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PRESS RELEASE

RESULTS OF THE CATTOLICA ASSICURAZIONI GROUP AT 31 DECEMBER 2017

2017 FULL YEAR RESULTS PROVE THE STRONG SOLIDITY OF THE GROUP: GROWING PREMIUMS, STRONG CAPITAL POSITION, OPTIMAL TECHNICAL EXCELLENCE

DIVIDEND CONFIRMED AT €0.35 PER SHARE

- **TOTAL PREMIUMS INCREASE UP TO €5BN (+5.2%); GROWTH BOTH IN LIFE (+7.5%) AND NON-LIFE (+2.1%)**
- **COMBINED RATIO AT OPTIMAL LEVELS AT 94.7% (+1.5p.p.), DESPITE NATURAL EVENTS AND LARGE CLAIMS**
- **OPERATING RESULT¹ AT €206MLN (-8.8%) DUE TO COR EFFECT; OPERATING ROE² AT 6.2% (6.2% FY16)**
- **CONSOLIDATED NET PROFIT AT €56MLN (-40%) FOLLOWING THE FIRST SEMESTER ONE-OFF IMPAIRMENTS**
- **HIGH-LEVEL GROUP CAPITAL POSITION WITH SOLVENCY II RATIO³ AT 239%**

Verona, 21 March 2018. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 31 December 2017.

The Chairman of the Cattolica Assicurazioni Group, Paolo Bedoni, stated: *“We have started a deep transformation project of our Group and provided the management with the best conditions in order to achieve the objectives set. Cattolica’s solidity, the sound management and the changes that have been recently put in place, enabled us to face the strong market competition and, at the same time, to innovate our Company, by making it solid, efficient and capable of adapting to the changed economic and financial conditions. In such environment our cooperative model, which let us remain open to competition without abandoning our closeness to the territory, has proved itself to be valid. This allowed us to reach, once again, a positive set of results and to adequately remunerate members and shareholders”.*

The CEO of the Cattolica Assicurazioni Group, Alberto Minali, stated: *“The results we are presenting today confirm that Cattolica is a Group with robust fundamentals. The growth in premiums income, the extreme solidity of our capital position and the technical excellence highlight our management skills and our industrial competence,*

¹ See Glossary.

² The operating RoE is the ratio between the sum of the operating result net of the subordinate cost, taxes and minority interests and the average of the Group’s net assets (excluding the AFS reserves). The taxes are calculated on the basis of a theoretical rate.

³ Ratio following distribution of the proposed dividend by the Parent Company, calculated according to the Standard Formula using Undertaking Specific Parameters (USP). The ratio includes the issue of a subordinate bond on 14 December 2017.

giving us a further boost to tenaciously pursue the Business Plan in order to make Cattolica more innovative, agile and responsive. 2017 was a year of transition, that saw the start of a new phase: during the course of my management I've worked to set up the Business Plan and thus steer the Company into the future. Important objectives have already been met and other more challenging ones are still being pursued. The results confirm our skill to do business offering our clients the best service, thanks to our very widespread network of agencies. The dividend we are proposing to the General Meeting amounts to €0.35 per share and reflects Cattolica's commitment to remunerate our members and shareholders in the best way possible”.

The Cattolica Group closes the year 2017 with solid results. Such figures prove the quality of the Group's key assets and its ability to retain a high level of capital solidity and technical profitability even in a complex macro-economic environment, in which low interest rates and a strong competition in the Motor insurance sector still persist.

The **total premiums income for direct and indirect business** Non-Life and Life⁴ tops €5,008mIn (+5.2%; €4,759mIn): in the Non-Life segment (+2.1%) all the key business units have recorded an increase in volumes; the increase of the Life sector (+7.5%) is matched by a product review, with a progressive reduction of the risk profile. In terms of technical profitability, the CoR remains at optimal levels despite the increase due to natural events and large claims. In addition to this, the capital solidity is confirmed by a Solvency II ratio at 239% (after the distribution of the proposed dividend), thus attesting that the Group is well-capitalised.

The **consolidated net profit** at €56mIn (-40%) and the **Group's net profit**⁵ at €41mIn (-46.1%) take into account the one-off economic impacts that have already been recognised and disclosed during the first half of the year⁶. The **operating result of €206mIn** (-8.8%; €226mIn FY16⁷) is mainly due to the increase of the combined ratio, while the operating RoE is stable at 6.2%.

Non-Life Business

Direct premiums income records a growth to €2,015mIn (+2.2% €1,973mIn), of which €1,104mIn from the **Motor sector** (+1.6%) that, despite a modest reduction of 1.3% of the average premium, benefits from a broader client base (+96,000 vehicles insured; +3%). The **Non-Motor sector** shows a generalised growth of all key insurance classes with premiums rising to €911mIn (+2.8%).

The **combined ratio**⁸ moves from 93.2% to 94.7% (+1,5p.p.). The variation is mainly due to the claims connected to natural events that took place during the third quarter of 2017 and to large claims, as well as to a reduction in profitability in the Motor segment linked to the prolonged drop in the average premium. The claims ratio from direct retained business moves from 65.9% to 67.5% while the expense ratio stands at 26.5%, with an increase of 0.7p.p., mainly due to a raise in volumes registered in the last part of the year, as well as to the growth in costs linked to the launch of the new Business Plan.

⁴ It includes insurance premiums and investment contracts of the life segment as defined by IFRS 4.

⁵ Net of minority interests.

⁶ See the press releases of 27 July 2017 and 2 August 2017.

⁷ The operating result pertaining only to the insurance sector is equal to €228mIn.

⁸ *Combined ratio* of retained business: 1-(Technical balance/net premiums), inclusive of all other technical items.

Life Business

In the Life segment, the **direct premiums** grow to €2,979mln (+7.5%; €2,771mln), despite a contracting market. The production is boosted by the good performance posted by linked (+16.6%) and traditional products (+6.9%).

The new business of with-profit Life contracts with guaranteed minimum rates equal to zero has helped to gradually lower the average guaranteed minimum of the Group's stock of mathematical provisions, which stands at 1.0% (1.2% FY16).

Financial management and equity situation

The **result from investments**⁹ grows to €491mln (€474mln FY16), with increasing asset under management and limited capital gain generated, towards the preservation of the portfolio future profitability.

The **investments** amount to €23,285mln. The **gross technical provisions for the Non-Life sector** equal €3,603mln (€3,567mln FY16) and the **provisions for the Life sector**, including financial liabilities, stand at €18,082mln (€16,991mln FY16).

The figures at 31 December 2017 confirm the solidity of the Group's assets, with a **net consolidated shareholders' equity** of €2,108mln, stable compared to 2016.

The **Group's Solvency II ratio**, including the foreseen distribution of the dividend, stands at 239%. The ratio, calculated according to the Standard Formula, using the Undertaking Specific Parameters (USP) authorised by the Supervisory Body, includes the subordinated bond issued on 14 December 2017. **Even without considering the latter, net of the distribution of the dividend, the Group's solvency position would be high, with a ratio of 199%.**

Sales network

At 31 December 2017 the agency network is made up of 1,494 agencies and the Bank branches that place Group products stand at 5,064.

The Parent Company

The gross recognised premiums from direct and indirect business of the Parent Company reached €2,708mln (+5.5%; €2,566mln), of which €1,691mln from Non-Life direct business (+2%; €1,658mln) and €974mln from Life business (+13.2%; €861mln). The net profit, based on national accounting standards, equals €5mln.

Shareholder remuneration

The Board of Directors will present a proposal to the General Meeting for the distribution of **a single dividend** of €0.35 per share.

The proposed dividend will be payable from 23 May 2018, with coupon detachment date on 21 of the same month and record date on 22 May 2018, in accordance with Borsa Italiana's calendar.

⁹ Financial assets excluding investments whose risk is borne by the policyholders, gross of the tax effects.

Indications of the first months of 2018

In the last month of January, the Group presented a new Business Plan 2018 - 2020, built around the pillars of profitable growth, technical excellence and innovation. The Company is engaged in the first phases of the Plan's implementation, paying particular attention to the closing of the announced distribution agreement with Banco BPM and the start of its operations.

As far as ordinary business is concerned, there has been confirmation of the trends that have appeared in the last months of 2017: in the Motor sector, there is a relatively slight tendency towards an improvement of the average premium, though still within a very competitive context.

The usual competence and prudential approach will continue to determine the Group's underwriting activities, contributing to the quality of the client portfolio. In the current highly volatile state of the financial markets, the Group is especially focused on taking advantage of yield opportunities, while retaining the traditional caution in asset management.

The director responsible for the preparation of the company's accounting documents, Enrico Mattioli, states pursuant to paragraph 2 of article 154bis of the Consolidated Law on Finance that the accounts information contained in this press release matches the results of the documents, books and financial records.

The Board of Directors has verified the independence requirements of the Directors, based on the provisions of the Code of Conduct, qualifying as independents 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. The Board of Directors has also acknowledged that the Board of Statutory Auditors, following a similar verification procedure, has certified the possession of the independence requirements for all of its members, in addition to the absence of any situations that may lead to revocation.

The Board of Directors has also approved the Non-Financial Consolidated Statement for 2017, also known as Sustainability Report. The accounts statement, in its first draft, details the various dimensions related to economic, social and environmental sustainability, in compliance with the guidelines and the standards issued by Global Reporting Initiative (GRI). The aim of the report is to provide a clear and complete disclosure of the economic, environmental and social results posted by the Group and to set the foundations for future strategies relative to Corporate Social Responsibility.

The Company hereby states that the Financial Statements of Cattolica Assicurazioni, the Consolidated Financial Statements of the Cattolica Group, the Non-Financial Consolidated Statement at 31 December 2017 and the Corporate Governance and Ownership Structure Report will be available to the public at the company offices and on the company's website www.cattolica.it, as well as on the storage mechanism authorised by Consob entitled "eMarket STORAGE", managed by Spafid Connect

S.p.a. and accessible via the website www.emarketstorage.com, according to the procedures and within the terms foreseen by current legal and regulatory provisions.

The results at 31 December 2017 will be presented to the financial community at 9.30 am of 21 March 2018 in a conference call (with double English/Italian audio). The numbers to call are: + 39 02 805 88 11 from Italy, + 44 1 212818003 from the United Kingdom and +1 718 7058794 from the United States. Journalists can follow the event by connecting to the number + 39 02 805 88 27 (listen-only mode). The presentation of the results will be available on the home page 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, 2017 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.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

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Glossary

Operating result: the operating result does not include highly volatile components (realized gains, write-downs, other one-off items). In details, the Non-Life operating result is defined as the sum of the technical balance, net of reinsurance, with ordinary financial revenues and other non-technical net items (depreciations, write-down of insurance credits, etc.); The operating result does not include financial realised and unrealised gains/losses and impairments, impairments on other assets, interests paid on financial debts (subordinated debts), the amortization of the value of business acquired (VOBA), the voluntary redundancy incentives and staff severance indemnity as well as other one-off items. Life operating result is defined in a similar way, with the only difference that the entire financial income contributing to the return of securities pertaining to the segregated funds is considered part of the operating profit.

Cattolica Group - Consolidated financial statements at 31 DECEMBER 2017

(drafted according to international accounting standards)

Reclassified balance sheet (amounts in millions)	2017	2016	Compulsory statement items
Assets			
Real estate and property investments	735	658	4.1 & 2.1
Interests in subsidiaries, affiliated companies and joint ventures	96	71	4.2
Loans and receivables	750	847	4.4
Held-to-maturity investments	243	242	4.3
Financial assets available for sale	17.168	16.472	4.5
Financial asset at fair value through profit or loss	4.086	3.129	4.6
Cash and liquidity	207	172	7
Investments	23.285	21.591	
Intangible assets	265	325	1
Technical provisions charged to reinsurers	645	689	3
Other assets net of other liabilities	700	629	(**)
ASSETS	24.895	23.234	
Equity and liabilities			
Group capital and reserves	1.805	1.779	
Group results	41	76	1.1.9
Group shareholders' equity	1.846	1.855	1.1
Minority interests	262	259	1.2
Consolidated shareholder's equity	2.108	2.114	1
Premium reserves	750	748	
Claims reserves	2.853	2.819	
Gross P&C technical provisions	3.603	3.567	3
Gross life technical provisions	16.680	15.638	3
Other gross P&C technical provisions	2	2	3
Other gross life technical provisions	329	279	3
Financial liabilities	2.173	1.634	4
<i>of which deposits for insured parties</i>	<i>1.402</i>	<i>1.353</i>	
EQUITY AND LIABILITIES	24.895	23.234	

Reclassified income statement (amounts in millions)	2017	2016	Compulsory statement items
Revenues and income			
Net premiums	4.487	4.239	1.1
Fee and commission income	7	7	1.2
Profits and losses from financial instruments at fair value through profit or loss	53	38	1.3
<i>Result of the Class D financial management (***)</i>	<i>47</i>	<i>36</i>	
Income from subsidiaries, affiliated companies and joint ventures	3	1	1.4
Income from other financial instruments and real estate investments	631	665	1.5
<i>of which are relative to changes to other financial liabilities</i>	<i>0</i>	<i>0</i>	
Other revenues	120	97	1.6
Total revenues and income	5.301	5.047	
Costs and charges			
Net costs of claims	-4.161	-3.887	2.1
Fee and commission expenses	-1	-1	2.2
Costs of subsidiaries, affiliated companies and joint ventures	0	-35	2.3
Costs of other financial instruments and real estate investments	-124	-139	2.4
Management costs	-604	-581	2.5
<i>Commissions and other acquisition costs</i>	<i>-417</i>	<i>-408</i>	
<i>Investment management costs (****)</i>	<i>-33</i>	<i>-28</i>	
<i>Other administrative expenses</i>	<i>-154</i>	<i>-145</i>	
Other costs	-291	-219	2.6
Total Costs and charges	-5.181	-4.862	
Period result before tax	120	185	
Taxes	-64	-92	3
Income (loss) after tax	56	93	
Result of discontinued operations	0	0	4
CONSOLIDATED RESULT FOR THE PERIOD	56	93	
Minority interests result	15	17	
GROUP RESULT	41	76	

(*) Indicates the items of the consolidated balance sheet pursuant to ISVAP regulation no. 7 of 13 July 2007.

(**) Other receivables, other asset items and other material assets (items of the asset balance sheet = 5 + 6 + 2.2) net of reserves, debts and other liability items (items of the balance sheet liabilities = 2 + 5 + 6).

(***) Includes the results of class D investments included in the management costs for investments of less than 2 million and other revenue equal to 2 million.

(****) includes the management costs for Class D investments of less than 2 million.

Cattolica Assicurazioni Soc. Coop. - Financial statements
(drafted according to national accounting standards)

Reclassified balance sheet (amounts in millions)	2017	2016	Statement Items compulsory
Assets			
Land and buildings	98	101	<i>C.I</i>
Shares and interests	924	988	<i>C.II.1 + C.III.1</i>
Obligations and other fixed revenue securities	7.397	6.720	<i>C.II.2 + C.III.3</i>
Shares in mutual investments funds	911	708	<i>C.III.2</i>
Loans and other investments	3	4	<i>C.II.3 + C.III.4 + C.III.6 + C.III.7</i>
Deposits with ceding undertakings	10	11	<i>C.IV</i>
Class D investments	1.089	982	<i>D</i>
Cash and liquidity	64	35	<i>F.II</i>
Investments	10.496	9.549	
Intangible assets	182	207	<i>B</i>
Technical provisions charged to reinsurers	513	559	<i>D.bis</i>
Other receivables and other assets net of other payables and other liabilities	-28	386	<i>(1)</i>
ASSETS	11.163	10.701	
Equity and liabilities			
Share Capital and capital reserves	1.810	1.812	
Net income (loss)	5	64	
Shareholders' equity	1.815	1.876	<i>A</i>
Gross P&C technical provisions (premiums and accidents)	3.262	3.261	<i>C.I.1 + C.I.2</i>
Gross life technical provisions (mathematical and class D)	5.912	5.423	<i>C.II.1 + D</i>
Other gross technical P&C provisions	13	13	<i>C.I.4 + C.I.5</i>
Other gross technical life provisions	161	128	<i>(2)</i>
EQUITY AND LIABILITIES	11.163	10.701	

Reclassified income statement (amounts in millions)	2017	2016	Statement Items compulsory
Earned premiums	2.486	2.350	<i>I.1 + II.1</i>
Incurred claims and variations of technical provisions	2.100	1.932	<i>I.4 + II.5 + II.6</i>
Management costs	480	453	<i>I.7 + II.8</i>
Other technical items	-17	-32	<i>(3)</i>
Net income from Class C investments	201	247	<i>II.2 - II.9 + III.3 - III.5</i>
Net income from Class D investments	20	11	<i>II.3 - II.10</i>
Other income net of other costs	-57	-72	<i>III.7 - III.8</i>
RESULTS FROM ORDINARY ACTIVITIES	53	119	<i>III.9</i>
Results from non-recurring items	-8	-3	<i>III.12</i>
RESULTS BEFORE TAX	45	116	<i>III.13</i>
Income taxes for the year	40	52	<i>III.14</i>
NET INCOME (LOSS)	5	64	<i>III.15</i>

(1) Other receivables and other assets (items of the asset balance sheet = E + F.I + F.IV + G) net of other payables and other liabilities (items of liabilities balance sheet) = B + E + F + G + H)

(2) Other gross life technical provisions (balance sheet items = C.II.2 + C.II.3 + C.II.4 + C.II.5)

(3) Other technical items (items of the income statement = I.3 + I.5 + I.6 + I.8 + I.9 + II.4 + II.7 + II.11)

Fine Comunicato n.0479-35

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