continued to limit the ability to write premiums.

P&C Business

Premiums written for direct business dropped from € 1,423 million as of September 30th, 2015 to € 1,382 million at the end of September 2016 (-2.9%).

¹ The Interim Management report as of September 30th 2016 has been drawn up on a voluntary basis for the purpose of ensuring continuity with the previous periodic quarterly disclosure.

With the resolution No. 19770 of October 26th 2016 CONSOB has approved the amendments to the Regolamento Emittenti (Issuers' Regulations) on the matter of Interim Management Reports, granting the faculty to listed companies to choose whether to publish or not the periodical additional information. The new provisions will apply as from January 2nd, 2017.

² Combined ratio of retained business: 1-(Technical balance/net premiums), inclusive of other technical items.

³ Net of minority interests.

⁴ The impairments for the first six months were related to Cassa di Risparmio di San Miniato (35 million), Banca Popolare di Vicenza (6 million), Veneto Banca (2 million), other investments (4 million). In the third quarter an impairment on the holding in UBI Banca (3 million) has been recognised.

⁵ Includes insurance premiums and investment policies for Life classes as defined by IFRS 4.

The **motor segment** posted premiums written of € 785 million, (-3.3%) compared with September 30th, 2015. The number of customers increased of over 63 thousand policies from the beginning of 2016 (+2.0%⁶); the average premium was affected by the continuing market phase of reductions in tariffs, albeit with lower decrease rates than in 2015.

The **non-motor classes**, with premiums written for € 597 million, decreased 2.4% with respect to September 2015 (€ 611 million), mainly as a result of underwriting choices.

The **combined ratio**² rose from 92.5% as at September 30th, 2015 to 93.2%. This slight increase is the consequence of the motor business profitability deterioration, due to the generalised and persistent decrease of the average premium and to the effects of the earthquake on August 24th in Central Italy.

Life Business

In the Life sector, direct premiums came to € 2,100 million. The drop (-24.9%) is due to a significant extent to the weakness of the distribution channels linked to Banca Popolare di Vicenza (-€ 312 million with respect to the third quarter of 2015; -69%)⁷. With regard to the other distribution channels, premiums written were in line with the expectations for traditional products, slowing down, but in line with the market trends for class III products.

Financial operations and equity situation

The **result from investments**⁸ came to € 356 million (compared with € 442 million as of September 30th, 2015); the result was affected by the afore-mentioned bank impairments. The 2015 result also benefited from a significant generation of capital gains from trading, made possible by particular market conditions.

Investments amounted to € 21,874 million. **Gross technical provisions for P&C business** amounted to € 3,538 million (€ 3,589 million as at December 31st, 2015) and the **Life provisions**, including financial liabilities, came to € 17,175 million (€ 16,607 million as of December 31st, 2015).

The figures as of September 30th, 2016 confirm the Group's equity soundness with **consolidated shareholders' equity** of € 2,100 million (€ 2,159 million as of December 31st, 2015, before distribution of the dividends).

The Group's **Solvency II margin** came to 1.75 times the regulatory minimum. The ratio was calculated applying the Standard Formula.

Sales network

The agency network at the end of September 2016 was made up of 1,510 agencies and the bank branches which place Group products as of September 30th, 2016 numbered 5,683.

Outlook for business activities

In an insurance market still characterised by sharp competition and by the persistence of low interest rates and a high volatility of the equity sector, the Group's

⁶ Figure relating to the period between December 31st, 2015 and October 21st, 2016 (Fata Assicurazioni until September 30th, 2016).

⁷ Total Life premiums written in the third quarter of 2016 via the insurance companies of the partnership with Banca Popolare di Vicenza come to 142 million.

⁸ Financial assets excluding investments whose risk is borne by the policyholders, gross of the tax effects.

operations will continue with attention to profitability both in the P&C and in the Life classes, favouring products with lower capital absorption.

With reference to the earthquakes that took place after the end of the third quarter, at the present moment the Company does not expect them to produce significant economic effects.

With the only exception of possible uncertainties arising from the financial markets, also influenced by exogenous factors on the general economic trend, the Parent Company envisages, as of today, to be able to maintain the expected level of remuneration for Members and Shareholders.

Cattolica Assicurazioni's **Chairman, Paolo Bedoni**, declared: *"The Cattolica Group is about to end, with a good set of results, a still difficult year for the Italian economy, which is eventually emerging from a long period of recession, but whose recovery is still struggling to take off due to the persistence of structural problems of the business system reflected on competitiveness and on the willingness to invest. In this picture Cattolica has chosen to focus firmly on a dynamic approach by innovating and qualifying its insurance offer, especially in business areas in which it can best express its competitive capacity, also thanks to important partnerships achieved in the meantime. Cattolica is able to face the new market challenges with the necessary strategic framework and with the strength deriving from its financial and capital soundness"*.

The **Managing Director** of Cattolica Assicurazioni, **Giovan Battista Mazzucchelli**, declared: *"The results for the third quarter show a return to a core profitability if compared with the half-year results, which were affected by significant impairments on bank holdings. The third quarter net consolidated profit stands at €56 million. Within a framework of desirable, albeit limited, financial recovery and stability of the Italian economy, Cattolica's overall financial result is expected to enable the Group to maintain the expected level of remuneration for Members and Shareholders. Its capital and financial soundness and the actions put in place within the frame of the business plan in order to strengthen competitiveness, allow the Group to resume its growth process in the context of an insurance sector slowed down by the drop of the average motor premium and by the persistence of low interest rates that limit the profitability of financial investments and that make it difficult to reach a strong development in the life business"*.

Amendment to 2017 forecasts

Today the Board of Directors has been informed by the Managing Director of the beginning of a process to draw up the **Budget for 2017 financial year**, that will be submitted to the Board next January.

On the basis of the first provisional management data a **consolidated profit** at December 31st 2017 of **about €150 million** is expected.

The reason behind the difference with the previous forecasts (about €200 million communicated in April 2016⁹) is largely due to some significant events and elements which took place during the last months such as:

⁹ See the Information Note attached to the Board of Directors Explanatory Memorandum on the items on the agenda of the General Meeting of April 15/16th, 2016, drawn up in compliance with art. 125-Ter of Legislative

- The persistence, beyond the forecasts made at the beginning of the year, of a general market decline of the motor **average premium**, also accompanied by the signs of a worsening of the **claims frequency** seen during the last quarter;
- The amount of **Life and P&C premiums** written by the joint venture companies with Banca Popolare di Vicenza, also as a consequence of the withdrawal from the partnership agreements;
- The longer than expected persisting situation of **low interest rates**;
- **P&C premiums** not increasing due to the difficult recovery of the Italian economy.

For the sake of completeness, the Group informs that the actions envisaged in the 2014-17 Business Plan are all in course of implementation.

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 September 30th, 2016 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 "NIS-Storage", managed by Bit Market Services S.p.a. and accessible from the website www.emarketstorage.com, no later than November 14th 2016.

The results for the third quarter of 2016 shall be presented to the financial community at 4.00 p.m., on Friday, November 11th, 2016 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 consolidated Statement of Financial Position and Income Statement as of September 30th, 2016 are attached.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

CONTACT INFO

Investor Relations Officer

Carlo Ferraresi
Tel. 045 8391202
investor.relations@cattolicaassicurazioni.it

Institutional Communication

Aldo Canale
Tel. 06 42035631
comunicazione@cattolicaassicurazioni.it

Cattolica Group - INTERIM MANAGEMENT REPORT AS OF SEPTEMBER 30th, 2016

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

| Reclassified statement of financial position (€ millions) | 30.09.2016 | 31.12.2015 | <i>Items from obligatory statements (*)</i> |
|---|---------------|---------------|---|
| Assets | | | |
| Investment property and properties | 644 | 505 | 4.1 + 2.1 |
| Investments in subsidiaries, associated companies and joint ventures | 72 | 35 | 4.2 |
| Loans and receivables | 860 | 876 | 4.4 |
| Held to maturity investments | 239 | 247 | 4.3 |
| Available for sale financial assets | 16.650 | 15.841 | 4.5 |
| Financial assets at fair value through profit and loss | 3.040 | 3.365 | 4.6 |
| Cash and cash equivalents | 369 | 522 | 7 |
| Investments | 21.874 | 21.391 | |
| Intangible assets | 321 | 321 | 1 |
| Technical provisions - reinsurance amount | 711 | 730 | 3 |
| Other assets net of other liabilities | 454 | 521 | (**) |
| ASSETS | 23.360 | 22.963 | |
| Liabilities and Shareholders' equity | | | |
| Group capital and reserves | 1.816 | 1.851 | |
| Group profit (loss) | 45 | 61 | 1.1.9 |
| Group shareholders' equity | 1.861 | 1.912 | 1.1 |
| Shareholders' equity pertaining to minority interests | 239 | 247 | 1.2 |
| Consolidated shareholders' equity | 2.100 | 2.159 | 1 |
| Premium provision | 686 | 769 | |
| Provision for outstanding claims | 2.852 | 2.820 | |
| Gross technical provisions - P&C | 3.538 | 3.589 | 3 |
| Gross technical provisions - Life | 15.716 | 14.984 | 3 |
| Other gross P&C technical provisions | 2 | 2 | 3 |
| Other gross Life technical provisions | 264 | 324 | 3 |
| Financial liabilities | 1.740 | 1.905 | 4 |
| <i>of which deposits from policyholders</i> | <i>1.459</i> | <i>1.623</i> | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | 23.360 | 22.963 | |
| | | | |
| Reclassified income statement (€ millions) | 30.09.2016 | 30.09.2015 | <i>Items from obligatory statements (*)</i> |
| Revenues and income | | | |
| Net premiums | 3.192 | 3.740 | 1.1 |
| Commission income | 5 | 4 | 1.2 |
| Income and charges from financial instruments at fair value through profit and loss | 19 | 21 | 1.3 |
| <i>Result from class D financial operations (***)</i> | <i>18</i> | <i>18</i> | |
| Income from investments in subsidiaries, associated companies and joint ventures | 1 | 0 | 1.4 |
| Income from other financial instruments and investment property | 494 | 584 | 1.5 |
| <i>of which changes in other financial liabilities</i> | <i>0</i> | <i>0</i> | |
| Other revenues | 50 | 45 | 1.6 |
| Total revenues and income | 3.761 | 4.394 | |
| Costs and charges | | | |
| Net charges relating to claims | -2.944 | -3.513 | 2.1 |
| Commission expense | -1 | 0 | 2.2 |
| Charges from investments in subsidiaries, associated companies and joint ventures | -35 | 0 | 2.3 |
| Charges from other financial instruments and investment properties | -91 | -130 | 2.4 |
| Operating expenses | -431 | -435 | 2.5 |
| <i>Commissions and other acquisition costs</i> | <i>-300</i> | <i>-305</i> | |
| <i>Operating expenses relating to investments</i> | <i>-20</i> | <i>-20</i> | |
| <i>Other administrative expenses</i> | <i>-111</i> | <i>-110</i> | |
| Other costs | -128 | -138 | 2.6 |
| Total costs and charges | -3.630 | -4.216 | |
| Pre-tax profit (loss) for the period | 131 | 178 | |
| Taxation | -75 | -78 | 3 |
| Net profit (loss) for the period | 56 | 100 | |
| Profit (loss) from discontinued operations | 0 | 0 | 4 |
| CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD | 56 | 100 | |
| Profit (loss) pertaining to minority interests | 11 | 16 | |
| PROFIT (LOSS) PERTAINING TO THE GROUP | 45 | 84 | |

(*) 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 amounting to less than € 2 million and other revenues for commissions amounting to € 2 million.