



2017

ANNUAL REPORT AND
FINANCIAL STATEMENTS

REPORT ON
REMUNERATION

REPORT ON CORPORATE
GOVERNANCE AND THE
OWNERSHIP STRUCTURES

SUSTAINABILITY
REPORT

CONSOLIDATED FINANCIAL STATEMENTS

2017 ANNUAL REPORT AND FINANCIAL STATEMENTS

SHAREHOLDERS' MEETING
ON APRIL 28TH, 2018

122nd FINANCIAL YEAR

Letter from the Chairman



In 2017, the Board of Directors launched a project to profoundly transform the Group, with the aim of enabling Cattolica to better express its industrial potential. They created conditions for the new team of managers to make the Company even stronger and capable of facing challenges within the market.

The financial statements figures being presented for approval by the Shareholders' Meeting demonstrate the solidity of our Group, the result of a coherent strategy and a growth path that has been able to maintain its roots in our identity and values and within the scope of our cooperative business model.

On this basis, the new management team has identified new lines of development, presenting an ambitious but concrete Business Plan, which will allow us to meet the expectations of those who have decided to and those who will decide to invest in our Company, whether they be partners or shareholders.

The markets have shown that they appreciate the goodwill of our beliefs and have faith in the Cattolica project, this is a Company applying its own original development model and that makes corporate social responsibility core to its operating activities.

Paolo Bedoni

Letter from the Managing Director



Cattolica Assicurazioni ended the 2017 financial year, confirming its position as one of the main players in the sector in Italy, despite challenging economic growth and strong market competition. In industrial and equity terms, the Group is very solid: the premium collection, which increased in Non-Life and Life business, reached €5 billion; the technical excellence of our production reached optimum levels; the Solvency II margin came to 2.39 times the regulatory minimum, among the highest in the domestic insurance market. In 2017, the Group reported a net profit of €56 million, as a result of new impairment testing procedures that adapt the Group's assessment models to the Solvency II approach, in line with maximum prudence principles.

My arrival in Cattolica at the beginning of June allowed me to guide the Company for more than half of the 2017 financial year. Thanks to the cross-cutting involvement of all my colleagues and the quality of the Group's core assets, we have prepared the 2018-2020 Business Plan with the aim of making Cattolica more innovative, agile and responsive to market challenges. The industrial transformation that we wish to pursue, along with the contribution of the new management team who have embraced Cattolica's project, is based on pillars of sustainable growth, innovation and technical excellence and is born from the shared desire of all Group colleagues to truly change the face of our Company.

To accommodate this change of pace and make it effective and sustainable, it will be crucial to simplify and transform the Group's culture. The values and history of our Company require us to act seriously and responsibly to achieve the realistic but ambitious targets that have been outlined and to repay our shareholders for the trust they have placed in us.

Alberto Minali

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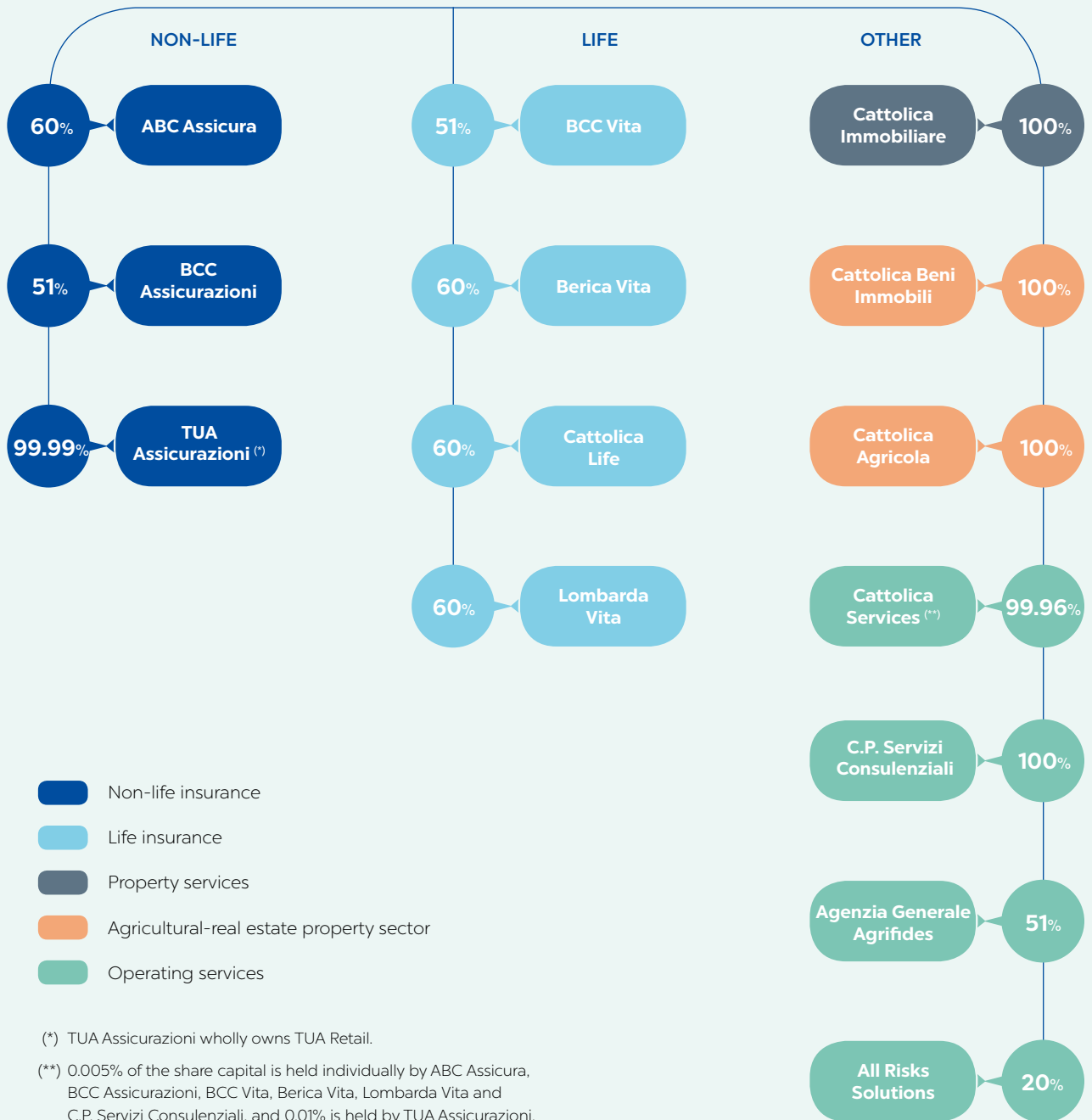


8 Life/Non-life
insurance
companies

8 Non-
insurance
companies

GROUP STRUCTURE

GROUP STRUCTURE



As at 31 December 2017



CALLING
OF THE
SHAREHOLDERS'
MEETING
AND CORPORATE
BODIES

Calling of the ordinary and extraordinary shareholders' meeting

The Shareholders are called to the ordinary and extraordinary meeting at the registered offices in Lungadige Cangrande 16, Verona, at 8.30 a.m. on Friday, April 27th, 2018 or, in second calling, if the quorum has not been reached on that day, in Via Germania 33, Verona, at 9.00 a.m. on Saturday, April 28th, 2018, to discuss and resolve on the following agenda:

AGENDA

Extraordinary session

- Approval of new Articles of Association, including the adoption of the one-tier administration and control model. Inherent and consequent resolutions.
- Approval of final and transitional statutory provisions.

Ordinary session

- Approval of the 2017 annual financial statements and the accompanying reports, with consequent and correlated resolutions.
- Decisions relating to the remuneration policies, in compliance with the legislative and Articles of Association provisions.
- Fee plans based on financial instruments.
- Authorisation to purchase and sell own shares in accordance with the law. Inherent and consequent resolutions.
- Appointment of a member of the Board of Directors.
- Appointment of the Board of Statutory Auditors, its Chairman and establishment of the related fees.

Without prejudice to the provisions of General Meeting Regulations regarding the agenda and the proceedings of the Shareholders' Meeting, it should be noted that the ordinary part of the Meeting will be preceded by the extraordinary part.

In compliance with Article 30 of the Articles of Association, the Board of Directors has established, for the second meeting, the arrangement of a remote link from the structure indicated below, which will be endowed with the necessary safeguards and ensure the identification of the Shareholders and the exercise of the regulatory and controlling power of the Chairman of the Meeting:

- Palazzo Rospigliosi Congress Centre - Via XXIV Maggio 43 - ROME, Italy

This link, as per the afore-mentioned Articles of Association provision, will let the shareholders who - permitted to take part in the Meeting in accordance with the law and the Articles of Association and holding an entrance ticket - do not intend to go to Via Germania 33, Verona, to take part in the discussion, directly follow the business of the meeting and express their vote at the time of voting.

In accordance with current legislation, the documentation relating to the Shareholders' meeting, including therein the explanatory reports of the Board of Directors on the business placed in the agenda, shall be made available to the general public care of the registered offices, Borsa Italiana S.p.a., on the storage mechanism authorised by CONSOB known as "eMarket Storage", managed by Spafid Connect S.p.a. and accessible on the website <http://www.emarketstorage.com> and on the "Corporate" website <http://www.cattolica.it/home-corporate> in the "Governance" section, and in detail:

- at least thirty days before the date fixed for the first Meeting in call, and therefore by March 28th, 2018, the Directors' reports on the subjects placed on the agenda and the other documentation whose publication is envisaged before the Meeting other than that listed above;
- at least twenty-one days before the date fixed for the Meeting in first calling and therefore by April 6th, 2018, the Financial report and the other documents as per art. 154-ter of Italian Legislative Decree No. 58/1998, the Report on remuneration, the Report on the proposals for authorisation to purchase and dispose of own shares and the Report on the proposal for the adoption of a new version of the Articles of Association. By the same deadlines, the Report on corporate governance and the ownership structures will also be made available, containing the information as per art. 123-bis of Italian Legislative Decree No. 58/1998.

The shareholders have the rights to examine the afore-mentioned documentation filed by the head offices and obtain a copy of the same.

You are hereby reminded that, in accordance with the law and the Articles of Association, shareholders can attend and vote during the meeting if they have been enrolled in the Shareholders' Register for at least ninety days and if the authorised intermediary, by whom the shares are deposited, has provided the Company with the specific communication envisaged by current legislation bearing witness to the ownership of the shares for at least two days before the date fixed for the first calling; a copy of the same, which the intermediary is obliged to make available to those who request it, may be used to grant representation for taking part in the Meeting, that means to sign the power of attorney possibly included at the end. A form which can be used for granting power of attorney to take part in the Meeting is however forwarded to all the Shareholders entitled together with the notice of calling; it is also available on the "Corporate" website <http://www.cattolica.it/home-corporate> in the "Governance" section. Pursuant to the Articles of Association, the Shareholders enrolled in the Shareholders' register as from April 21st, 2001 may take part in the Meeting provided that the afore-mentioned communication bears witness to the ownership of at least one hundred shares. The Shareholders enrolled in the Shareholders' register after June 8th, 2015 may take part in the Meeting provided that the afore-mentioned communication bears witness to the ownership of at least three hundred shares.

The Shareholders may, by means of power of attorney, represent another Shareholder; no representative may however represent more than five Shareholders. Representation cannot be granted to the members of the Board of Directors or the Board of Statutory Auditors of the Company, or to the subsidiaries or the members of the management or audit body or to such

employees.

Please remember that, as per Article 3 of the current General Meeting Regulations, the powers of attorney shall have to be shown in original form and accompanied by a photocopy of a valid identification document of the delegating party.

Each Shareholder has the right to just one vote, whatever the number of shares held.

The number of Shareholders enrolled in the Shareholders' Register for at least ninety days as from the date of first meeting equals 23,858.

The Shareholders in possession of shares not yet in certificate form in accordance with current legislation shall have to promptly take steps to deliver the same to the qualified intermediary for the purpose of accomplishment of the certificate procedure envisaged and the forwarding communication envisaged by current legislation indicated above.

You are hereby reminded that the subscribed and fully paid-in share capital, as of March 22nd, 2018 amounts to €522,881,778.00, and is represented by 174,293,926 shares. As of the date of this notice of calling, the Company holds 6,679,907 own shares.

It should be noted that, for the purposes of electing a single Director, the lists submitted must therefore contain the identification of a single candidate without residence or gender constraints.

It is also pointed out that there are no plans to elect a minority Director as per Article 33.4 of the Articles of Association, since the Meeting held on April 16th, 2016 took steps to do so.

The Board of Directors shall present its own list.

With regard to the presentation of the candidatures, on the basis of lists, by the shareholders, you are hereby reminded that, pursuant to the Articles of Association, they can be presented by a number of shareholders who, alone or together with other shareholders, are the holders of shares representing at least 0.50% of the share capital in total. The candidatures proposed by the shareholders can also be presented by at least 500 shareholders, irrespective of the percentage of share capital held in total.

Without prejudice to the obligation to produce the certification relating to the ownership of the investment held in accordance with the legal and regulatory provisions in force, the presenting shareholders must at the same time as filing sign the list and each signature is accompanied by the photocopy of a valid identification documentation.

A declaration shall also have to be filed care of the registered offices, together with each list, by the deadline for the filing specified below; a declaration by means of which the proposed candidate accepts their candidature and certifies, under their own responsibility, the inexistence of causes of ineligibility and incompatibility, as well as the existence of the requirements laid down by current legislation or the Articles of Association for covering the office of Company Director.

The candidatures shall have to be accompanied by in-depth disclosure on the personal and

professional characteristics of the candidate, including the possible existence of the independence requirements envisaged by the combined provisions of art. 147-ter, paragraph 4 and 148, paragraph 3, of Italian Legislative Decree No. 58/1998, and by the listed companies Code of Conduct. In this regard, it should be noted that the current composition of the Board of Directors meets the requirements of law.

The lists must be filed, together with all the ancillary documentation required, at least 25 days prior to the date on which the Shareholders' Meeting is called in first call, and therefore by April 2nd, 2018, by certified e-mail to the address serviziosoci@pec.gruppocattolica.it or by filing with the Shareholders' Department.

With reference to the appointment of the Board of Statutory Auditors, without prejudice to the legislative provisions, you are hereby reminded that, pursuant to Article 44 of the Articles of Association, the Board of Statutory Auditors, to also be appointed by means of list voting as per the Articles of Association, shall have to be made up of 3 statutory auditors and 2 substitute members.

With regard to the presentation of the lists by shareholders, you are also reminded that, pursuant to Article 44 of the Articles of Association, they can be presented by at least 250 shareholders who are the holders of shares representing at least 0.25% of the share capital in total.

The lists, which in accordance with the Articles of Association must clearly indicate - by means of consecutive number - one or more candidates for the office of Statutory Auditors and one or two candidates for the office of Substitute Auditor, must be filed, together with all the ancillary documentation required, at least 25 days prior to the date on which the Shareholders' Meeting is called in first call, and therefore by April 2nd, 2018, by certified e-mail to the address serviziosoci@pec.gruppocattolica.it or by filing with the Shareholders' Department.

If only one list for the appointment of the Board of Statutory Auditors has been submitted by the deadline of April 2nd, lists may be submitted up to the third day following that date; in this case, the thresholds indicated above shall be reduced by half.

Declarations shall have to be filed care of the registered offices, together with each list, by the deadline for the filing of the same; declarations by means of which the individual candidates accept their candidature and certify, under their own responsibility, the inexistence of causes of ineligibility and incompatibility, as well as the possession of the requirements laid down by current legislation or the Articles of Association for covering the office of Statutory Auditor of the Company.

The candidatures shall have to be accompanied by a curriculum vitae which describes the personal and professional characteristics of the candidates, as well as the list of the management and audit appointments covered by each one care of other companies, which shall have to be up-to-date as of the effective date of the meeting.

In compliance with the Articles of Association provisions, and within the terms indicated

above, the Board of Directors shall take steps to present its own list, signed for the purpose of compliance by a number of shareholders who, alone or together with other shareholders, are the holders of shares which in total represent at least 0.50% of the share capital or by at least 500 shareholders, irrespective of the percentage of the share capital held in total.

Without prejudice and in addition to the matters envisaged by the Articles of Association, the appointment of the Board of Statutory Auditors must observe the balance between genders pursuant to current legislation and therefore the lists containing a number of effective candidates equal to three must identify candidates of both genders.

You are hereby informed that, for the sake of greater clarity and standardised management and so as to facilitate the exercise of the right to present lists, the Board of Directors has clarified the operating formalities for the implementation of the related fulfilments, which will be filed care of the registered offices and made available on the “Corporate” website <http://www.cattolica.it/home-corporate>, in the “Governance” section, by the deadline envisaged for the publication of the notice of calling for the Meeting. The shareholders are invited to consult the afore-mentioned operating formalities for more complete disclosure.

Shareholders are recommended to pay the utmost attention to the formalities and the documentation requested for the presentation of the lists for the appointment of a Director and for the appointment of the Board of Statutory Auditors.

In accordance with the formalities and within the limits established by law, a number of Shareholders no less than one fortieth of the total number, and who document, as per current legislation, they hold the minimum number of shares requested, as per articles 9-*bis* and 54 of the Articles of Association, for exercising the rights other than dividend rights, may request the integration of the list of subjects to be discussed during the Meeting as emerging from this notice of calling, indicating the additional matters proposed in the request, or present resolution proposals on subjects already on the agenda. The signing by each Shareholder of the request should be accompanied by a photocopy of a valid ID document.

The request shall have to reach the registered offices of the Company within 10 days of the publication of this notice, by means of registered letter or certified e-mail sent to the following address serviziosoci@pec.gruppocattolica.it. By said deadline, the Shareholder who requests the integration of the agenda must also draw up a report which discloses the reason for the resolution proposals on the new business whose discussion they propose or the reason relating to the additional resolution proposals presented on the business already on the agenda.

Verona, March 22nd, 2018

The Chairman
(Paolo Bedoni)

Corporate Bodies

BOARD OF DIRECTORS

Chairman	Paolo Bedoni ^(*)
Vice Deputy Chairman	Aldo Poli ^(*)
Deputy Chairman	Manfredo Turchetti ^(*)
Secretary	Alessandro Lai ^(*)
Managing Director	Alberto Minali ^(*)
Directors	Barbara Blasevich ^(*) Bettina Campedelli Nerino Chemello Lisa Ferrarini Paola Ferroli Paola Grossi Giovanni Maccagnani Luigi Mion Carlo Napoleoni Angelo Nardi Pilade Riello ^(*) Chiara de' Stefani Eugenio Vanda

BOARD OF STATUTORY AUDITORS

Chairman	Giovanni Glisenti
Statutory Auditors	Luigi de Anna Federica Bonato Cesare Brena Andrea Rossi
Substitute Auditors	Massimo Babbi Carlo Alberto Murari

GENERAL MANAGEMENT

General Manager	Carlo Ferraresi
Deputy General Managers	Nazzareno Cerni Enrico Mattioli

^(*) The Directors whose names are marked with an asterisk are members of the Executive Committee

SIGNIFICANT EVENTS 2017

SIGNIFICANT EVENTS 2017

APRIL

Cattolica resolved to exercise the **right of option to sell BPVi investments** held in the share capital of Berica Vita S.p.A., Cattolica Life DAC and ABC Assicura S.p.A. according to the partnership Agreements drawn up at the time and mentioned above within the terms contractually set.

MAY

With measures protocols no. 0092935/17 and 0092936/17 dated 11 May 2017, IVASS, with reference to the **Solvency II ratio**, authorised the use of the specific parameters of, respectively, the Group (GSP) and the company (USP) starting from the assessments of the year 2016.

It was announced at the Board of Directors meeting of 28 April that Giovan Battista Mazzucchelli will leave the Board of Directors and the offices of Director and Managing Director at Cattolica Assicurazioni and other Group companies effective 30 May.

JUNE

The Board of Directors appointed **Alberto Minali** to become the new Managing Director starting from 1 June 2017, and coopted him to the Board, pursuant to Article 2386 of the Italian Civil Code, and appointed him as Managing Director of the Company and of the Group.

JULY

Flavio Piva left the office of Markets and Operations Area General Manager of Cattolica. As part of a broader organisational redesign, the Board of Directors appointed **Carlo Ferraresi** as the new General Manager of the Markets and Distribution Channels Area.

AUGUST

The Parent Company sent the bodies of the **Compulsory Winding up of Banca Popolare di Vicenza** the "Request for the acknowledgment of receivables pursuant to Article 86.5 of Italian Legislative Decree No. 385/1993" in relation to the receivables for more than 190 million concerning (i) the failure of the Bank to purchase the Cattolica equity investments in the jointly-owned companies Berica Vita S.p.A., ABC Assicura S.p.A. and Cattolica Life DAC, (ii) for fines in relation to insurance brokerage commitments. By letter dated 9 October 2017, Intesa Sanpaolo declared that it did not consider it in their interest to take over distribution contracts for insurance/pension products of the two companies. Following the de facto termination of commercial and operating relations between the companies and banks of the BPVi Group, no new production was initiated. Subsequently, the companies directly provided assistance to customers for all necessary after-sales transactions.

OCTOBER

SEPTEMBER

Enrico Mattioli joined the Group undertaking the office of Deputy General Manager of Strategic Planning and Control, Administration and Financial Reporting, reporting to the Managing Director. He was also appointed as Chief Financial Operator of the Cattolica Group.

Berkshire Hathaway, investment group headed up by Warren Buffet, by means of the mandatory updates to CONSOB, made it official that it had acquired from **Quaestio Capital Management SGR** an investment of 9.047% in Cattolica's share capital.

NOVEMBER

DECEMBER

On 9 November **Banco BPM** and **Cattolica** signed an agreement which provides for, subject to obtaining legal authorisations and the prior acquisition by Banco BPM of the entire shareholding in the share capital, the acquisition by Cattolica of a 65% stake in the capital of **Popolare Vita S.p.A.** and **Avipop Assicurazioni S.p.A.** (hereinafter the "Companies") and the start of a commercial partnership for the distribution of life and non-life insurance products of the same Companies, through the former Banco Popolare network, for a duration of 15 years. Cattolica will carry out management and coordination activities of the Companies. With regard to matters of strategic importance, Banco BPM will maintain the power of veto; Cattolica will appoint the managing director of the Companies, and Banco BPM the general manager. Cattolica will finance the transaction by means of own equity and via the issue of debt instruments. The transaction will have an incremental impact on the profitability of Cattolica, while the financial structure identified will make it possible to maintain the financial solidity of the Parent Company.

On 14 November it was announced to the market that on 29 January 2018, the **2018-2020 Business Plan** would be presented to the financial community, institutions and the press.

On 4 December, the Board of Directors of **Cassa di Risparmio di San Miniato S.p.A** obtained authorisation from the Bank of Italy to make the amendments to the Articles of Association following the exercising of powers conferred by the Shareholders' Meeting of 29 June 2017 to increase the share capital by €200 million. On 21 December, the capital increase was fully subscribed by the Interbank Guarantee Fund - Voluntary Scheme; the shares were subsequently transferred to **Crédit Agricole Cariparma S.p.A.**. Since that date, the Bank has been part of the **Crédit Agricole Italia** banking group. Following the events described, the Parent Company's equity investment in **Cassa di Risparmio di San Miniato S.p.A.** was diluted from 25.12% to 1.2%, thus losing the latter's connotation of an associated holding.

On 5 December, the Parent Company successfully placed the **debenture loan, reserved exclusively for qualified investors**. The issue, which received orders from more than 250 investors for a total of more than €3 billion, equal to approximately seven times the amount of the issue, was completed on 14 December and as from that date the bonds were listed on the regulated market of the Irish Stock Exchange.





Market share

6.2% non-life 3% life

REFERENCE SCENARIO

Reference Scenario

Macro-economic scenario

2017 presents a particularly positive trend of growth for all economic areas, following on from that of the previous year.

The expansion cycle in the United States continued, now in its eighth anniversary: the analysis at the end of the third quarter projects a growth trend in gross domestic product of approximately +2.5% for 2017, a considerable result in a year marked by a political situation that is in the process of recovering and a less than accommodating Central Bank. The unemployment level, at 4.3%, is also at its lowest since 2000 and with composite confidence indicators firmly in expansive territory. The level of inflation was not sustained and consistent with a growth in gross domestic product close to long-term potential: wage trends contributed negatively, with increases still too tentative compared to the high employment rate.

The Federal Reserve, precisely in relation to this partial divergence between growth and inflation, continued the process of normalising rates in an extremely prudent and gradual manner, making three rises of 25 basis points each, the last one coinciding with the December meeting.

The growth figure for 2017 is also surprisingly positive in the Eurozone and the improving macroeconomic trend that was already underway in the final quarters of the previous year is being consolidated. The manufacturing activity and services indicators reported very encouraging levels, higher than the economists' initial estimates, held back by fears of the political events of the first half of the year. Divergence also relented in terms of growth and employment among the core countries, which were more virtuous with regard to indebtedness, and the Mediterranean countries, whose average employment and productivity levels are still distant from those before the crisis.

Inflation, after a recovery in the first part of the year, also following the rise in energy prices, surpassed the peak at the time of the April analysis, fell and settled at around 1.5%.

The European Central Bank, while reaffirming its intention to continue its expansive monetary policy action to support growth and achieve inflation targets, at the October meeting signalled a gradual reduction in stimulus to the markets, planning a decrease in the quantity of government and corporate stocks purchased on a monthly basis starting from January 2018.

In Italy, current and forecast indicators remained at levels well above those expected throughout the year, both for services and the manufacturing and construction sectors. Consumption held up better than expected, with an average of +1.5% on the previous year, driven in particular by the long-term goods segment and, against a stable income in real terms, sustained by a lower propensity to save. Unemployment fell to 11.2% in the last analysis in September, a level reached at the end of 2012, albeit against an increase in fixed-term contracts. After reaching their lowest level in the first half of the year, salaries showed an average positive variation of +0.5% in the year, still far from pre-crisis levels and the Eurozone average. The country is nevertheless surprisingly positive in terms of overall growth, projecting an increase in GDP of approximately 1.5% at the end of the year.

The situation in Japan remains positive this year, thanks to a combination of favourable conditions in the domestic and international economy. There has been a substantial recovery in growth, employment, investment and consumption, factors that lead to a projected change in gross domestic product for 2017 of more than 1.5%. Despite the evident surplus of labour

demand over supply, inflation remained far from the mid-term objective of 2%. The Bank of Japan confirmed the entire expansive monetary policy programme consisting of purchases of 80 trillion Yen in government stocks and control of the government curve with the ten-year rate set at 0% maximum.

Positive signals also arrived from the emerging countries by virtue of a more encouraging and widespread global scenario: improvement in domestic demand following two years of weakness, together with international trade not dropping off, generated growth data higher than that forecasted. The recovery of raw material prices also supported the growth of exporting countries such as Russia. In China, the Communist Party Congress reaffirmed Xi Jinping's leadership and his course of growth moderation through credit control and excesses in the property assets market.

Bond markets

The early months of the year were marked by a fluctuating trend in the returns that the European and American government bond component offered. The risks tied to the French election results disappeared, and the European bond market rebounded strongly with yield spreads falling in both the government and corporate segments; the change was helped by publication of improved macro-economic data and by the resulting diminished risk of deflation. In this context the Federal Reserve raised reference interest rates three times, while the ECB confirmed its expansive approach by continuing its bonds purchasing plan, although it projected a reduction in these rates from 2018.

At the end of the year, the 10-year US government stock closed with a return of 2.4% (-4 basis points from the start of the year), while 2-year stocks closed at 1.9% (+70 basis points from the start of the year), with a marked flattening of the curve. Corresponding German stocks disclosed returns of 0.4% on 10-year stocks and -0.6% on 2-year stocks, with an increase of 22 and 14 basis points respectively.

Stock markets

Stock markets performed broadly positive at a global level. The long process of US presidential elections pushed US stock exchanges to new highs, in a context of extremely low volatility. Technology sector stocks particularly distinguished themselves. Against an improvement in the macroeconomic trend, monetary policy normalisation remains very gradual, allowing for equity valuations to be broadly sustainable.

In Europe, after a moderate start, the overcoming of political tensions, especially in France, has provided a considerable boost to the markets. In the latter part of the year, confidence indicators were translated into macroeconomic data that exceeded expectations, especially in Italy. The Milan stock exchange was among the best in the continent, partly due to the reduction of stock of non-performing loans in the banking sector. The Madrid Stock Exchange, which particularly stood out in the first few months, lost ground due to the continuing political stalemate and tensions in Catalonia. Emerging markets, especially South American markets, were among the best at global level, thanks to the economic recovery and recovery of raw materials. Annual performances, gross of dividends, were as follows: in the United States, the S&P 500 index reported a positive performance of 21.8% and the Nasdaq of 29.7%; in Europe, the Eurostoxx 50 reported growth of 9.9%, 16.9% for the Ftsemib and 12.5% for the Dax; in Japan, the Nikkei index increased by 21.3%. The MSCI index of emerging countries closed at +37.5%, with Shanghai at +24.3% and Hong Kong at +41.3%.

Foreign exchange markets

After a phase of substantial stability in the first quarter of 2017, the US dollar has generally shown a weakness against other global currencies. The tenuousness that markets discovered in the economic and international policy approach of the new government in its first few months, pushed operators to review the normalization path of the Federal Reserve, which also raised the key rate by 25 basis points three times during the year. By contrast, the European single currency benefited from a more positive context and a considerable decrease in political risks, with flows of purchases that supported the trend. The dollar ended the year at 1.20 against the Euro, while on the same date 112.6 Yen was required to purchase a single dollar.

Real estate market

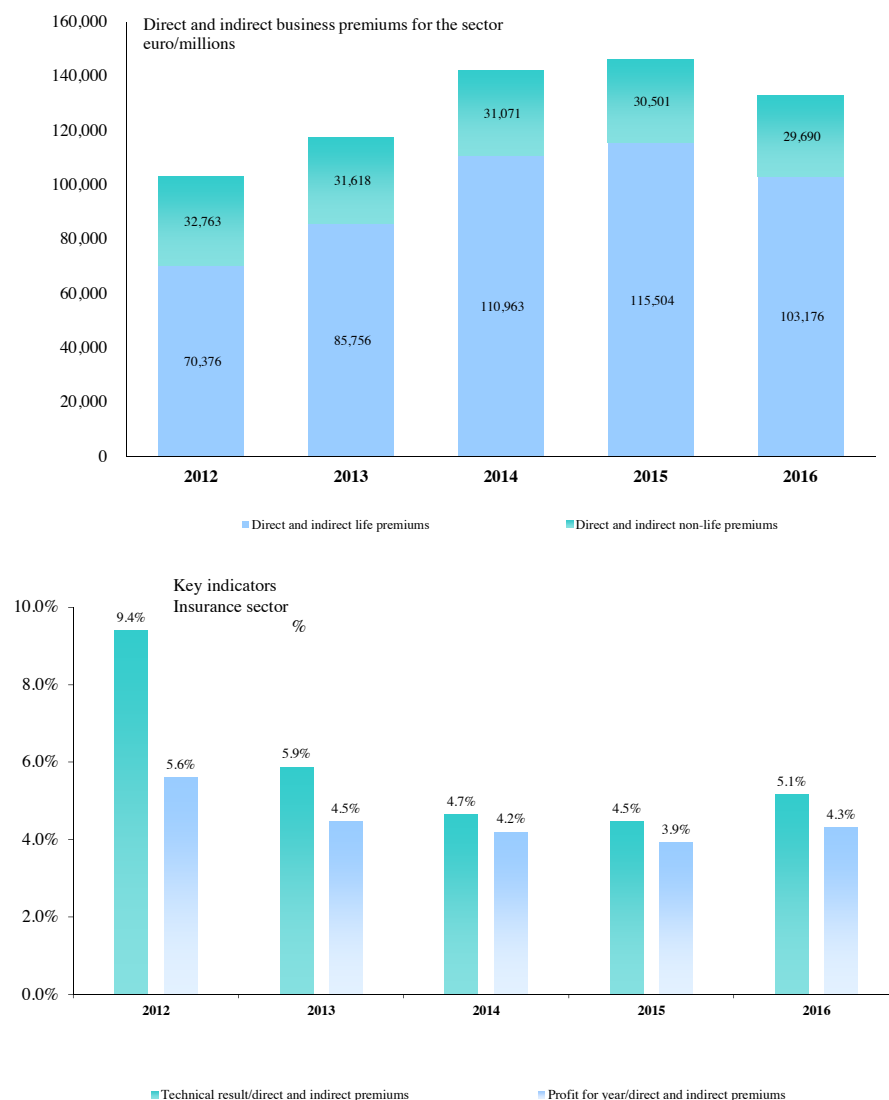
2017 marked a record for investments in Italian real estate, that broke through the €11 billion barrier. This is the highest amount ever reached, growing by 21% compared to €9 billion in 2016, which in turn was also a 10% increase over the previous year.

The property assets segment for logistics grew most, almost doubling (+95%) the previous year's figures with investments of over €1.2 billion. However, it was the business office sector that led the market with investments of €4 billion (+10%) compared to 2016. On the other hand, there was a slight decrease in retail spaces, with investments of €2.4 billion, 5% less than in 2016. The most disadvantaged were shopping centres located in small towns, as a result of the abundant range and growth of e-commerce. The hotel sector also achieved excellent results, attracting investments of €1.1 billion, up 50% on 2016.

With these results we can clearly state that the Italian real estate sector continues to attract investors, especially foreign investors, and that the trend will continue in 2018, not only in the main spheres, but also in secondary markets, including a solid trend in the rental market, especially in Milan.

Insurance industry

The graphs below show certain summary figures published by ANIA¹ for the insurance industry for the period 2012-2016.



According to ANIA¹ in 2017 total premiums written (life and non-life) for the Italian direct portfolio should amount to just over €130 billion, down 2.8% with respect to the year just ended, after the almost 9% decrease recorded in 2016. The 2017 result appears to be triggered by another drop in life premiums (-4%), partly counterbalanced by slight growth in non-life premiums (+1%).

Overall premiums as a percentage of GDP should fall from 8% in 2016 to 7.7% in 2017.

Premiums written for the Italian direct portfolio of non-life business in 2017 should return to topping €32 billion, up 1% over 2016, in this way interrupting a long downturn period that began in 2012. This would depend on a slowdown of the reduction rates of the TPL motor class premiums and additional growth in all the other non-life business.

¹ Source ANIA - L'Assicurazione italiana 2016-2017, publication dated July 4th, 2017.

The volume of written premiums should settle at € 13.3 billion at the end of this year, configuring 41.3% of total non-life premiums (42.3% in 2016).

On the other hand, the expansive phase of the non-life classes other than the TPL motor class should continue as it is positively influenced by the pick-up in the general economic cycle. In fact, an increase is estimated for 2017 of 2.9% of written premiums (almost €19 billion), just slightly above the increase recorded in 2016 (+2.6% and €18.4 billion).

It is envisaged that in 2017, non-life premiums as a percentage of GDP shall remain unaltered at 1.9%.

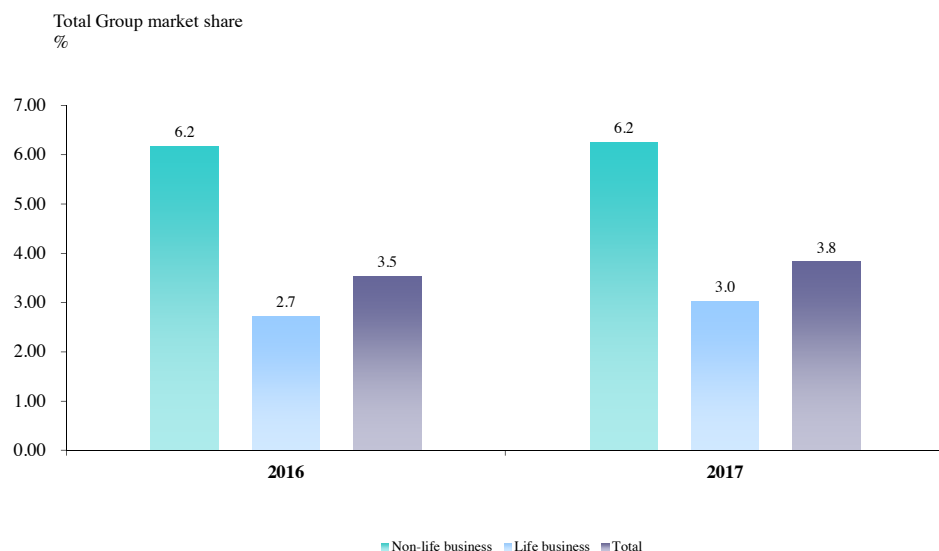
In the life business, fewer written premiums (-4%) are expected in 2017 for the second consecutive year, less than what was recorded in 2016 (-11%) for a total volume that should top the €98 billion mark. In more recent years the life business has been very variable in written premiums performance based on both the volatility of the financial markets and the returns of segregated funds in a low interest rate context.

Overall, the ratio of the volume of premiums written in the life sector with respect to GDP would drop from 6.1% in 2016 to 5.8% in 2017.

On the basis of the market figures for gross premiums written as of September 30th, 2017, of Italian companies and non-EU representative agencies, (Ania Trends, No. 1, January 2018) total life and non-life premiums were down 4.7%, the non-life business was up 0.6% and the life business down 6.2%.

The non-life classes fell 1.3% in the motor classes and rose 2.7% in the non-motor classes.

On the basis of the ANIA annual forecasts, the Group's market share in the non-life sector would be unchanged at 6.2% and in the life sector would increase from 2.7% to 3%.



Sector regulations

In the detailed overview of the measures adopted by the legislator and the sector authorities which characterised the year, some of the legislative innovations which affected the insurance sector and the Group are mentioned.

IVASS regulations, amendments and letters to the market
IVASS Regulation No. 34 dated February 7th, 2017

The regulation concerns the corporate governance instructions regarding valuation of assets and liabilities other than the technical provisions and the criteria for their valuation.

The regulation became effective the day following its publication in the Italian Official Gazette No. 51 dated March 2nd, 2017.

IVASS Regulation No. 35 dated February 7th, 2017

The regulation concerns adjustment for the capacity to absorb the losses of the technical provisions and the deferred taxes in determining the solvency capital requirement calculated using the standard formula. The regulation became effective the day following its publication in the Italian Official Gazette No. 51 dated March 2nd, 2017.

IVASS Regulation No. 36 dated February 28th, 2017

The regulations contain instructions on disclosing figures and information to carry out statistical surveys, studies and analyses regarding the insurance market pursuant to art. 190-*bis* of Italian Legislative Decree No. 209 dated September 7th, 2005 (“Italian Private Insurance Code”).

The regulation became effective the day following its publication in the Italian Official Gazette No. 66 dated March 20th, 2017.

IVASS Provision No. 58 dated March 14th, 2017

The provision carries amendments to ISVAP Regulation No. 5 dated October 16th, 2006 concerning the insurance and reinsurance brokerage activities regulations. The provision introduces significant changes on how to present petitions and communications due from the brokers and companies to IVASS for the purpose of keeping the Consolidated Register of Insurance and Reinsurance Brokers as part of the simplification and dematerialisation process started in 2015. The provision was published in the Italian Official Gazette No. 76 dated March 31st, 2017.

IVASS Provision No. 61 dated July 4th, 2017 and No. 63 dated October 3rd, 2017

IVASS Provision No. 61 dated July 4th, 2017 contains amendments to ISVAP Regulation No. 24 dated May 19th, 2008, concerning the procedure for presentation of complaints to the IVASS and the handling of complaints by insurance companies. In particular, with Provision No. 61, IVASS issued operating instructions for the compilation and transmission of the report on complaints, in order to facilitate the six-monthly collection of data on complaints. Provision No. 61 became effective the day following its publication in the Italian Official Gazette No. 168 dated July 20th, 2017.

IVASS Provision No. 63 dated October 3rd, 2017 amends ISVAP Regulation No. 24 of May 19th, 2008, in particular by introducing paragraph 7 into art. 6, which provides that, in the event of a report of violation or circumvention of the obligation to contract under art. 132 of the Code of Private Insurance, the deadlines for handling complaints by IVASS are reduced by half. Provision No. 63 became effective the day following its publication in the Italian

Official Gazette No. 245 dated October 19th, 2017.

IVASS Letter to the Market No. 110071/17 dated June 5th, 2017

The letter concerns the annual report of the anti-money laundering unit concerning the self-assessment of money laundering and terrorist financing risks pursuant to art. 20 of Legislative Decree No. 231 dated November 21st, 2007 implementing Directive 2005/60/EC (“Third Anti-Money Laundering Directive”) and art. 15 of the text of the Italian Legislative Decree implementing (EU) Directive 2015/849 (“Fourth Anti-Money Laundering Directive”), approved by the Italian government in its final examination and presently being published in the Italian Official Gazette. More specifically, the anti-money laundering unit reports the results of the self-assessment in the Annual Report pursuant to ISVAP Regulation No. 41 dated May 15th, 2012 and describes, in a specific chapter, the steps of the process, the units involved, the figures and the information upon which the assessments made are based, the results obtained and any necessary adaptation measures. The companies sent IVASS the information by June 30th, 2017 as regards Section 5 (Brokers); by November 10th, 2017 in connection with the other sections; in the case of insurance groups, the parent company is required to send the data referring to the insurance group and the data referring to every single company.

IVASS Letter to the Market No. 0163067/17 dated September 4th, 2017

The letter concerns EIOPA preparatory guidance on governance and product control by insurance companies and distributors of insurance products under EU Directive 2016/97 (‘IDD’). In particular, although the European regulatory framework is still being defined, in addition to providing some clarifications to prepare the market for the new regulatory regime, in an annex, the letter to the market contains guidance on governance and product control remedies applicable to providers who create insurance products for sale to customers and to distributors of insurance products that distribute insurance products not created by themselves.

IVASS Letter to the Market No. 0235755/17 dated December 29th, 2017

With the letter to the market of December 29th, 2017, No. 0235755/17 concerning “Results of the survey on traditional intermediaries safeguards for the management of information and the prevention of cyber risks. Instructions for intermediaries”, IVASS, in terms of prevention, recommends that intermediaries adopt specific policies on cyber risk, which can also be prioritised on the basis of defined guidelines with the respective trade associations. It is important that these policies: - are prepared following an in-depth assessment of the processes and information systems in use; - suitable measures to increase corporate cyber security are identified; - they are shared with their partners and employees; - they are revised at least every two years. In any case, in the presence of regulatory changes or in order to adapt to the evolution of technology and whenever “cyber incidents” occur that involve inaccessibility, even temporary, to data and information or its partial loss, policies must have content and levels of detail commensurate with the complexity of the company’s business and the degree of exposure to risk.

IVASS Letter to the Market No. 0235760/17 dated December 29th, 2017

With the letter to the market dated December 29th, 2017, No. 0235760/17 concerning ‘Dormant life policies. Request for an action plan’, IVASS asks the administrative bodies of companies to adopt, by April 1st, 2018, an action plan indicating the initiatives they intend to

take to periodically check the deaths of policyholders and trace beneficiaries. The plan must also identify the relative implementation schedule, which must be completed by September 30th, 2018 and sent to IVASS by April 30th, 2018. By the same date, a request is made to create a contact point on the website for processing requests for information from potential beneficiaries on the existence of life insurance policies in their favour. Finally, it is requested that through cross referencing and ad hoc checks, potentially dormant policies identified in the survey be “run-down”. To this end, it is requested that the attached file be completed and returned by May 31st, 2018.

IVASS Letter to the Market No. 00087/18 dated January 12th, 2018

On January 12th, 2018, IVASS published a letter to the market concerning the results of the comparative analyses of the Risk and Solvency Assessment Reports (ORSA).

The principles of the new Solvency II regulatory regime require insurance companies to have an internal risk management system that includes an “internal risk and solvency assessment” (so-called ORSA, Own Risk and Solvency Assessment).

In view of the importance of the ORSA Report, the body has carried out a comparative analysis of the reports submitted, including taking into account additional information requested in a letter to the market dated April 21st, 2017, relating to the impact, in terms of capital and solvency, of the occurrence of economic scenarios characterised by the persistence of extremely low interest rates and significant increases in credit spreads on financial assets.

Other legislative innovations

Italian Legislative Decree No. 254 dated December 30th, 2016, Implementation of Directive 2014/95/EU of the European Parliament and Council dated October 22nd, 2014 containing an amendment to Directive 2013/34/EU as regards the disclosure of non-financial information and information on diversity by some large companies and groups

The provision introduces the obligation for large companies and groups (which have at least 500 employees and meet certain size requirements) to annually publish a report on the environmental and social impact of its activities with specific attention paid to information pertaining to personnel, respect for human rights, non-discrimination and the fight against corruption. The declared objective of the new legislation is to increase transparency on certain information in order to ensure that all stakeholders of the company will become more knowledgeable of the impact and risks arising from the company’s activity. The party appointed to carry out the statutory audit of the financial statements shall verify that the directors have prepared the non-financial statement and shall issue a separate report attesting to the conformity of the information provided. The provisions of the legislative decree will go into effect starting from the financial year that started on January 1st, 2017, and the first report must be published when the 2017 financial statements are approved.

Italian Legislative Decree No. 38 dated March 15th, 2017, Implementation of framework decision 2003/568/GAI of the Council of July 22nd, 2003 regarding the fight against corruption in the private sector

The legislative decree amends art. 2635 of the Italian Civil Code by extending the category of subjects punishable for the offence of corruption in the private sector to also include those who “hold executive offices in the organisation structure of the company or private entity”; and by extending the category of punishable conduct, establishing that the transfer and

soliciting of payment in cash or another utility are to be punished. Art. 2635-*bis* is also added to the Italian Civil Code in order to punish the incitement to corrupt between private parties, as of today unpunished. Lastly, with regard to the provisions of Legislative Decree No. 231 of June 8th, 2001, sanctions for the entity are increased in the event that the corrupter is a subject who acts in the name and interest of the entity.

Italian Legislative Decree No. 90 dated May 25th, 2017 implementing (EU) Directive 2015/849 regarding prevention of use of the financial system for the purpose of money laundering or terrorism funding (so-called Fourth Anti-Money Laundering Directive), which amends (EU) Regulation No. 648/2012 and repeals Directive 2005/60/EC and Directive 2006/70/EC

The decree broadens the category of subjects qualified as “politically exposed persons” who have to be checked more in-depth: in addition to the higher echelons of the state, ministers and members of Parliament, top-ranking members of the magistracy, the regional councillors and those sitting on the regional councils, members of the European Parliament and general managers of the local health authorities, as well as mayors of municipalities with a population no less than 15,000 and the senior management of the investees of these municipalities must be checked. The role of Anti-Mafia and Anti-Terrorism Department and rearrangement of the administrative sanctions with a system of measures graded according to the function of the severity of the infringements are reinforced. In line with the directive, it was also established that suspect transactions cannot be carried out until they are reported and an obligation for the FIU (Financial Intelligence Unit) to provide information to the security services as well on the suspect transactions for terrorism reasons was added.

Regulation dated August 11th, 2017 to execute (EU) 2017/1469

The Regulation establishes a standardised format for the information document relating to the insurance product pursuant to art. 20 (9) of Directive (EU) 2016/97 (“IDD”). The regulation became effective on the twentieth day following its publication in the Official Gazette of the European Union dated August 12th, 2017.

CONSOB Resolution No. 20249 dated December 28th, 2017

The Markets Regulation incorporated CONSOB Resolution No. 20249 of December 28th, 2017, which introduces, for the part relating to markets, new European regulations on the provision of investment services and markets in financial instruments, as defined by the MIFID II Directive (2014/65/EU) and the MIFIR Regulation (600/2014). The main changes included a redefinition of the organisational and operational requirements to be met by trading venues, i.e. regulated markets, multilateral trading facilities (MTFs) and the new type of Organised Trading Facility (OTF). The amendments to the Markets Regulation came into force on the day following their publication in the Italian Official Gazette No. 1 dated January 2nd, 2018.

CONSOB Resolution No. 20250 dated December 28th, 2017

The Issuer’s Regulation incorporated CONSOB Resolution No. 20250 dated December 28th, 2017. The amendments are functional to the national transposition of Regulation (EU) No. 1286/2014, relating to documents containing key information for packaged retail investment and insurance products (PRIIPs Regulation). In particular, the amendments govern the obligation to notify CONSOB of key information documents (KID) for packaged retail investment and insurance products (PRIIPs), in accordance with the provisions of art. 4-

sexies, paragraph 5, of the Consolidated Law on Finance. The amendments came into force on January 3rd, 2018, following the publication of the resolution in the Italian Official Gazette No. 1 dated January 2nd, 2018.

CONSOB Resolution No. 20267 dated January 18th, 2018

CONSOB published Resolution No. 20267 of January 18th, 2018, “Adoption of the Regulation implementing Legislative Decree No. 254 dated December 30th, 2016”, relating to the “Communication of information of a non-financial nature” with attached Regulation. The Regulation adopted in implementation of the European Directive (2014/95/EU), transposed into national law (Legislative Decree No. 254, dated December 30th, 2016) - governs the methods of publication, verification and supervision of non-financial statements. Starting from financial statements relating to financial years from 2017, listed companies, banks and large insurance companies (which have at least 500 employees and meet certain size requirements) must also prepare, in addition to traditional financial reporting, a statement on non-financial issues (the NFP), including information on aspects relating to environmental, social, personnel and human rights issues, and aspects relating to the fight against active and passive corruption.

The Regulation provides for a diversified publication regime and direct provision to CONSOB of the Employer’s Liability Insurance Certificate, depending on whether or not the company that prepares the declaration is listed on a regulated market or has shares widely distributed among the public. In particular, in order to limit the burden on companies, listed and public companies are required to use the publication and transmission channels already provided for by the current regulations of the Consolidated Law on Finance.

CARD Agreement for direct compensation - NEW CARD 2017

On the occasion of the tenth anniversary of the entry into force of the direct compensation procedure, provided for by articles 149 and 150 of the Code of Private Insurance and by Presidential Decree No. 254 of July 18th, 2006, the Agreement between Direct Claims Insurers (CARD) was updated, which regulates relations and lump-sum reimbursements between companies participating in the system. The new Agreement, which applies to claims that occurred as of March 1st, 2017, is designed to facilitate the rapid exchange of documentary evidence on which the reconstruction of liability between the two companies involved in the claim is based, allowing for the management company to formulate the offer of compensation within the terms provided for in art. 149 of the Insurance Code.

Thanks to this new procedure, insurance companies should also be able to reject, in a documented and reasoned manner, unfounded claims for compensation in line with IVASS directives set out in the letter to the market dated December 15th, 2016 concerning “Complaints relating to motor liability claims settlement. Refusal of compensation”.

Tax measures

The main innovations which characterized the year are described as follows.

The 2017 Finance Law (Law No. 232 dated December 11th, 2016, in the Italian Official Gazette No. 297 dated December 21st, 2016, in the O.S. No. 57/L)

One of the law's innovations is the introduction of the "VAT Group" regulations: basically, as a result of the provision commented on, a single VAT taxpayer is considered the set of subjects that are legally independent though closely bound to one another by financial, economic and organisational relationships.

The new VAT Group provisions will apply starting from January 1st, 2018, the year when the option can be exercised, with the regime becoming actually operative starting from the following year, i.e. from January 1st, 2019.

The new VAT Group regulations envisage the creation of a single taxpayer.

"Milleproroghe 2017" Decree (Law Decree No. 244 dated December 30th, 2016 converted into Law No. 19 dated February 27th, 2017, in the Italian Official Gazette No. 49, dated February 28th, 2017, in the O.S. No. 14/L)

Italian Legislative Decree No. 139 dated August 18th, 2015 considerably altered civil law on the subject of drawing up financial statements, and it went into effect starting from financial years that began from January 1st, 2016 on. When the "Milleproroghe" decree was converted into law, various amendments were introduced to the Italian Consolidated Tax Act in order to coordinate tax legislation with the new regulations on drawing up financial statements according to the new national accounting standards. This was also done to simplify the methods for determining the taxable income from the financial statement result.

Corrective manoeuvre (Law Decree No. 50 dated April 24th, 2017 converted into Law No. 96 dated June 21st, 2017, in the Italian Official Gazette No. 144, dated June 23rd, 2017 in the O.S. No. 31/L)

The decree contains several measures aimed at countering VAT tax evasion, by extending the cases subject to split payment: the mechanism establishes that only the amount net of VAT shown on the invoice be paid to the supplier of the good or service by some subjects (such as the Public Administration or companies listed on the FTSE MIB index of the Italian stock exchange), and the assignee or customer has to pay the VAT directly to the tax authorities.

The decree also introduces stricter rules for countering illegal uses to offset tax credits.

Lastly, another new rule introduced regards recalculation of the ACE (Economic Growth Aid) base. This is a benefit introduced by the law in order to reward capitalisation of companies. A new rate for calculating the notional return of the new capital starting from tax period 2017 is set.

Law Decree No. 148 dated October 16th, 2017, so-called "Tax decree linked to the 2018 budget law" (converted into Law No. 172 dated December 4th, 2017)

The decree contains a number of provisions on assessment and collection, including art. 19-*octies* and art. 11-*bis*.

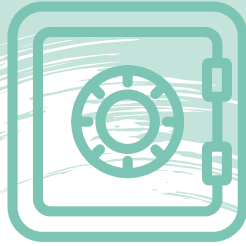
Art. 19-*octies*, paragraphs 4 and 5 of the decree establishes that the terms for the fulfilment of the declaratory and communicative obligations relating to the taxes administered by the Italian Revenue Agency may be extended, by order of the Director of the same Agency, in the presence of events or circumstances that entail serious difficulties for their timely and regular

implementation and, in any case, in the event of delay in the publication of technical specifications for the electronic transmission of data relating to the obligations themselves.

In practice, a more streamlined procedure is provided for the granting of extensions relating to declarative and communication obligations in the tax arena, managed directly by the Italian Revenue Agency with its own measures, in place of the issuing of specific decrees by the President of the Council of Ministers.

Art. 11-*bis* of the decree provided for the option of using a digital signature for the conclusion of certain acts related to certain corporate transactions, such as transformation, merger and demerger and contracts concerning the transfer of ownership or the possession of the company.

MANAGEMENT REPORT



Total premiums

2,707.7 MLN €

+5.5%

MANAGEMENT REPORT

The Company in 2017

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

The Company in 2017

HIGHLIGHTS

Dear Shareholders,

with the arrival of the new Managing Director and a new management team in June, our company immediately experienced a turning point. An exclusive alliance was formed in bancassurance with Banco BPM, thanks to which Cattolica will benefit from an expansion of its distribution network through entry into a network of approximately 1,700 branches.

The operation is financed by own funds and by the issue of a € 500 million Tier 2 subordinated debenture loan placed in December and whose issue received orders from more than 250 investors for a total of over €3 billion, equal to approximately 7 times the target amount for the issue.

The Solvency II margin of the Group as of December 31st, 2017 includes the benefit of the loan but doesn't yet take into consideration the effect of the completion with Banco BPM: even excluding the effect of the subordinated loan and net of the dividend distribution that will be proposed at the Shareholders' Meeting, the ratio is improving (199%, +13 pps).

In October a major institutional investor, Berkshire Hathaway, entered the fray, acquiring the Parent company's shares held by Banca Popolare di Vicenza, to become the largest shareholder with 9.9%.

On January 29th, 2018, the new 2018-2020 Business Plan of the Cattolica Group was presented to the financial community, institutions and the press, outlining the strategic lines, industrial priorities and economic-financial objectives for the next three years.

The Cattolica Group closed the year with a consolidated profit of 56.1 million (-40%). The Group's net profit came to €41.1 million (-46.1%).

These results are mostly influenced by the outcome of applying the new procedures for testing Group assets for impairment that were introduced further to the Board's resolution on July 13th, 2017, as communicated to the market on July 27th and with impacts already on the figures of the 2017 interim financial report, aimed at adapting the Group's assessment models to the Solvency II approach, in line with maximum prudence principles.

The consolidated profit was penalised by non-recurrent charges² attributable for €52 million to writedowns consequent to the goodwill impairment test, €5 million concerning permanent impairment losses for AFS securities, for new rules adopted and €5 million for the write-down of the Atlante Fund. The result was also affected by the severance payouts of several top management personnel who left during the year, amounting to €6 million, €8 million depreciation/amortisation due to the shortening of the useful life of the software that is expected to be replaced within the time-frame of the Business Plan and €5 million attributable mainly to the notification of unfavourable rulings by the Supreme Courts of Cassation – Tax Section, concerning VAT and which were challenged for ordinary

² All amounts are stated net of taxes and the effects of shadow accounting, where applicable.

revocation.

Having taken this into account, the consolidated profit and Group profit, normalised for non-recurrent effects, came to €137 million and €121 million respectively.

The combined ratio of retained business increased from 93.2% to 94.7% (+1.5 pps). The variation is mainly due to claims related to atmospheric events that took place in the third quarter of 2017 and to large claims, as well as to the decrease in the profitability of the motor class of business against the continuing decline in the average premium. Nevertheless, the Group is keeping up a positive technical result, even in a complex, strongly competitive market scenario marked by a slight pick-up in the frequency of claims, owing to a quality portfolio and its distinctive settlement expertise.

The operating result³ fell from €226 to €206 million (-8.8%): the decrease was mainly due to the worsening of the combined ratio.

On November 9th, through the signing of legal documentation, an agreement was made between Cattolica and Banco BPM for the establishment of a long-term strategic partnership in life and non-life bancassurance. The agreement envisages the acquisition by Cattolica of an investment of 65% in Avipop Assicurazioni S.p.A. and in Popolare Vita S.p.A. and the launch of a commercial partnership in the life and non-life classes, on the former Banco Popolare network, for a duration of 15 years, with the stipulation of a contract for exclusive distribution on the former Banco network for life insurance products under Popolare Vita and the Lawrence Life as well as a contract for non-exclusive distribution under Avipop and Avipop Vita. The closing of the transaction, subject to the approval of the competent Supervisory Authorities, is indicatively planned for the first half of 2018.

The Company ended the year with profit, adhering to national accounting standards, of €5.3 million compared with a profit in the previous year of €63.7 million. The profit was affected by non-recurring charges of €92 million attributable to writedowns on subsidiaries, affiliates and other companies. The result was also affected by the severance payouts of several top management personnel who left during the year, amounting to €6 million, the amortisation due to the shortening of the useful life of software that is expected to be replaced within the time-frame of the Business Plan, amounting to €5 million, and other costs amounting to €6 million, attributable mainly to the notification of unfavourable rulings by the Supreme Courts of Cassation – Tax Section, concerning VAT and which were challenged for ordinary revocation.

The normalised result was €114 million and includes €31 million in dividends from

³ Includes the “other” sector. The non-life operating result is defined as the sum of the reinsurers net technical income, ordinary financial income and other recurring operating costs (amortisation/depreciation, insurance receivables, bank interest, etc.); excluded from the operating result are realised (plus/minus) financial results, valuation and impairment; write-downs of other assets, the cost of financial debt (subordinated), amortisation of the VOBA (Value of Business acquired) and non-recurring costs (exit incentives and the cost of the Solidarity Fund). The life operating result is defined in a similar way, with the difference being that all financial income which contributes to the income of stocks belonging to segregated funds, as well as those belonging to class D, are considered in the operating result.

subsidiaries and € 1 million in adjustments to the working capital portfolio: the normalised core profit, also normalised for these items, was €84 million.

The variation in gross premiums written for direct and indirect business was +5.5%, with total premiums of €2,707.7 million.

Direct life premiums amounted to €1,690.6 million (+2%). In the motor insurance segment, premiums written amounted to €909.9 million (+1.2%).

The non-motor classes, with premiums written for €780.7 million, increased by 2.9%.

The combined ratio of retained business was 96%, an increase with respect to December 31st, 2016 (94.2%).

The decrease is due to 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. Nevertheless, the Company is keeping up a positive technical result, even in a complex, strongly competitive market scenario marked by a pick-up in the frequency of claims, owing to a quality portfolio and its distinguishing settlement expertise. The profitability of the other non-life classes is still highly positive.

Life premiums written, for a total of €974.3 million (+13.2%), reported premiums in the traditional segment for €577.5 million, unit-linked premiums for €39.8 million, health insurance for €1.4 million, capitalisation products for €227 million and pension funds for €128.6 million. New business concerning life policies subject to revaluation with minimum guaranteed rates of 0% is allowing for a progressive lowering of the average guaranteed minimum of the Company's stock of actuarial provisions.

The result from the financial management of investments (class C) amounted to €200.8 million (-18.7%).

The Group's distribution network as of December 31st consisted of 1,494 agencies distributed as follows: 50.4% in Northern Italy, 26.8% in Central Italy and 22.8% in Southern Italy and the islands.

The number of branches distributing Pension Planning products fell from 5,649 at the end of the previous year, to 5,064 (-502 branches), mainly due to the termination of the agreement with the BPVi Group.

The bank branches of the UBI Group numbered 567 compared to 580 as of December 31st, 2016. The alliance with ICCREA HOLDING launched in the second half of 2009 makes it possible to distribute products via 4,019 branches of the co-operative lending banks (3,940 as of December 31st, 2016). The leading banks operating as Cattolica's partners, in addition to those already mentioned, include Banca Carim, Banca Popolare Pugliese, Banca di Credito Popolare.

The Group's financial advisors fell to 800, compared with 906 at the end of the previous year.

There were 210 Pension product advisors, sub-agents of C.P. Servizi Consulenziali.

The number of Agenzia Generale Agrifides sub-agencies, whose activities started in the latter

part of 2016, amounted to 28.

The following tables and comments show the reclassified income statement, the key indicators, the reclassified statement of financial position and the balances relating to the distribution network and the headcount, compared with those of the previous year.

Table 1 - Summary of the premiums for the year

(€thousands)	2017	2016	Change	
			Amount	%
Gross premiums written	2,707,663	2,565,999	141,664	5.5
Direct business - non-life	1,690,611	1,658,022	32,589	2.0
Direct business - life	974,295	861,062	113,233	13.2
Indirect business - non-life	42,715	46,867	-4,152	-8.9
Indirect business - life	42	48	-6	-12.5

Table 2 - Reclassified income statement

(€thousands)	2017	2016	Change	
			Amount	%
NON-LIFE BUSINESS				
Premiums written	1,524,263	1,502,281	21,982	1.5
Claims for the period	-1,027,179	-985,100	-42,079	-4.3
Administrative expenses	-130,344	-120,972	-9,372	-7.7
Acquisition and collection costs	-295,487	-281,727	-13,760	-4.9
Other technical items	-10,533	-26,707	16,174	60.6
a) Result of non-life insurance business	60,720	87,775	-27,055	-30.8
LIFE BUSINESS				
Premiums written	961,518	848,171	113,347	13.4
Claims for the period and change in technical provisions	-1,072,939	-946,726	-126,213	-13.3
Administrative expenses	-24,667	-17,727	-6,940	-39.1
Acquisition and collection costs	-29,033	-32,303	3,270	10.1
Other technical items	-6,187	-5,454	-733	-13.4
Technical interest ¹	149,831	139,619	10,212	7.3
b) Result of life insurance business	-21,477	-14,420	-7,057	-48.9
c) = (a+b) Total result of insurance business	39,243	73,355	-34,112	-46.5
d) Net income from investments	220,525	258,272	-37,747	-14.6
e) Technical interest ¹	-149,831	-139,619	-10,212	-7.3
f) Other income net of other charges	-56,787	-72,044	15,257	21.2
g) = (c+d+e+f) Profit (loss) from ordinary operations	53,150	119,964	-66,814	-55.7
Profit (loss) from extraordinary operations	-7,372	-3,676	-3,696	n.s.
Profit (loss) before taxation	45,778	116,288	-70,510	-60.6
Income taxes for the period	40,469	52,580	-12,111	-23.0
PROFIT (LOSS) FOR THE YEAR	5,309	63,708	-58,399	-91.7

n.s. = not significant

¹ The item includes technical interest to be acknowledged to the policyholders net of the result of class D investments

Table 3- Key life and non-life indicators

	2017	2016
Non-life ratios for direct business		
Claims ratio (Claims for the year / Premiums for the year)	68.6%	63.9%
G&A ratio (Other administrative expenses / Premiums for the year)	7.7%	7.1%
Commission ratio (Acquisition costs / Premiums for the year)	19.6%	19.2%
Total expense ratio (Operating expenses / Premiums for the year)	27.3%	26.4%
Combined ratio (1 - (Technical balance (*) / Premiums for the year))	96.8%	91.9%
Non-life ratios for retained business		
Claims ratio (Claims for the year / Premiums for the year)	67.4%	65.6%
G&A ratio (Other administrative expenses / Premiums for the year)	8.6%	8.1%
Commission ratio (Acquisition costs / Premiums for the year)	19.4%	18.8%
Total expense ratio (Operating expenses / Premiums for the year)	27.9%	26.8%
Combined ratio (1 - (Technical balance (*) / Premiums for the year))	96.0%	94.2%
Life ratios		
G&A ratio (Other administrative expenses / Premiums for the year)	2.6%	2.1%
Commission ratio (Acquisition costs / Premiums for the year)	3.0%	3.8%
Total expense ratio (Operating expenses / Premiums for the year)	5.6%	5.9%

(*) Excludes the income attributable to the non-life technical account and the changes in the equalisation provision

Table 4- Reclassified statement of financial position

(€thousands)	2017	2016	Change Amount	%
Assets				
Land and buildings	98,347	101,261	-2,914	-2.9
Investments in Group companies and other investees	882,461	972,152	-89,691	-9.2
Shares and Units of mutual investment funds	982,231	755,951	226,280	29.9
Bonds and other fixed income securities	7,366,875	6,688,150	678,725	10.1
Loans and other class C.III investments	3,142	3,533	-391	-11.1
Deposits with ceding companies	10,297	10,668	-371	-3.5
Class D investments	1,089,047	982,219	106,828	10.9
Cash in bank and cash equivalent	64,304	35,277	29,027	82.3
Investment	10,496,704	9,549,211	947,493	9.9
Intangible assets	181,699	207,316	-25,617	-12.4
Reinsurance amounts of technical provisions	512,828	558,929	-46,101	-8.2
Other receivables and other assets	1,160,905	1,090,463	70,442	6.5
TOTAL ASSETS	12,352,136	11,405,919	946,217	8.3
Shareholders' equity and liabilities				
Share capital and equity reserves	1,856,792	1,851,946	4,846	0.3
Negative reserve for own shares in portfolio	-46,945	-39,908	-7,037	-17.6
Profit (loss) for the year	5,309	63,708	-58,399	-91.7
Shareholders' equity	1,815,156	1,875,746	-60,590	-3.2
Premium provision	680,099	683,133	-3,034	-0.4
Provision for outstanding claims	2,581,690	2,577,662	4,028	0.2
Gross technical provisions - non-life	3,261,789	3,260,795	994	0.0
Mathematical provisions	4,822,699	4,440,909	381,790	8.6
Class D provisions	1,089,047	982,219	106,828	10.9
Gross technical provisions - life	5,911,746	5,423,128	488,618	9.0
Other gross non-life technical provisions	13,386	13,218	168	1.3
Other gross life technical provisions	161,298	128,216	33,082	25.8
Other payables and other liabilities	1,188,761	704,816	483,945	68.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,352,136	11,405,919	946,217	8.3

Table 5 - Headcount and sales network

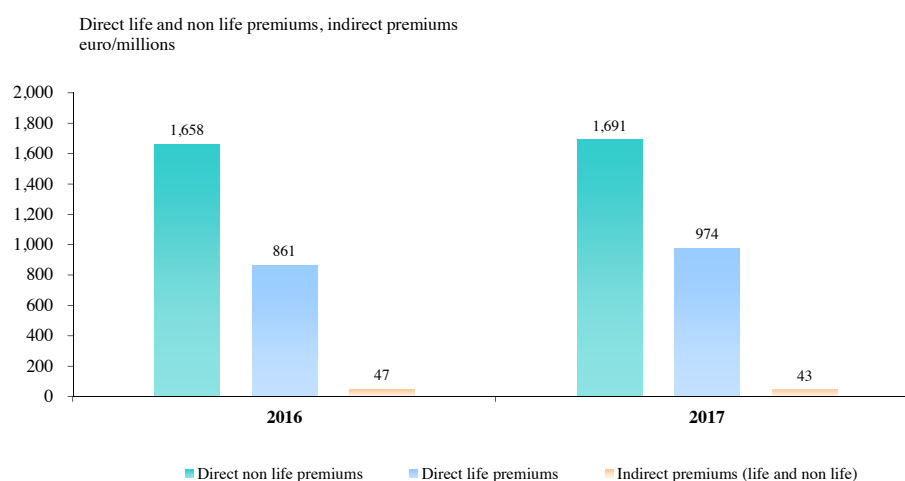
(number)	2017	2016	Amount	%
Headcount	828 ⁽¹⁾	801	27	3.4
Full time equivalent Headcount	803 ⁽¹⁾	775	28	3.6
Direct network:				
Agencies	808	822	-14	-1.7
Partner networks:				
Bank branches	478	627	-149	-23.8
Financial advisors	42	41	1	2.4
Welfare and pension product advisors	210	299	-89	-29.8

⁽¹⁾ The data takes into account the exit as of December 31st, 2017 of 5 co-workers who joined the Intersectoral Solidarity Fund.

The insurance business

The overall volume of premiums stands at €2,707.7 million, €1,690.6 million in direct non-life business (+2%), €974.3 million in direct life business (+13.2%) and €42.8 million in indirect business (-8.9%).

Non-life classes as a percentage of direct business fell from 65.9% to 63.5% and that of the life classes rose from 34.1% to 36.5%.



Technical provisions relating to direct and indirect non-life business (premiums and claims) amounted to € 3,261.8 million (+0.03%). Technical provisions relating to life business (actuarial and class D) amounted to € 5,911.7 million (+9%), of which € 1,089 million relating to class D technical provisions.

With reference to the non-life classes, the direct business indicators presented a ratio of other administration expenses to premiums written for the year of 7.7% (7.1% as of December 31st, 2016) and acquisition costs to premiums written of 19.6% (19.2% as of December 31st, 2016).

With reference to the life classes, the indicators presented a ratio of other administration expenses to net premiums of 2.6% (2.1% as of December 31st, 2016) and acquisition costs to net premiums of 3% (3.8% as of December 31st, 2016).

Financial and asset management

Investments amounted to €10,496.7 million (+9.9%) and were made up as follows: 0.9% from land and buildings, 70.5% from fixed-income securities, 8.8% from shares and holdings (8.1% relating to Group companies and other investees), 10.4% from class D investments and 9.4% from other investments.

The results from the management of class C investments (non-life and life), as already indicated, amounted to €200.8 million (-18.7%).

Own equity - Shareholders' equity

The shareholders' equity amounted to €1,815.2 million (-3.2%): with regard to details relating to its composition, its possibility of being used and the distributable nature of the reserves, please see the related table in the notes to the accounts.

2018-2020 BUSINESS PLAN

On January 29th, the new Group Business Plan, featuring a three-year time-span, was presented to the financial and institutional community and the press in Milan.



With this Plan, Cattolica aims to become an innovative, agile Group that is responsive to new market challenges, increasingly strong and profitable, while remaining firmly anchored within its cooperative model and confirming its position and vocation for close relationships with households and businesses.

To this end, the Group is strengthening its path of industrial and cultural change, which involves business, human capital and its governance model.

The strategic pillars identified with the aim of further enhancing the value of its assets and seizing opportunities for improvement are:

- an accelerated growth path;
- centralisation of innovation and data management;
- pursuit of technical excellence.

These guidelines will be accompanied by an essential strengthening of the operational machine, a simplification of processes and a cultural transformation.

The main targets for 2020 are:

- operating profit in the range of €375-400 million;
- expected operational ROE of at least 10% by 2020;
- dividend per share up by approximately 50%;
- maintaining a high capital strength (Solvency II ratio between 160% and 180%).

Total envisaged premium collection in 2020 is between €7.6 billion and €8 billion (non-life premiums between €2.4 billion and €2.6 billion and life premiums between €5.2 billion and €5.4 billion). Premiums written will benefit mainly from inorganic growth actions, such as the strategic partnership with Banco BPM.

The pillars on which the Business Plan is based are described below.

Profitable growth

The Group aims to strengthen and develop premiums written, diversify its channels and business lines, especially with the contribution of inorganic actions.

The agency network, which will remain key to the company's strategies, will be made more sustainable and profitable, with an increase in average size. A rebalancing of the business mix, an intensification of the training range and the differentiated growth of support provided are expected. Specialised sales outlets will be created to enhance specific characteristics and the territorial footprint will be optimised.

During the period of the Plan, a breakdown change in the life production is expected for the agency network, moving towards unit-linked products (+14 pps the ratio to the premium collection total) as well as growth in the non-motor non-life business, in which the consultancy role will increase. The enhancement of the agricultural/agro-food range and the extension of the Religious Bodies and Third Sector range are expected, as well as the

development of affinities and a greater provision of catastrophic cover.

The new mix and greater telematic penetration are expected to lead to an increase in average premium collection per agency from €1.9 million in 2017 to €2.3 million in 2020.

In terms of profitable growth, the exclusive partnership with Banco BPM has a very strong strategic value. Without prejudice to the excellent relationship with UBI and ICCREA, we should mention the strong operating synergies, the capillary nature of approximately 1,700 Banco BPM branches, a portfolio consistent with the strategy of rebalancing production towards products with low capital absorption for life and non-motor for the non-life insurance.

The expected contribution of the new partnership for 2020 is approximately 9 billion life provisions and over 140 million non-life premiums, while the expected increase in terms of operating result in 2020 is over 100 million.

Furthermore, digital innovation will contribute, through a multi-channel strategy integrated within the networks, which will provide customers with a new relationship experience with the Company. An increase of 150 thousand customers under 35, a consistent generation of leads to be transferred to agencies, greater cross-selling in the elementary lines of business and a 30% reduction in the time dedicated to administrative activities are expected.

Innovation in the range and services based on data and technology

The customer service paradigm will evolve from the “damage/refund” model to a “prevention/protection” model with an innovative range that will leverage connectivity and extensive use of data across the entire value chain (data-driven company). The use and management of data will make it possible to intervene in:

- the fight against fraud, by increasing the rate of fraud identification to bring it into line with the market average;
- increasing the sophistication of tariffs, which will be carried out by a dedicated advanced-analytics and pricing team;
- innovation and customisation of the range.

To this end, a new technological platform will be implemented with the integration of all customer data, populated with information from external databases; extensive use will also be made of predictive algorithms and artificial intelligence, with a view to reaching real-time damage settlements.

At the same time, a range of connected and distinctive products will be developed, thanks to telematics, the Internet of Things (IOT) and smartphone-based technologies.

This connected range also provides for the creation of an ecosystem of partnerships. As regards the motor business, thanks to low cost technologies now available, the objective is to increase telematic penetration of new business to 50%. This will also allow for the development, by the Company, of currently under-exploited segments, such as millennials or customers in metropolitan areas.

This range and, in general, the data-based approach described above, will allow for extensive “customer value management”, through which it will be possible to provide increasingly better and more personalised services to customers, while at the same time allowing for the selection of the most faithful and profitable methods, with positive effects also in terms of retention and cross-selling.

Significant benefits on the cost of claims are also expected, in terms of de-materialisation and appraisal automation.

Technical excellence

Activities including increasing the sophistication of tariffs and innovation in claims handling, profitability recovery on companies and shifting towards capital light life products will result in an increase in profitability.

With a primary focus on the motor business, the Company has set itself the objective of rebalancing the production mix, increasing the ratio of non-motor premiums written in the non-life business from 45% at present to 51% in 2020. In the non-motor business, for which the Group is starting from a situation of overall tardiness compared to the market, the profitable retail segment will be further boosted by the enrichment of the range (catastrophic guarantees and affinities development), automatic reform and simplification of older products.

Important work is planned to recover profitability in the non-motor business, agri-foods and Religious Bodies, mainly through new tariff and re-underwriting models, also made possible by the aforementioned improvement in data management. For this purpose, a new tool will be introduced to support agencies in the “Companies and Public Bodies” segment, which will improve undertaking quality by allowing for better profiling of companies, accurate risk assessment and digital issuance. The development of new channels and simpler flexibility management (with a reduction in average discounts) will provide a further contribution to improving profitability.

A boost to the growth of technical excellence will also come from the launch of a new company dedicated to Speciality Lines (100 million premiums expected by 2020). It will be a vehicle that is highly specialised in new or underdeveloped risks, in Italy and abroad, created to grow in high potential sectors (e.g. mobility, travel, art, sport, events, industrial risks, marine, NatCat, professional indemnity). The acquisition of a company is currently being assessed which, controlled by Cattolica, operating as a reinsurer, will coordinate various underwriting agencies focused on specific geographical areas and/or business lines that the Group will acquire or federate from time to time and whose remuneration will depend on the value generated.

Maintaining excellence in the motor sector (for which the Group stands out for its technical indicators that are better than those of the market) will be pursued through the sophistication of the pricing model, made possible by the development of advanced-analytics, and by innovations applied to claims handling.

On the other hand, as regards the life business, a greater quota of capital light products is expected (+19 pps class III life premiums written), which is estimated to represent approximately 50% of premiums deriving from the partnership with Banco BPM. A

significant reduction in the minimum guaranteed rates on traditional reserves is also expected: the average guaranteed minimum is expected to fall from 0.9% to 0.5% during the period of the Plan.

The agreement with Banco BPM, thanks to the growth in products with higher profitability (e.g. Temporary insurance in the case of death), the optimisation of the operational machine in terms of IT and staff synergies, and the larger scale, will lead to an increase in life margins: the operating profit indicator on reserves is seen to be significantly growing, reaching 72 bps in 2020.

Cultural transformation and simplification

The Company's cultural transformation and simplification is cross-cutting with the strategic actions and pillars of the Plan. In the interests of simplification, actions are planned to:

- optimise operating processes through re-engineering and robotics (automisation of 20% of administrative/back-office activities is expected);
- increase IT efficiency (including a plan to consolidate core applications);
- strengthen cost control/discipline (especially G&A): a decline of -1.1 pps is expected to 4.8% for the operating expenses to premiums ratio, also favoured by the significant growth in volumes.

The cultural transformation, which is already underway, will be implemented with a particular focus on the following factors:

- a development of the dynamism of existing talent resources in the company through targeted incentive-based growth;
- a new and improved corporate welfare model;
- a greater determination and fulfilment of the main staff training needs;
- the involvement of about 10% of the workforce in retraining projects, mainly as a result of the changes to the Plan.

SIGNIFICANT EVENTS DURING THE YEAR

The significant events that occurred during the year as part of managing the investments in Group companies, the corporate reorganisation and the consequent rationalisation of activities are set out below, in addition to other significant events during the year.

You are hereby reminded that the Company's Board of Directors resolved to comply, with effect as from December 13th, 2012, with the opt-out regime as per Articles 70, paragraph 8 and 71, paragraph 1-*bis*, of the Issuers' Regulations, therefore availing itself of the faculty to depart from the obligations to publish the disclosure documents laid down at the time of significant merger, spin-off, share capital increase via conferral of assets in kind transactions, acquisitions and transfers.

Bancassurance partnership with Banco BPM On September 27th, the Company sent Banco BPM S.p.A. (Banco BPM) a binding offer for a bancassurance partnership, relating to the purchase of a majority investment in Popolare Vita S.p.A. and Avipop Assicurazioni S.p.A. ("Companies") and the entering into an insurance

product distribution agreement in the Life Business and the Non-life Businesses.

On October 17th, Cattolica accepted the proposal of Banco BPM to launch an exclusive negotiation phase for the bancassurance partnership agreement, which envisages the acquisition of a majority holding in Popolare Vita and Avipop Assicurazioni (of which BPM also currently holds a minority interest) and the signing of a long-term agreement with Banco BPM for the distribution of life and non-life products on the former Banco Popolare network. On October 31st, Banco BPM and Cattolica disclosed that they had by mutual agreement extended the exclusive negotiation period between the parties until November 9th, so as to finalise the terms of the transaction and the associated contractual documentation.

On 9 November Banco BPM and Cattolica signed an agreement which provides for, subject to obtaining legal authorisations and the prior acquisition by Banco BPM of the entire shareholding in the share capital, the acquisition by Cattolica of a 65% stake in the capital of the Companies and the start of a commercial partnership for the distribution of life and non-life insurance products of the same Companies, through the former Banco Popolare network, for a duration of 15 years.

The transaction is based on a 100% valorisation of Popolare Vita equal to €789.6 million and 100% valorisation of Avipop Assicurazioni equal to €475 million. In particular, Banco BPM will be paid an amount equal to €853.4 million for the sale of 65% of the Companies divided up into €544.6 million for the sale of 65% of Popolare Vita (taking into account the distribution of available reserves, €89.6 million to the shareholder Banco BPM before the acquisition of the investment by Cattolica) and €308.8 million for the sale of 65% of Avipop Assicurazioni. Cattolica will carry out management and co-ordination activities of the Companies. With regard to matters of strategic importance, Banco BPM will maintain the power of veto; Cattolica will appoint the managing director of the Companies, and Banco BPM the general manager. Cattolica will finance the transaction by means of own equity and via the issue of debt instruments. The transaction will have an incremental impact on the profitability of Cattolica, while the financial structure identified will make it possible to maintain the financial solidity of the Company.

On November 14th, the Board of Directors of Cattolica took on, pursuant to art. 2410 of the Italian Civil Code, the resolution to issue a subordinated Tier 2 debenture loan up to a total maximum amount of €500 million.

On December 5, the Company successfully placed the debenture loan, reserved exclusively for qualified investors. The issue, which received orders from more than 250 investors for a total of more than €3 billion, equal to approximately seven times the amount of the issue, was completed on December 14th and as from that date the bonds were listed on the regulated market of the Irish Stock Exchange. The operation is aimed at strengthening Cattolica's capital and financial profile, taking into account the conclusion of the agreement between Cattolica and Banco BPM.

The rating agency, Standard & Poor's confirmed the rating of the loan as "BB+".

Banca Popolare di Vicenza

On February 10th, further to the matters communicated on August 4th, 2016, since six months had elapsed as from receipt by Banca Popolare di Vicenza (BPVi) of the communication relating to the unilateral withdrawal of Cattolica from the partnership agreements with the bank, the lock-up restriction on 4,120,976 Cattolica shares owned by BPVi ceased, without prejudice to anything else envisaged in the agreements. The period for the exercising the right to sell BPVi investments held in the share capital of Berica Vita S.p.A, Cattolica Life DAC and ABC Assicura S.p.A. according to the partnership

Agreements, drawn up with the bank and already to the market's knowledge, started from that same date.

BPVi, which was not yet under compulsory administrative liquidation at that time, decided to contest the legitimacy of Cattolica's withdrawal, however on the basis of arguments considered unfounded by Cattolica's legal advisors, was nevertheless in a situation that already showed objective warning signals.

On April 4th Cattolica resolved to exercise the right of option to sell BPVi investments held in the share capital of Berica Vita, Cattolica Life and ABC Assicura according to the partnership Agreements drawn up at the time and mentioned above within the terms contractually set. On that date the value came to €186.1 million. Moreover, based on the accounting and actuarial results, the penalties set for failure to meet the production and profitability targets of the investee companies amounted to €8.6 million as of February 10th, 2017.

On April 5th BPVi issued a press release reporting that 10,500,000 ordinary Cattolica shares had been sold.

On June 26th, in compliance with Italian Law Decree dated June 25th, 2017, the Italian Minister for the Economy and Finance, on the proposal of the Bank of Italy, subjected BPVi to compulsory winding up. The Bank of Italy appointed the liquidator commissioners.

In implementing the ministerial instructions and with the support of the Italian government, the liquidator commissioners transferred company assets and liabilities to Intesa San Paolo S.p.A., which took over the transferor's customer relations without interruption. The bank's impaired loans left out of the transfer were later transferred to a state-controlled company.

The rights of the shareholders and the subordinated liabilities remained under liquidation.

The acquired BPVi branches have become Intesa Sanpaolo branches.

All legal and commercial relationships between Cattolica and BPVi however ceased owing to the compulsory winding up, and the resulting outstanding credit accounts for Cattolica will be defined during the liquidation procedure.

On August 8th, the Company sent the bodies of the Compulsory Winding up of BPVi the "Request for the acknowledgement of receivables pursuant to art. 86, paragraph 5 of Italian Legislative Decree No. 385/1993" in relation to the receivables for more than €190 million concerning (i) the failure of the Bank to purchase the Cattolica equity investments in the jointly-owned companies Berica Vita S.p.A., ABC Assicura S.p.A. and Cattolica Life DAC, (ii) for fines in relation to insurance brokerage commitments.

By letter dated October 9th, 2017, Intesa Sanpaolo declared that it did not consider it in their interest to take over distribution contracts for insurance/pension products of the two companies.

Following the de facto termination of commercial and operating relations between the companies and banks of the BPVi Group, no new production was initiated.

Subsequently, the companies directly provided assistance to customers for all necessary after-sales transactions.

The joint venture companies Berica Vita S.p.A., Cattolica Life DAC and ABC Assicura S.p.A. have still remained joint ventures, albeit under the unified management and coordination of Cattolica, pending the decisions of the bodies for the procedure on the disposal of the 40% minority interests held by the same.

In October 2017 BPVi sold its entire equity investment held at that time to the share capital of Cattolica.

Moreover, with particular reference to the capital increase of the same bank in spring 2014 and the contents of the relative statement, on April 4th, 2017 the Company filed claims for

damages against BPVi, who in turn contested the basis of Cattolica's claim; following the initiation of the compulsory administrative liquidation procedure, on August 8th, 2017 the Company sent a "Request for recognition of receivables pursuant to art. 86, paragraph 5, of Legislative Decree No. 385/1993" in relation to this additional credit right for the sum of approximately €30 million.

Other events

With regard to the measure taken by the Public Prosecutor's Office of Venice on June 16th, 2017, in which the Company's worker, Albino Zatachetto and Giuseppe Milone, administrative manager and Appointed Executive of the company, were under investigation, the Board of Directors of the Company adopted a clear-cut line of action aimed at effectively and transparently ascertaining any internal responsibilities of its staff and workers.

The Board of Directors then promptly resolved to terminate the coordinated and continued employment of Albino Zatachetto and as a precaution suspend, with immediate effect, Giuseppe Milone, head of the Administration and Budget Unit and Executive appointed to prepare the corporate accounting documents.

The Board of Directors also assigned to the Control and Risk Committee, with the support of the Internal Audit unit and in liaison with the 231 Supervisory Body and the Board of Statutory Auditors, a specific task relating to the supervision and coordination of activities within the scope of investigations initiated by the Public Prosecutor's Office.

The Control and Risk Committee then coordinated the activities carried out by the consultants appointed by the Board of Directors and monitored the results, which conclusively showed that the overall Organisational, Management and Control Model defined pursuant to Legislative Decree No. 231 of June 8th, 2001.

On January 1st, 2018 Giuseppe Milone left the Cattolica Assicurazioni Group.

On July 27th, the Company informed the market that on July 26th, the Managing Director informed the Board of Directors of the results of applying the new procedures for testing Group assets for impairment that were introduced after the Board's resolution on July 13th, aimed at adapting the Group's assessment models to the Solvency II approach, in line with maximum prudence principles.

The Board, which availed itself of the support of a leading auditing firm, approved non-recurrent writedowns (figures already net of tax effects and shadow accounting) for a total of €67 million (of which €66 million was the Group's portion).

In this communication it was therefore noted that the consolidated profit forecast of approximately € 150 million as of December 31st, 2017, disclosed to the market on November 11th, 2016, might diverge by the above amount of €67 million. On the basis of the final figures as of December 31st, 2017, the consolidated profit is affected by writedowns of € 62 million. These writedowns neither regard nor affect the Group's ordinary income or equity profile.

Berkshire Hathaway, investment group headed up by Warren Buffet, by means of the mandatory up-dates to CONSOB, made it official that it had acquired from Quaestio Capital Management SGR an investment of 9.047% in Cattolica's share capital. This transaction took place on October 5th.

As from October 20th, the Norwegian Central Bank Norges Bank has 3.092% of Cattolica in its portfolio, held under direct ownership.

On October 31st, Standard & Poor's raised the Cattolica rating from BBB- to BBB. The outlook is confirmed as stable. The Cattolica rating follows, according to the matters envisaged by the agency criteria, the rise in the rating of the Italian Republic to BBB stable, as published on October 27th.

Cattolica's stand-alone credit profile (SACP) is confirmed as bbb+, a notch higher than the sovereign rating, thanks to a "more than adequate" financial risk profile and a "strong" business risk profile which can gain advantage from the improvement in the Italian insurance industry and the up-dated assessment of the country risk.

On November 15th, 2017, Standard & Poor's confirmed Cattolica's rating of BBB after the Group announced its agreement with Banco BPM. The outlook is confirmed as stable.

According to Standard & Poor's, the agreement with Banco BPM will strengthen the Group's competitive position and growth opportunities in both life and non-life business, guarantee access to an alternative and widespread distribution channel and offer significant economies of scale.

Cattolica's stand-alone credit profile (SACP) remains unchanged at BBB+, a notch higher than the sovereign rating, also taking into account the effects of the transaction on the Group's capital adequacy. The Group's financial flexibility remains unchanged.

Other investee companies

On June 30th, the outline agreement, governing specific areas of development and collaboration between the Company and Intermonte Holding S.p.A., renewed with some amendments and updates in 2016, expired. Following the termination of the agreements, the Company is no longer represented in the governance of the investee, Intermonte SIM S.p.A.

On September 7th, Vegagest SGR S.p.A. disclosed that the Bank of Italy had authorised, by means of provision dated September 6th, the company Europa Investimenti S.p.A. to take control over the assets management company (SGR), via the purchase of the share investments held by the shareholders of said Vegagest. Therefore, having fulfilled all the conditions to which the implementation of the preliminary sale and purchase agreement signed between the parties was subject to, on September 27th, Cattolica sold its shareholding in SGR to Europa Investimenti S.p.A.

On September 29th, an Outline agreement was entered into between Crédit Agricole S.A., via its Italian subsidiary Crédit Agricole Cariparma S.p.A., the Interbank Guarantee Fund – Voluntary Scheme and Cassa di Risparmio di San Miniato S.p.A., Banca Carim - Cassa di Risparmio di Rimini S.p.A and Cassa di Risparmio di Cesena S.p.A. which envisaged the acquisition by Crédit Agricole Cariparma of an investment of 95.3% on the three banks, at a total price of € 130 million subordinate, amongst other aspects, to obtaining the necessary Italian and European supervisory authorisations.

In accordance with the matters envisaged by the outline agreement, on September 28th the Board of Directors of Cassa di Risparmio di San Miniato S.p.A. partially exercised authorisation to increase the share capital granted by the shareholders' meeting held on June 29th, 2017, for a total of €200 million, inclusive of share premium, by means of the issue of 449,438,202 new ordinary shares without nominal value, regular dividend rights, to be reserved for the Interbank Guarantee Fund - Voluntary Scheme, at a price per share of € 0.445, inclusive of share premium.

Furthermore, the Interbank Guarantee Fund - Voluntary Scheme again in accordance with the matters envisaged in the outline agreement made a payment "towards future share capital increases" in favour of Cassa di Risparmio di San Miniato S.p.A. for €30 million, by way of

partial execution of the share capital increase, to be calculated for supervisory purposes.

On December 4th, the Bank's Board of Directors obtained authorisation from the Bank of Italy to make the amendments to the Articles of Association following the exercising of powers conferred by the Shareholders' Meeting of June 29th, 2017 to increase the share capital by €200 million.

On December 21st, the capital increase was fully subscribed by the Interbank Guarantee Fund - Voluntary Scheme; the shares were subsequently transferred to Crédit Agricole Cariparma S.p.A. Since that date, the Bank has been part of the Crédit Agricole Italia banking group.

Following the events described, the Parent Company's equity investment in Cassa di Risparmio di San Miniato S.p.A. was diluted from 25.12% to 1.2%, thus losing the latter's connotation of an associated holding.

Recapitalisations The following capital contributions were made to Group companies during the year.

In January, the Company made a payment towards share capital in favour of Cattolica Beni Immobili for €4.9 million, within the sphere of the plan for dealing with the commitments envisaged for the restructuring and safety measures for the premises used for events care of the Cattolica Center.

In February, in proportion to the respective shares held, the shareholders of BCC Vita paid in additional capital contributions totalling € 10 million, as already envisaged in the interventions at the end of 2016.

In May, two payments, of €1 million each, to the share capital of C.P. Servizi Consulenziali were ordered, and these are the first two tranches of a total maximum payment of €4 million resolved in order to meet its cash needs and to maintain adequate capitalisation of the subsidiary.

In September, a capital contribution was approved in favour of Cattolica Agricola for a total of €4 million, completed through two payments in October.

**Supervisory
Authority
(IVASS)**

In relation to the procedure launched in 2016 by the Anti-trust Authority in relation to the leading insurance companies in the Motor TPL class, and among these the Company, FATA Assicurazioni Danni and TUA Assicurazioni, for a possible restrictive understanding of the competition, the Authority concluded the procedure, with resolution dated August 9th, deciding that "the reasons for the measure in relation to the company have ceased to exist".

With regard to the CONSOB procedure - previously reported on in the consolidated interim report, regarding the disputed case of the Parent Company having failed to activate the Related Parties Committee, indicating the lack of control measures - in the case in question - by the Board of Statutory Auditors in office until April 2016, you are hereby informed that on September 13th, 2017 CONSOB disclosed that the Commission, having assessed the preliminary results, did not deem that the conditions for the adoption of sanction measures existed, arranging for the dismissal of the proceedings.

With reference to the inspection activities IVASS started in 2016, the Parent Company, as for the portion for which it is responsible, informed the Authority on the progress of the activities.

With measures protocols No. 0092935/17 and 0092936/17 dated May 11th, 2017, IVASS, with reference to the Solvency II ratio, authorised the use of the specific parameters of,

respectively, the Group (GSP) and the company (USP) starting from the assessments of the year 2016.

On June 23rd, CONSOB sent a notice regarding the alleged lack of promptness of the press release issued on November 11th, 2016 on the revised results forecast for 2017. Following the presentation of counter-deductions by the Company and the hearing of several Group executives, on December 13th, CONSOB submitted the Report for the Commission, prepared by the Administrative Fines Office, proposing to the Commission that it apply a pecuniary administrative fine equal to €30,000 thousand to Cattolica. The Company presented further counter-deductions. In February 2018, having assessed the preliminary findings, the Commission did not deem that the conditions for the adoption of a measure imposing fines on this Company were met and therefore ordered the proceedings to be closed.

The inspections of Cattolica, Berica Vita, BCC Vita and Lombarda Vita by the Bank of Italy's FIU on November 22nd, 2017, to conduct anti-money laundering investigations, are still in progress.

Italian Revenue Agency

In November, an amount of € 4.6 million was paid for VAT and interest following notification to the Company and to Cattolica Services of unfavourable decisions by the Supreme Courts of Cassation - Tax Section, after two levels of judgment (Provincial and Regional Tax Commissions) that had seen the Company victorious. The events originate from assessments concerning the VAT exemption treatment applied to auxiliary services provided in application of the system provided for by art. 6 of Law No. 133/1999. The Company has also set aside a provision for risks of €3.9 million for fines, originally envisaged in the served notices of assessment.

At the end of December 2017, the Company was served with a notice of assessment following the Report of Findings served at the conclusion of the targeted monitoring, which began at the end of May, carried out by the Italian Revenue Agency - Veneto Regional Division and aimed at verifying the tax treatment of interest expense and the IRAP deduction for IRES purposes relating to interest expense.



Total premiums
non-life

1,733.4 MLN €

+1.7%

Total premiums
life

974.3 MLN €

+13.2%



MANAGEMENT REPORT

The Company in 2017

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

Insurance business

PREMIUMS BY SECTOR OF ACQUISITION

Gross premiums written, booked by sector of acquisition, are shown with the percentage changes compared with the previous year in the following table.

Table 6- Premiums for the year

Classes (€ thousands)	2017		2016		Change	
	Amount	% of total	Amount	% of total	Amount	%
01 - Accident and injury	173,971	6.5	168,965	6.7	5,006	3.0
02 - Health	65,516	2.5	55,298	2.2	10,218	18.5
03 - Land vehicle hulls	115,106	4.3	109,307	4.3	5,799	5.3
07 - Goods in transit	7,073	0.3	6,686	0.3	387	5.8
08 - Fire & natural forces	111,305	4.2	110,718	4.4	587	0.5
09 - Other damage to assets	188,730	7.1	186,962	7.4	1,768	0.9
10 - TPL - Land motor vehicles	794,820	29.8	790,261	31.4	4,559	0.6
13 - TPL - General	158,649	6.0	156,119	6.2	2,530	1.6
14 - Credit	158	n.s.	612	n.s.	-454	-74.2
15 - Suretyship	12,878	0.5	14,876	0.6	-1,998	-13.4
16 - Sundry financial losses	14,754	0.5	11,833	0.5	2,921	24.7
17 - Legal protection	11,745	0.4	11,802	0.5	-57	-0.5
18 - Assistance	31,226	1.2	29,291	1.2	1,935	6.6
Other classes ⁽¹⁾	4,680	0.2	5,292	0.2	-612	-11.6
Total non-life business	1,690,611	63.5	1,658,022	65.9	32,589	2.0
Insurance on the duration of human life - class I	577,478	21.6	558,669	22.2	18,809	3.4
Insurance on the duration of human life linked to investment funds - class III	39,832	1.5	30,013	1.2	9,819	32.7
Health insurance - class IV	1,426	0.1	1,110	n.s.	316	28.5
Capitalisation transactions - class V	226,960	8.5	121,861	4.8	105,099	86.2
Pension funds - class VI	128,599	4.8	149,409	5.9	-20,810	-13.9
Total life business	974,295	36.5	861,062	34.1	113,233	13.2
Total direct business	2,664,906	100.0	2,519,084	100.0	145,822	5.8
Total indirect business	42,757		46,915		-4,158	-8.9
GRAND TOTAL	2,707,663		2,565,999		141,664	5.5

n.s. = not significant

⁽¹⁾ includes railway rolling stock, aircraft, sea and inland water vessels/hulls and TPL aircraft and sea and inland water vessels.

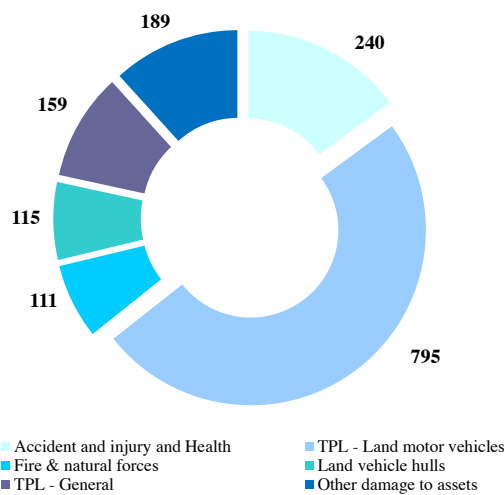
NON-LIFE BUSINESS

Total non-life premiums amounted to €1,733.3 million, an increase of 1.7%.

Direct non-life premiums amounted to €1,690.6 million (+2%); the motor classes increased by 1.2%, while the non-motor classes rose by 2.9%.

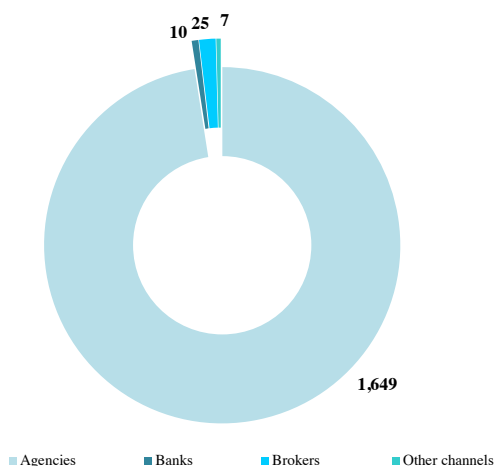
Indirect non-life premiums came to €42.7 million (-8.9%).

Main non life classes, direct premiums
euro/millions



Direct premiums written are divided up as follows by sales channel: agencies with €1,648.6 million, banking networks with €10.3 million, brokers with €24.9 million and other channels with €6.8 million.

Premiums by channel, non life direct premiums
euro/millions



The technical results of the individual non-life classes and the overall technical result are represented in concise form in attachments 25 and 26 to the notes to the accounts.

The figures presented below with reference to the main non-life classes relate to direct business.

Accident and injury

The total of the premiums amounted to €174 million, disclosing an increase of 3%.

The claims to premiums ratio improved slightly from 39.4% to 39%.

In the retail area, the constant growth in driver accident policies was accompanied by the contribution provided by the accident product dedicated to households, sold by both the Cattolica network and the FATA division, an activity that forms part of the unification of the product catalogue.

The drive to concentrate on products for households helped keep the claim/premium ratio in line with profitability targets.

With regard to the business sphere, premiums written increased with respect to 2016 as a result of the acquisition of a number of tenders relating to public bodies and a number of important private collective agreements.

Table 7 - Accident and injury class - direct business

(€thousands)	2017	2016	Change	
			Amount	%
Gross premiums written	173,971	168,965	5,006	3.0
Premiums written	172,303	167,770	4,533	2.7
Net charges relating to claims / Premiums for the year	39.0%	39.4%		

Health

Premiums written came to €65.5 million, disclosing an increase of 18.5%.

The claims to premiums ratio disclosed an improvement from 97.8% to 69.3%.

Retail products maintain constant premium collection. A focus on underwriting quality and risk selection helps to improve profitability.

In the corporate sector, after the technical rebalancing phase implemented in 2016, it was possible to significantly increase premium collection through the acquisition of important private sector customers interested in promoting so-called corporate welfare.

Table 8 - Health class - direct business

(€thousands)	2017	2016	Change	
			Amount	%
Gross premiums written	65,516	55,298	10,218	18.5
Premiums written	59,889	54,725	5,164	9.4
Net charges relating to claims / Premiums for the year	69.3%	97.8%		

Land vehicle hulls

The total of the premiums amounted to €115.1 million, disclosing an increase of 5.3%.

The claims to premiums ratio amounted to 56.6%, up with respect to the 50.5% in the previous year.

The positive trend in the portfolio of land vehicle hull coverage benefited from the increase in motor contracts and new vehicle registrations.

Table 9 - Land vehicle hulls class - direct business

(€thousands)	2017	2016	Amount	Change %
Gross premiums written	115,106	109,307	5,799	5.3
Premiums written	114,807	108,718	6,089	5.6
Net charges relating to claims / Premiums for the year	56.6%	50.5%		

Goods in transit Premiums written amounted to €7.1 million, disclosing an increase of 5.8%.

The claims to premiums ratio improved from 65.9% to 37.6%.

The increase in premium volume is due to the development of business in the rail transport sector.

Table 10 - Goods in transit class - direct business

(€thousands)	2017	2016	Amount	Change %
Gross premiums written	7,073	6,686	387	5.8
Premiums written	6,575	7,520	-945	-12.6
Net charges relating to claims / Premiums for the year	37.6%	65.9%		

Fire & natural forces

Premiums written came to €111.3 million, up 0.5%.

The claims to premiums ratio disclosed a deterioration from 80.5% to 87.9%.

Premium growth was recorded in the retail sector thanks to the contribution of the home sector, which offset the decline in the global buildings sector as a result of the continuation of a prudent underwriting policy.

The increase in the claims to premiums ratio is mainly due to the catastrophic events linked to the earthquake, which mainly affected the risks falling within the sphere of the Religious Bodies Business Unit.

Table 11 - Fire & natural forces class - direct business

(€thousands)	2017	2016	Amount	Change	
					%
Gross premiums written	111,305	110,718	587		0.5
Premiums written	110,382	121,836	-11,454		-9.4
Net charges relating to claims / Premiums for the year	87.9%	80.5%			

Other damage to assets Premiums written came to €188.7 million, up 0.9%.

The claims/premiums ratio increased from 73.8% to 94.4%.

The increase in premiums was concentrated in particular in retail and was due to development activities concentrated in the home sector.

The deterioration of the claim/premium ratio is due to significant atmospheric events; the atmospheric risks sector in fact recorded one of the most negative years in history with a claim/premium ratio of 139% on approximately 61 million premiums.

Table 12 - Other damage to assets class - direct business

(€thousands)	2017	2016	Amount	Change	
					%
Gross premiums written	188,730	186,962	1,768		0.9
Premiums written	188,066	192,507	-4,441		-2.3
Net charges relating to claims / Premiums for the year	94.4%	73.8%			

TPL - Land motor vehicles Premium collection during the year amounted to €794.8 million, in line with the previous year.

The claims/premiums ratio amounted to 74%, compared to 70.2% in 2016. The indicator is still affected by the drop in the average premium imposed by market competitiveness.

The number of customers increased during the year (the number of policies in the portfolio increased by 96,500 units, +3%) while the average premium decreased by 1.3%.

Table 13 - TPL - Land motor vehicles class- direct business

(€thousands)	2017	2016	Change	
			Amount	%
Gross premiums written	794,820	790,261	4,559	0.6
Premiums written	799,518	801,767	-2,249	-0.3
Net charges relating to claims / Premiums for the year	74.0%	70.2%		

TPL - General Gross premiums written amounted to around € 158.6 million, up 1.6% compared with the previous year.

The claims to premiums ratio disclosed a deterioration from 51.6% to 58.1%.

The increase in premiums derives from job development activities in the small and medium business sector, in the professionals and in home sector. The deterioration of the technical trend, after a particularly good result in 2016, is part of normal oscillations expected for long tail classes, which are also characterised by the evolution of provision for outstanding claims from previous years.

Table 14 - TPL - General class- direct business

(€thousands)	2017	2016	Change	
			Amount	%
Gross premiums written	158,649	156,119	2,530	1.6
Premiums written	165,403	160,539	4,864	3.0
Net charges relating to claims / Premiums for the year	58.1%	51.6%		

Suretyship Premiums written amounted to € 12.9 million, disclosing an decrease of 13.4% compared to last year.

The contraction in premiums was due to the action taken to contain new acquisitions in several delicate business sectors that had recorded negative technical trends in previous years.

Table 15 - Suretyship class - direct business

(€thousands)	2017	2016	Change	
			Amount	%
Gross premiums written	12,878	14,876	-1,998	-13.4
Premiums written	14,674	17,196	-2,522	-14.7
Net charges relating to claims / Premiums for the year	46.4%	48.9%		

Sundry financial losses

The volume of the premiums amounted to €14.8 million, up by 24.7%.

The 2016 premium claims indicator is negative due to negative premiums for cancellations exceeding issues.

Table 16 - Sundry financial losses class - direct business

(€thousands)	2017	2016	Amount	Change
				%
Gross premiums written	14,754	11,833	2,921	24.7
Premiums written	12,441	13,524	-1,083	-8.0
Net charges relating to claims / Premiums for the year	7.1%	-5.7%		

Legal protection Total premiums amounted to €11.7 million, down with respect to the previous year (-0.5%).

2017 was characterised by the updating of services offered in the motor product in line with the new provisions of the highway code relating to road homicides.

The 2016 premium claims indicator is negative due to negative premiums for cancellations exceeding issues.

Table 17 - Legal protection class - direct business

(€thousands)	2017	2016	Amount	Change
				%
Gross premiums written	11,745	11,802	-57	-0.5
Premiums written	11,685	11,902	-217	-1.8
Net charges relating to claims / Premiums for the year	29.6%	-14.4%		

Assistance

The premiums amount to €31.2 million, with an increase of 6.6%.

Premium collection improved thanks to the consistent penetration of the assistance guarantee into the auto product, also supported by an update of the service offering. The increase in premiums in the retail sector was also significant.

Table 18 - Assistance class - direct business

(€thousands)	2017	2016	Amount	Change
				%
Gross premiums written	31,226	29,291	1,935	6.6
Premiums written	30,834	28,733	2,101	7.3
Net charges relating to claims / Premiums for the year	27.2%	26.8%		

Other non-life classes The item includes premiums relating to the railway rolling stock, aircraft, sea and inland water vessels/hulls and TPL aircraft and sea and inland water vessels classes.

Premiums written came to €4.7 million, down 11.6%.

Religious Bodies and non-profit community work associations During the year, work continued on the signing of a number of new agreements and others were renewed, for the insurance of Parish Clerical Bodies of important diocesan entities such as: Civitavecchia-Tarquinia, Pisa, Termoli-Larino, Ventimiglia-Sanremo, Rimini, Trieste, Biella, Cuneo, Pitigliano-Sovana-Orbetello, Saluzzo, Livorno, Foligno, Sassari, Viterbo, Ascoli Piceno, Otranto and Velletri - Segni.

Important events linked to Religious Bodies and non-profit community work associations were organised, as well as training courses for internal and external lines.

CLAIMS SETTLEMENT

Cattolica Services is the Group company which concentrates the claims management and settlement activities within the Claims division.

During the year, the entire unit was focused on the achievement of the chief objectives, also by means of the on-going re-engineering of the processes, aimed at the constant improvement of the performances.

On the entry into force on March 1st, of the “New CARD 2017” (Agreement between Insurers for Direct Compensation), which involved far-reaching changes in the rules for the management of Direct Indemnity, all the measures required to implement the changes were implemented, in all aspects: IT, procedural and training.

During the year, the Advance Anti-fraud System (Sistema Evoluto Antifrode) was activated. It is expected that the application currently in use by the specialist unit will be extended to the settlement network in 2018.

Work continued on improving organisational efficiency through the introduction of new functions of the New Claims Management IT system.

Direct settlement network

As of December 31st, 2017, there were 20 Settlement Centres in Italy.

On January 1st, 2017, Polo RCG (general third-party liability) was established to manage claims in excess of €10 thousand in this class of business.

Various technical refresher courses were provided and a pool of tutoring was created for junior colleagues in order to accelerate their growth process.

Joint working groups have also been set up to improve on-the-job processes and procedures relating to claims systems.

Indirect settlement network

The indirect network is the structure which sees to ensuring the technical and operational support services for the settlement network by means of the handling of the relationships with the Group's trustees.

The evolution of the role made sure that the indirect network has become owner of the quality management and the costs of the trustees with consequent selection, survey, assessment and agreements liabilities for the trustee network.

As of December 31st, 2017, the indirect network included: 196 motor experts, 1,120 body repair shops, 185 doctors (+150 specialists), 48 asset damage experts, 433 legal experts, 112 assessors, 15 mechanical re-constructors, 34 general trustees.

The Legal Management Department has also consolidated the trustee network, procedures and processes thanks to IT structures that allow for constant control of the timing, quality and costs of managing disputes.

The register of Mechanical Re-constructors was established, made up of specialist engineers who have the task of reconstructing events that led to the accident, managed by the Legal Management Office and structured per territorial macro-areas of competence. Within the register, a group of trustees (3) was selected, dedicated to providing an opinion, within a short time, concerning the damage caused by the claim event. Cattolica has set up an agreement dedicated to this and a dedicated portal for the management of assignments.

The Assessors Trustee Department completed the development of the quality control system of the network of assessors by preparing a performance assessment based on average return times and a collaborative capacity assessment through the preparation of a questionnaire for the assessment of individual professionals by area and department heads.

The Medics Department continued its activities in order to improve the performances of approved health professionals, defining an ad hoc report that represents results on the timescales for return and on the quality of work with respect to national data.

The Motor Trustee Department, the Damages to Assets Trustee Department and the Generic Assessors Trustee Department activated a number of implementations to optimise and control administrative processes and improve performances.

With reference to the Damages to Assets trustees, the number of expert facilities was reduced and, consequently, territorial loads and competencies were reorganised, with the aim of improving efficiency and increasing trustees' loyalty.

Settlement velocity and claims reported

The following table shows, for the main non-life classes, the settlement velocity for the claims, which emerges from the ratio between the number of claims paid in full and the total number of claims handled, net of those eliminated without follow up.

Table 19 - Claims' settlement velocity

(% values)	Claims reported in the current year		Claims reported in previous years	
	2017	2016	2017	2016
Classes:				
01 - Accident and injury	45.7	44.9	74.8	75.3
02 - Health	93.0	90.3	49.4	54.0
03 - Land vehicle hulls	92.1	92.3	91.3	89.8
08 - Fire & natural forces	80.6	80.8	70.5	61.5
09 - Other damage to assets	77.9	75.1	89.7	92.3
10 - TPL - Land motor vehicles				
CARD Gestionaria	84.2	83.4	76.0	77.4
CARD Debitrice	73.1	72.1	68.1	67.0
NO CARD	59.3	60.0	46.0	46.8
13 - TPL - General	57.7	55.3	36.0	34.2
15 - Suretyship	70.2	81.0	16.5	60.4
16 - Sundry financial losses	85.4	83.4	40.9	60.0
17 - Legal protection	14.5	13.2	21.9	41.6
18 - Assistance	82.7	80.5	17.2	25.7

During the current year, 516,367 claims were reported, of which 380,115 (73.6%) were settled in full.

With regard to the motor TPL class, 103,023 CARD gestionaria claims were reported, of which 81,428 settled in full and 6,370 closed without follow up, with a settlement velocity of 84.2%.

With regard to CARD Debitrice claims, the Company received 93,321 claim reports from the clearing house managed by CONSAP, of which 65,785 paid and 3,318 closed without follow up, with a settlement velocity of 73.1%.

LIFE BUSINESS

Direct life premiums amounted to €974.3 million (+13.2%).

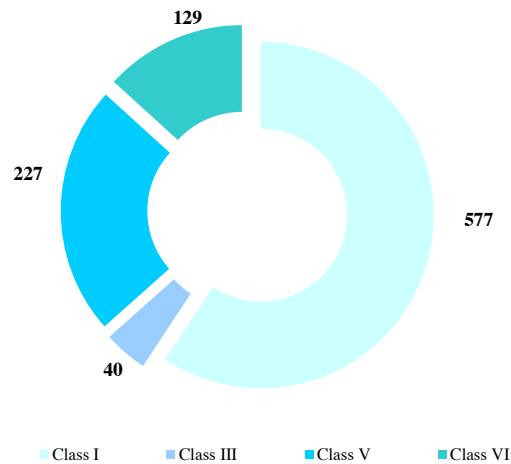
The Company's life premiums written grew in 2017, driven by an increase in class V products (+86.2%), as a result of new capitalisation transactions with institutional customers, accompanied by positive development of investment solutions relating to class III (+32.7%). Premium income from class I remained stable at slightly less than 60% of total volumes, while premium income from class VI and the supplementary pension planning segment decreased (-13.9%).

Despite the uncertainty of the overall economic situation and the high volatility of financial trends, the segment of policies with a higher financial component (mostly attributable to so-called “multi-class” policies, characterised by a unit-linked component, linked to internal funds, and by a component related to segregated funds) generated an encouraging premium performance, albeit on volumes still limited, with a development trend in line with that reported in total by the insurance industry on the Italian market.

The technical results of the individual life classes and the overall technical result are represented in concise form in attachments 27 and 28 to the notes to the accounts.

Comments follow on the development of the insurance portfolio as regards of the main life classes.

Main life classes, direct premiums
 euro/millions



Insurance on the duration of human life

Class I premium collection, traditional class, amounted to €577.5 million (+3.4%).

The performance of premiums written which flow to segregated funds is constantly monitored, with a view to ensuring sustainability over time of the returns offered, which could be partly compromised by the diluting effect deriving from the significant decrease in the interest rates on investments linked to new incoming assets, partly counterbalanced by a reduction in outflows.

Insurance on the duration of human life linked with investment funds

Class III premiums amounted to €39.8 million (+32.7%) and were made up of unit linked policies.

Insurance covering non-self sufficiency

The Company continue to operate in class IV with coverage combined with pension and welfare investment funds. Premiums written amounted to €1.4 million (+28.5%).

Capitalisation transactions

Premiums written came to €227 million (+86.2%).

Class VI business

Total class VI premium collection in the year amounted to €128.6 million (-13.9%); the overall assets under management at the end of the year came to €951.7 million.

Contractual and pre-existing pension funds

Premiums written within the sphere of activities relating to the management of class VI contractual and pre-existing pension funds with guarantee of the return of the capital and payment of a minimum return amount to €68.4 million.

As of December 31st, assets managed amounted to €679 million.

Open-end pension funds established by other companies

The management of the resources in class VI also continued during the year for the “Guaranteed” segment of the Azimut Previdenza Open-end Pension Fund of Azimut Capital Management SGR; the premiums written in the year amounted to €46.7 million; the assets managed at year end came to €147.5 million.

Open-end pension funds of the Company

During the year gross premiums (net of the contributions allocated to the funding of the accessory insurance benefits) for a total of €9.5 million converged in the Cattolica Gestione Previdenza Open-end Pension Fund, which is structured in six segments.

The net asset value of the six segments of the Fund amounted to €85.5 million.

As of December 31st, 2017, the Fund had 7,528 active members (7,531 at the end of 2016).

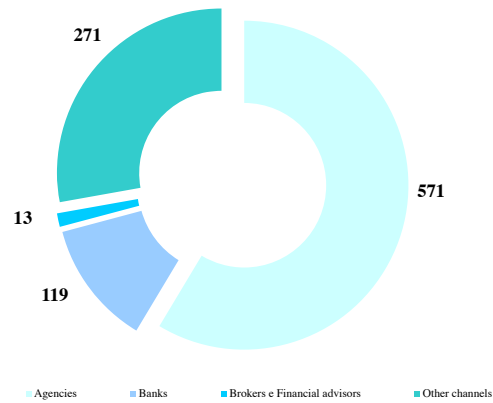
During the year gross premiums (net of the contributions allocated to the funding of the accessory insurance benefits) for a total of €4 million converged in the Risparmio & Previdenza Open-end Pension Fund, which is structured in four segments.

The net asset value of the four segments of the Fund amounted to €39.7 million.

As of December 31st, 2017, the Fund had 3,076 active members (3,065 at the end of 2016).

Life premiums written via the agency channel amounted to €571.4 million, those pertaining to the banking channel totalled €118.7 million, those pertaining to the brokers totalled €12.7 million, those pertaining to financial advisors came to €20 thousand and those pertaining to other channels totalled €271.5 million, of which €115.8 million relating to pension funds and €112.3 million relating to capitalisations.

Premiums by channel, direct life premiums
euro/millions



CLAIMS PAID

Claims paid, excluding settlement costs, amounted to €554.3 million (-40.4%).

Table 20 - Breakdown of claims paid by class and type

(€thousands)	2017		2016		Change	
	Amount	% of total	Amount	% of total	Amount	%
Class I	305,972	55.2	486,843	52.4	-180,871	-37.2
Claims	49,970	9.0	50,037	5.4	-67	-0.1
Redemptions	159,467	28.8	185,786	20.0	-26,319	-14.2
Maturing	96,535	17.4	251,020	27.0	-154,485	-61.5
Class III	12,058	2.2	14,324	1.5	-2,266	-15.8
Claims	519	0.1	4,213	0.4	-3,694	-87.7
Redemptions	10,823	2.0	8,952	1.0	1,871	20.9
Maturing	716	0.1	1,159	0.1	-443	-38.2
Class IV	10	n.s.	0	0	10	n.a.
Claims	10	n.s.	0	0	10	n.a.
Class V	171,461	30.9	59,893	6.4	111,568	n.s.
Redemptions	47,447	8.5	27,626	3.0	19,821	71.7
Maturing	124,014	22.4	32,267	3.4	91,747	n.s.
Class VI	64,764	11.7	368,811	39.7	-304,047	-82.4
Redemptions	64,764	11.7	55,611	6.0	9,153	16.5
Maturing	0	0	313,200	33.7	-313,200	-100.0
Total claims paid (*)	554,265	100.0	929,871	100.0	-375,606	-40.4

(*) The item does not include settlement costs

n.s. = not significant

n.a. = non-applicable

The overall decrease compared to the previous year is mainly attributable to the decrease in the maturities of class VI, amounting to €304 million, as two pre-existing fund management agreements came to an end last year.

With reference to class I, the overall amount of the claims paid in the current year decreased with respect to the amount in the previous year mainly due to the decrease in the settlements by maturity (-61.5%).

With reference to class III, the overall decrease in the amounts paid, equal to €2.3 million (-15.8%) is mainly attributable to the increase in settlements for claims, equal in value to €3.7 million.

With reference to class V, the amount of the claims paid in the current year increased sharply compared to the figure recorded in the previous year, due to the increase in both the amounts paid for surrender (+71.7%) and the amounts paid for maturity, which totalled €124 million.

RESEARCH AND DEVELOPMENT ACTIVITIES - NEW PRODUCTS

Non-life business

During the year, the catalogue of non-life insurance products for the agency channel underwent a significant evolution with the aim of increasing competitiveness in strategic sectors and rationalising and unifying the product range.

In this context, the retail segment was affected by the launch of new products for home and household protection, car security, travel and accidents.

A new solution for protection against accidents, at home, at work, during leisure time and while playing sports has been introduced to the market: “*Cattolica&Salute OGNI GIORNO*”. The travel insurance solution, “*Cattolica&Viaggi IN LIBERTÀ*”, was launched to offer complete protection from any inconvenience before, during and up to the end of a trip.

The motor range was also characterised by important innovations aimed at guaranteeing greater protection whilst driving thanks to the updating of the legal protection guarantee and land vehicle hulls guarantees.

With reference to the corporate segment, in June two new insurance solutions were launched across the entire sales network, dedicated to protection in the manufacturing world, “*Cattolica&Impresa INDUSTRIA 360°*” and “*Cattolica&Impresa ALIMENTARE 360°*”, for artisan and industrial activities with a turnover of up to €10 million, for complete protection in different areas of cover: company and any habitation buildings and contents as well as for persons and activities.





In order to implement the Ministerial Decree of the Ministry of Justice of September 22nd, 2016, which establishes compulsory insurance cover for lawyers, “Cattolica&Professionisti STUDIO LEGALE” was released for the agency channel, to protect the practice of the legal profession with personalised guarantees and flexible, tailored protection.

In the agricultural sector, in the area of atmospheric risks, the marketing of policies tested in 2016 was initiated. The scope of application of hybrid policies that combine traditional hail policies with innovative mark-ups for compensation for particular crops was extended.

Furthermore, the Cattolica Group, for the first time on the Italian market, during the 2017 hail campaign, proposed policies to guarantee revenues for wheat producers.

In October, “Cattolica&Agricoltura” was born, a product line dedicated to the protection of the agricultural industry with a particular focus on supply chains, thanks to innovative and specific guarantees and services: “AGRICOLA 360°” and its commercial offerings “AZIENDA CEREALICOLA, AZIENDA OLEARIA”, “AZIENDA ORTOFRUTTICOLA”, “AZIENDA VITIVINICOLA” and “AZIENDA ZOOTECNICA”.

Also aimed at the agricultural target market, the FATA policy to protect against zootechnical risk was extended to the Cattolica network, “ARCA DI NOE”.

The unification of the Cattolica-FATA product catalogue continued throughout 2017, with the rebranding and branching out into the FATA Division sales network, of several home, accident, health insurance, shops and commercial solutions, also available in the “ready-to-sell” CLICK formula, designed to direct customers, who have not yet thought of protection from the risks in everyday life, to the protection offered by insurance.



Life business

During the year, the Company continued to review and update its life product catalogue, while finalising the development of a new operating platform, which is currently being progressively implemented with regard to the networks of professional intermediaries.

New or revised offerings were made available for placement, aimed at increasing the possibility of diversifying investment or savings choices for customers, and at directing new premiums towards a more efficient business mix in terms of capital absorption for the Company.

The new “Cattolica&Investimento-Scelta Protetta” product is a revaluable solution with a single premium, with the option of additional payments and coupon options. In particular, the product is characterised by the configuration of the guarantee of protection of the so-called “non cliquet” invested capital, already practised by the Italian insurance market, which

intervenes in certain events such as: the death of the insured party, the contractual expiry date and redemption, provided that it coincides with a five-year window.

As regards the multi-class “*Cattolica&Risparmio - Piani Futuri 2.0*” range, the main new feature is the maximum limit of the premium that can be invested in the class I component, set at 70%.

In the field of credit protection, the range of policies connected with the disbursement of loans and other financing contracts was expanded through temporary collective solutions in the event of death with decreasing capital dedicated to personal loans repayable by means of the transfer of portions of wages or pensions (so-called “CQS” and “CQP”).



REINSURANCE

Reinsurance non-life classes - direct business: transfers

The Company’s reinsurance programme maintained a standardised structure in line with that last year, making reference to a programme of proportional transfers with the complementarity of optional transfers.

The residual retained portion of each class was further protected by claim excess coverage against the occurrence of both individual insured events of a significant amount as well as catastrophic events.

The proportional transfer is represented by a multi-class bouquet (fire, theft, accident and injury, land vehicle hulls, leasing, sundry financial losses, agricultural-livestock risks, transport, suretyship and credit) and by specific proportional transfers for the technological classes (construction, assembly risks, ten-year indemnity, machine breakdowns, electronic risks, supply guarantees), assistance, legal defence and sundry financial losses.

On the basis of the actuarial analysis carried out to determine an efficient reinsurance programme according to the Value Based method, steps were taken to lower the transfer portion of the fire, theft, accident and injury and land vehicle hull classes from 10% to 5% and to increase the transfer percentage of the transport class from 67.5% to 70%.

With a view to encouraging the support of major reinsurance players on several strategic Group projects, another proportional transfer of 2% was also made on the accident and injury, fire, theft and land vehicle hull classes.

With regard to other classes the transfers maturing were confirmed.

Furthermore, with regard to the main elementary classes (accident and injury, health, fire, theft, technological risks and general TPL), a specific proportional agreement has been renewed known as “Multiline”, for the purpose of intercepting the business typically covered by optional reinsurance and of making access to the same easier, reducing the typical volatility of this type of business and benefiting from greater stability in the reinsurance coverage.

For fire, theft and technological risks, the transfer was reduced from 65% to 52.5%, while for general third party liability the percentage of the transfer maturing was maintained. In the

accident and injury section, the transfer percentage was increased from 80% to 85%.

With regard to the catastrophe coverage with combined claim excess for the fire and land vehicle hulls classes, confirming the extreme level of prudence in the definition of the coverage, the decision was made for 2017, to acquire a total capacity of € 350 million, corresponding to a period of return of around 300 years (RMS model), greater than the risk aversion measure defined by the outline reinsurance resolution and equal to 250 years.

The Top&Top mechanism that increases capacity up to € 500 million in the event of an extreme claim greater than the agreement limit was also introduced.

For the Company and several Group companies, a specific agreement is in place to cover earthquake guarantees for residential risks, with a transfer percentage of 80%. The 20% retention was protected by the catastrophe agreement in the aforementioned Group claim excess.

With regard to the medical malpractice section, pertaining to the general third party liability class, optional specific coverage was availed of.

For the 2017 year as regards D&O (Directors & Officers) policies, a proportional coverage with 90% transfer was introduced to replace coverage with claim excess in order to further reduce net retention.

As far as the hail class is concerned, a proportional transfer of 60% was set for the year 2017. Its 40% retention was protected by a stop loss agreement with priority equal to 110% (the coverage is activated when the claims/premiums ratio exceeds this threshold) and extent equal to 70%.

With regard to the livestock class, it was decided to only cover the portfolio relating to epizootic risks with a stop loss agreement, with priority of 90% (the coverage is activated when the claims/premiums ratio exceeds this threshold) and extent equal to 210%; the portfolio relating to the carcass disposal section will be retained by the Company.

**Reinsurance
non-life classes -
indirect
business:
acceptances**

Underwriting concerned exchange business with direct insurance companies with the same characteristics as those of the Company (the greater contribution is represented by the business originating from the CIAR system), as well as reinsurance coverage in favour of the Group insurance companies (ABC Assicura, BCC Assicurazioni and TUA Assicurazioni). On the other hand, the Company retrocedes risks accepted by Group companies to the reinsurance market, via its reinsurance programme (intercompany acceptances by the same in the capacity of reinsurer and subsequent transfer of the risks to the reinsurers as retrocession).

For the purpose of further diversifying the risk and guaranteeing the market conditions, the proportional and non-proportional agreements of subsidiaries indicated above were transferred for the most part to the Company (70% of the transferred agreements) and the remainder (30%) was transferred directly to the reinsurance market.

**Reinsurance
life classes -
direct business:
transfers**

With regard to the portfolio of the individual and collective policies, steps were taken to renew the non-proportional agreements by risk and by event, with the same conditions as those maturing.

With regard to the claim excess programme for risk, as falling due, the priority is € 350 thousand.

As far as the business connected with disbursement of loans (PPI) is concerned, the proportional coverage maturing with transfer equal to 85% was renewed, except for the

products “Mutui e Protezione Reddito” for which the transfer percentage is 51%.

The renewal, under the same conditions, of proportional agreements relating to the coverage of the following completes the life reinsurance programme:

- risk of non-self sufficiency (long-term care) with a transfer percentage of 60%;
- salary-backed loans for employees and pensioners with a transfer percentage of 70%.

**Reinsurance
life classes -
indirect
business:
acceptances**

No indirect business acceptance activities have been carried out, except for a residual, insignificant part, relating to business underwritten in previous years.

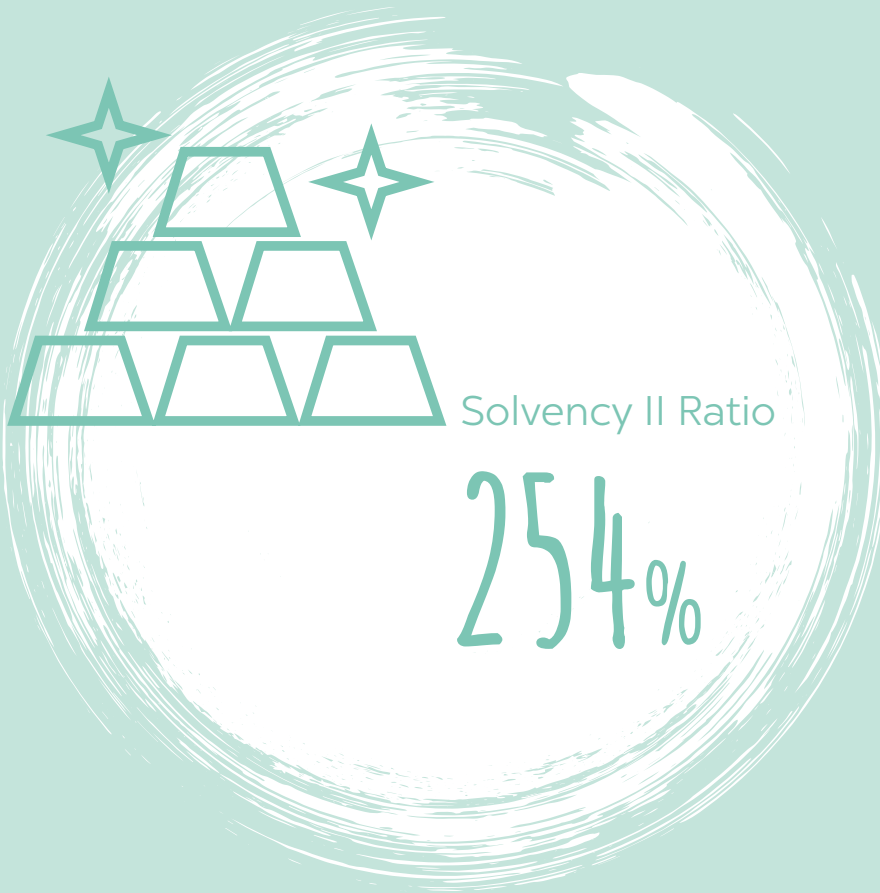
Dealings with reinsurance companies which present the best prospects of continuity over the long-term have been preferred. When selecting partners, particular attention was paid to the solidity and reliability of the same, directing the choice towards those with the best rating or those less exposed, in the composition of the portfolio, to risk categories liable to technical-economic imbalances.

When defining the reinsurance programme, the Company followed the provisions of the Outline Resolution concerning outgoing reinsurance in pursuance of art. 3 of the ISVAP circular No. 574/D dated December 23rd, 2005.

In February 2017, the Board of Directors approved the structure and the transfer plan for 2017.

**Freedom
of activities**

The Company is authorised to operate under the freedom of services regime in: Austria, Belgium, Bulgaria, China, the Vatican City, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, India, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, the United Kingdom, the Czech Republic, the Republic of Cyprus, the Republic of San Marino, Romania, Spain, Slovakia, Slovenia, the United States (only the state of New York), Sweden, Switzerland, Turkey and Hungary.



Solvency II Ratio

254%

MANAGEMENT REPORT

The Company in 2017

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

Financial and asset management

Investments amounted to €10,496.7 million (+9.9%).

The table below summarises the most significant asset items.

Table 21 - Investments - breakdown

(€thousands)	2017		2016		Change	
	2017	% of total	2016	% of total	Amount	%
Land and buildings ⁽¹⁾	98,347	0.9	101,261	1.1	-2,914	-2.9
Group companies and investees	882,461	8.4	972,152	10.2	-89,691	-9.2
Shares and holdings	851,960	8.1	939,819	9.8	-87,859	-9.3
Bonds	30,501	0.3	32,333	0.4	-1,832	-5.7
Other financial investments	8,352,248	79.6	7,447,634	77.9	904,614	12.1
Shares and holdings	71,768	0.7	48,403	0.5	23,365	48.3
Units of mutual investment funds	910,463	8.7	707,548	7.4	202,915	28.7
Bonds and other fixed-income securities	7,366,875	70.2	6,688,150	70.0	678,725	10.1
Loans	3,118	n.s.	3,509	n.s.	-391	-11.1
Other investments	24	n.s.	24	n.s.	0	0
Deposits with ceding companies	10,297	0.1	10,668	0.1	-371	-3.5
Class D investments ⁽²⁾	1,089,047	10.4	982,219	10.3	106,828	10.9
Investment funds and indices ⁽³⁾	137,347	1.3	109,475	1.2	27,872	25.5
Pension Funds	951,700	9.1	872,744	9.1	78,956	9.0
Other	64,304	0.6	35,277	0.4	29,027	82.3
Cash in bank and cash equivalent	64,304	0.6	35,277	0.4	29,027	82.3
Total investments	10,496,704	100.0	9,549,211	100.0	947,493	9.9

n.s. = not significant

⁽¹⁾ net of accumulated depreciation fund and including properties for direct business use

⁽²⁾ investments benefiting policyholders of the life classes who bear the risk and deriving from the management of pension funds

⁽³⁾ assets invested in units of investment funds and assets linked to stock market indices

INVESTMENT PROPERTY

During the year, a number of important investment transactions were finalised for the Company and the Group.

With reference to real estate mutual funds, on May 15th the Perseide Energie Fund finalised purchase of a photovoltaic plant in the province of Lodi for the price of €12.8 million plus charges and taxes. The profitability expected from this investment is in line with the income distribution policy the fund has adopted until now.

On June 29th Cattolica Beni Immobili signed for the purchase of a property complex in the municipality of Quarto d'Altino for the value of €800 thousand.

On June 30th, Fondo Euripide acquired ownership of a property to be used as a hotel in Rome whose value is €67 million plus charges and taxes.

Within the sphere of the H-Campus project, on July 13th the Veneto Regional Authority issued the final strategic environmental assessment opinion which made it possible, on August 10th, to achieve the signing of the final Programme Agreement with the Veneto Regional Authority.

On November 8th the land owned by Cattolica Agricola and Cattolica Beni Immobili on which the H-Campus complex will be built was sold to the reserved closed-end real estate fund called “Ca’Tron H-Campus”, managed by Finanziaria Internazionale Investments SGR, for a total amount of €9.2 million.

During the year, work continued on the redevelopment of the area called Cattolica Center, particularly in the warehouse spaces.

The renovation and redevelopment of several property assets located inside the Ca’ Tron estate in the municipality of Roncade (TV) also continued.



SECURITIES INVESTMENTS

Investment activities took place in a market context characterised by a period of moderate volatility and slightly rising returns, essentially influenced by still expansive monetary policies adopted by the major central banks, except for the Federal Reserve, and by a series of crucial events of a political nature.

Operations were characterised by the maintenance of adequate liquidity levels; there were no significant movements between the various investment sectors, while rotations within the same sector took place on a consistent basis with the financial duration objectives of the portfolios expressed by asset & liability management, in addition to maximisation of returns with risk profile being equal.

The activity to geographically diversify the government component in Eurozone countries, in order to reduce concentration on domestic government bonds and mitigate the risk impact of widening spreads should volatility increase, continued during the year. These operations were carried out concurrent with a rate increase phase.

With regard to bonds, the company took advantage of interesting opportunities offered by the subscription, both on the primary and secondary market, of bank securities and securities of industrial issuers. Particular value was recognised in subordinate issues of primary standing issuing banks, with fixed coupon plans for the first year and, subsequently, index-linked to monetary rates. Capital gains were also generated, exploiting the volatility of the related financial markets, animating both the floating rate component and the fixed rate one.

Exposure to the share-based component was kept stable in order to curb average portfolio volatility and to optimise absorption of capital. The activity of rotating issuers and sectors was aimed at creating value in the portfolio and retaining a good level of diversification. Positions in the portfolio were mostly attributable to issues capable of paying the shareholders stable and sustainable dividends over the mid-term, as well as characterised by solid performance from an economic-equity standpoint.

The portfolio is denominated principally in Euro, with marginal exposures in US dollars and GBP. Issuers place products primarily in Europe, and to a lesser extent in the United States. However, many issuers presented spheres of operations highly diversified in geographic terms, for the purpose of reducing recession risks as far as possible.

The Group also continued to subscribe to alternative investments, particularly those with strategies focused on infrastructure activities and projects, which would create decorrelations with government rates and improve profitability and portfolio volatility profiles.

Other information

Pursuant to Legislative Decree No. 173 dated May 26th, 1997, IVASS provisions and circulars regarding classification and valuation of security portfolios, it is hereby revealed that, further to the issue of IVASS Regulation No. 24 dated June 6th, 2016, the Board of Directors adopted, on March 27th, 2017, the framework resolution pursuant to art. 8 with specific reference to the investment policy referred to by art. 5.

The document contains the guidelines in the financial sphere, the investment objectives, the features and the limits on the basis of which the assets have been identified which comply with the medium/long-term strategic investment needs, on a consistent basis with the economic, financial and operational conditions of the company, both current and forecast. The document also defines the system for measuring and controlling the risks associated with the investments, together with the related reporting contents and analysis methods.

See the notes to the accounts for further information.

Unrealised capital gains and losses

At year end, the balance of unrealised capital gains and losses, gross of taxation, on the bond portfolio, on shares, on mutual fund units and on different class CIII financial investments, disclosed a profit of €483.6 million and was made up as follows:

- fixed income securities and bond portfolio: the net latent capital gains amount to €385 million;

- share portfolio: the net latent capital gains amount to €9.6 million;
- units of mutual investment funds: the net latent capital gains amount to €88.9 million;
- other financial investments: the net latent capital gains amounted to €81 thousand.

The properties have an overall current value of €106.7 million, with a latent capital gain of around €8.3 million.

Financial income and expenses

The following table summarises the most significant part of ordinary financial income and expenses.

Table 22 - Net financial income and expenses

(€thousands)	2017	2016	Change	
			Amount	%
Net income from investments and interest expense	271,030	268,018	3,012	1.1
of which income from equities	38,101	51,191	-13,090	-25.6
Adjustments net of writebacks	-93,663	-86,122	-7,541	-8.8
Profits net of losses on realisation of investments	23,465	65,246	-41,781	-64.0
Total class C net financial income and expenses	200,832	247,142	-46,310	-18.7
Income net of class D charges	19,693	11,130	8,563	76.9
Total net financial income and expenses ¹	220,525	258,272	-37,747	-14.6

¹ Excluding the changes for exchange differences on technical components

Total net capital and financial income amounted to €220.5 million (-14.6%).



Total Class C capital and financial income fell to €200.8 million (-18.7%) mainly as a result of the increase in impairment losses (+8.8%) and the decrease in gains on investment disposal (-64%).

Net investment income and interest expense amounted to €271 million (+1.1%), of which income from shares and holdings amounted to €38.1 million (-25.6%) of which €31.7

million came from subsidiaries (-25.4%).

Adjustments net of writebacks amounted to € 93.7 million, of which € 86 million was attributable to subsidiaries and other investee companies compared to € 50 million in 2016 relating to writedowns of associated and other investee companies.

Net investment income realised amounted to €23.5 million.

Solvency II Ratio

Pursuant to art. 4, paragraph 7, of ISVAP regulation No. 22 dated April 4th, 2008, the table with indication of the amount of the solvency capital requirement, as per art. 45-*bis* of the Insurance Code is presented below, along with the minimum capital requirement, as per art. 47-*bis* of the same, and the amount, classified by levels, of the own funds admissible to cover the afore-mentioned requirements. The own funds admissible amounted to 2.54 times the Solvency II capital requirement, after the proposed distribution of the dividend, which will be subject to approval by the Shareholders' Meeting of April 28th, 2018.

Table 23 - Solvency II Ratio

(€thousands)		2017	2016
Solvency Capital Requirement (SCR)	A	952,507	915,550
Minimum Capital Requirement (MCR)		428,628	411,998
TOTAL OWN FUNDS ADMISSIBLE	B	2,421,528	1,912,765
of which TIER 1		1,864,860	1,601,052
of which TIER 1 restricted		80,415	80,549
of which TIER 2		476,253	110,414
of which TIER 3		0	120,750
SOLVENCY II RATIO	B/A	254%	209%

Figures not yet subject to checks envisaged by the IVASS letter to the market dated December 7th, 2016 and figures will be communicated to the Supervisory Body and the market, according to the timescales envisaged by current legislation, by May 7th, 2018.

ANALYSIS OF THE FINANCIAL RISKS

MARKET AND CREDIT RISKS

Market risks

As of December 31st, 2017, market risks of the life business represent approximately 52% of the total SCR (bearing in mind the effect of the differentiations between risk modules and the contribution of the capacity to absorb losses tied to technical provisions and deferred taxes). The main risks of this type to which the Company is exposed are risks of equity, equity investment spreads changing and real estate. The interest rate, concentration and currency rate risks follow.

The exposure to equity risk is also connected to the exposure to equity investments, in particular equity investments belonging to the Cattolica Group. On the other hand, exposure to the spread risk follows the relevant share of bonds in which the total portfolio is invested, including a portion of corporate issuer stocks. Finally, real estate risk is a direct consequence of total exposure to property assets, to which an absorption of capital significant in terms of percentage as of today is associated. In applying the requisites of the “prudent person principle”, the portfolio of assets as a whole is invested into assets and instruments whose risks can be adequately identified, measured, monitored, managed, controlled and reported while duly taking them into account in assessing the overall solvency requirement. This principle is applied in both the preliminary and final investment analysis process, supplemented by the limits system.

All assets, and in particular those covering the minimum capital requirement and the solvency capital requirement, are invested in such a way as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The limits are calibrated jointly for all risk areas and form a well-structured system of conditions whose observance protects the adequacy of the portfolio as regards the desired level of these characteristics, in line with the risk propensity of the Company.

The assets held to cover technical provisions are also invested in a way that is adequate for the nature and lifetime of the liabilities held.

The concentration level is specifically monitored for both the thresholds set by the limits system and the thresholds established by the standard formula in order to detect the presence of a concentration risk such as to deserve a capital allocation.

As for market risks, the Company is not applying any particular risk mitigation techniques as they determine their risk positioning with respect to their propensity by defining the Strategic Asset Allocation. The process of defining it is closely connected with the significant ORSA processes, with the basis for a conscious and properly managed assumption of risk formed.

The assessment of these risks is conducted with the standard formula, today considered appropriate since the Company’s investment profile is in line with the market. In applying the standard formula, special attention is paid to proper application of the look-through approach to real estate funds, whose level of risk duly considers any leverage present.

Monitoring and risk management processes in effect with reference to market risks are divided based on various policies, with an overall consistent system constituting supervision

of the investment activities and risks emerging from exogenous factors defined.

A process of prior analysis of investments is underway, applying the provisions of Regulation IVASS No. 24 of June 6th, 2016, with particular reference to the so-called complex assets identified in the same Regulation and further developed in the Investment Policy of the Company.

The monitoring of market risks is also carried out within the framework of ALM activities, which through the operational implementation of the process envisaged by the asset and liability management policy, periodically monitors the main reference quantities in the investment area, first of all comparing the asset allocation with the relative strategic forecast. The analysis is then further deepened and detailed concerning all the most important variables in the monitoring of investment activity.

Lastly, the investments policy and operating limits assigned by the senior management customise the resolution of propensity to risk since specific aggregated and detailed parameters on which the investment activity is steered are defined. The limits system is applied with first level monitoring under the responsibility of the operating units and with independent second level control carried out by the Risk Management Unit. For this purpose, the Risk Management Unit has independent access to all data important for controlling the risk, and it makes its independent assessments based on the substance of the most significant records. Third level control is, as anticipated, the responsibility of Internal Audit.

A broad set of limits is defined in the market risks area, which sets out to cover parameters typically complementary to those monitored for Strategic Asset Allocation and fully consistent with them. Then parameters indicative of the exposure to interest rate risk (duration mismatch between assets and liabilities), to the risk of the credit spread changing (spread duration) and a number of indicators aimed at measuring exposure in specific asset categories are measured.

As regards assessment of market risks, the trend of the regulatory capital requirement is also monitored. This specific monitoring activity is conducted with computer tools used directly by the ALM Unit and is subject to continuous comparison with the business and first and second level control units as part of the ongoing and precise assessment of risk exposure.

The Company carries out sensitivity analyses both within the ORSA process and separately. The process and methodologies that the Company adopts for analysing market risks can be summarised as follows:

- Analyses of sensitivity to the most significant risk factors conducted at least quarterly on the solvency position. During the year, exposure to the risk of increases in interest rates and credit spreads, jointly on government and corporate bonds, as well as the risk of a reduction in equity prices and real estate values, were measured with the frequency mentioned above.

Four sensitivity analyses were carried out, the impacts of which on the solvency position are set out below.

1. Increase in risk-free interest rates of 50 bps: +3 percentage points;
2. Increase in credit spreads (government and corporate) of 50 bps: -16 percentage points;
3. 25% reduction in equity values: -4 percentage points;
4. 25% reduction in real estate values: -19 percentage points.

- Closing and forecast stress tests conducted on the basis of a set of risk factors assessed jointly and determined on the basis of historic analyses. The prevailing risk factor assessed during year is the trend of credit spreads on government securities as a result of the significant exposure in the portfolio.

The evidence resulting from the analyses carried out confirms the Company's current and prospective solidity, even in relation to the stress scenarios identified.

In all the stress scenarios applied, risk propensity thresholds established by the Board of Directors were fully observed thanks to the Company's solid equity position.

Credit risks

As of December 31st, 2017 credit risks, considered risks of the counterparty defaulting and therefore not including the risk of spread on bonds, represent approximately 4% of the total SCR (bearing in mind the effect of the differentiations between risk modules and the contribution of the capacity to absorb losses tied to technical provisions and deferred taxes). The main types of exposure falling under this category to which the Company is exposed relate to exposure in current accounts, to re-insurers and for receivables from brokers and policyholders.

The assessment of these risks is conducted with the standard formula, considered appropriate since the profile of assets in question, held by the Company, is in line with the market.

As part of the assessments made using these metrics, particular attention was paid to the details of the risk by type of exposure and by the single most important counterparties, by monitoring their trend over time and assessing, case by case, the expediency of taking management measures to lower the risk.

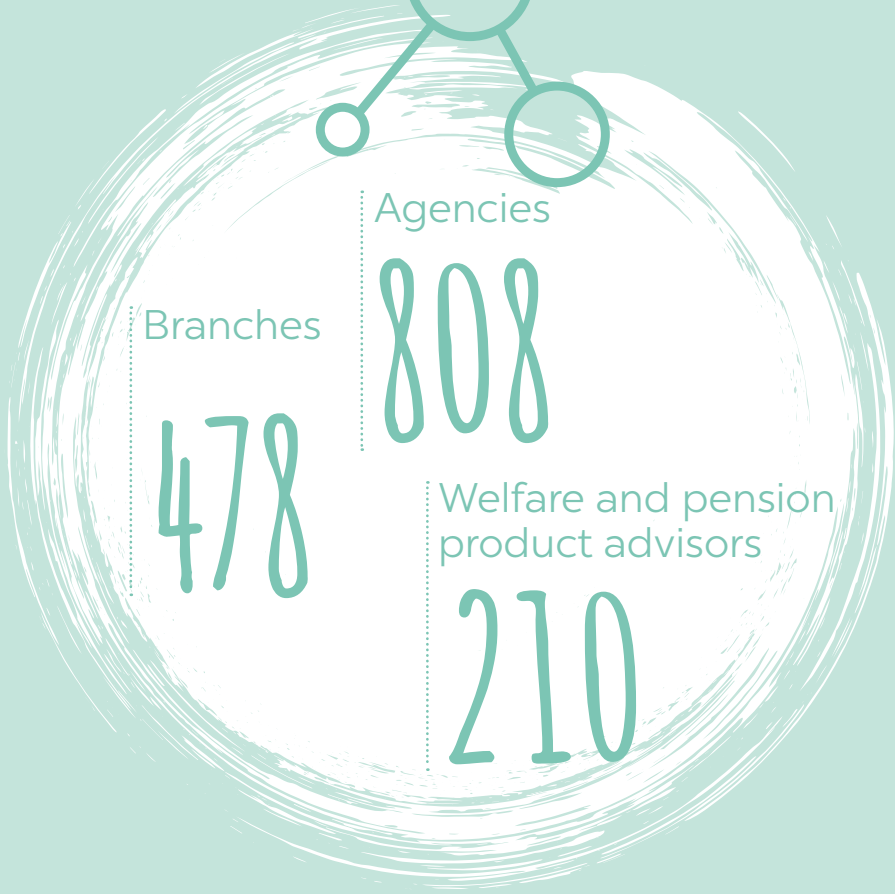
The credit risk management process is, first and foremost, focused on the adequate selection of counterparties. A system of limits aimed at appropriately managing the most significant exposures is also defined by assigning limits to the operating units, expressed as capital requirement calculated with the standard formula and applied according to the single type.

Specifically, limits referring to the capital requirement for current account and re-insurer exposures are assigned. These limits allow a summary of various magnitudes of the risk to be drawn up after understanding the risk level of the single counterparty, the overall exposure and the presence of concentrations, if any.

The most critical exposures are focused on re-insurer counterparties whose associated risk is moderate thanks to their high credit rating. The actual adequacy of the counterparty risk taken as a result of making recourse to reinsurance is also assessed within the re-insurers selection process, defined in the relevant policy.

No particular credit risk mitigation techniques are applied. The consistency of the undertaken risk with the risk propensity defined by the Company is maintained by selecting counterparties and managing the related exposure.

During the year, action continued to reduce the Company's overall exposure to the risk of counterparty default, in particular by reducing the exposure of current accounts to counterparties with a worse credit rating.



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Human Resource Management

HUMAN RESOURCES

In line with the principles consistently promoted by the Group, in 2017 the utmost attention was paid to the management of human resources. In particular, the “Job Market” facility was introduced in July as a tool aimed at strengthening and promoting mobility by facilitating access for all employees to new professional opportunities consistent with their skills and aspirations.

The Job Market is intended as an organisational space that facilitates the meeting of the needs of company structures and the skills of employees, through a logic of transparency, fairness and effectiveness. In particular, 70 positions were opened, for which approximately 200 colleagues out of 236 expressed an interest, through responding to an advertisement or via self-applications.



Again with a view to development, the Group has constantly striven to discover and grow future talent, offering internship opportunities in many company divisions, to students and recent graduates.

With the arrival of the new Managing Director last June, a corporate survey was carried out to identify Cattolica’s strengths and above all, the key areas on which senior management committed itself to intervene to build an ever better working environment.

Employees, were asked to respond, unanimously, as honestly as possible, to the online questionnaire; the response rate was 94%, which in itself was a very satisfactory outcome.

One of the initiatives launched in October, based on the results of the senior management corporate survey, to improve the working environment, was a project that focuses on the well-being of employees. It is part of a wider project to change the corporate culture, a process that also includes participation in sporting activities.

The project, which also has a charitable purpose in line with Cattolica’s core values, has recruited, on a voluntary basis, more than 500 employees.

In order to facilitate the definition of targeted development actions and to fully exploit the potential of digital transformation, towards which the market is increasingly moving, an online survey was conducted on the entire company workforce to identify the level of readiness as regards digitalisation, change and innovation within the company, both in terms of skills and mindsets. The response rate was 91%, which in itself was very satisfactory.

Personnel as of December 31st, not including the 5 staff leaving for the Intersectorial Solidarity Fund, totalled 828 (+27 compared to December 31st, 2016), divided up as follows: 41 executives (+10 with respect to 2016), 207 officials (+17 with respect to 2016) and 580 employees. The employees expressed as full-time equivalents were 803 compared with 775 as of December 31, 2016.

Development and Training

With its contents, methods and instruments, Development and Training confirmed itself to be one of the strategic levers of the company, through activities targeted at supporting the development of every individual worker.

The change, which was launched with the assessment of performances since 2015, involved all staff and guided the activities of each worker and their development path via the assessment of objectives assigned by each manager.

In support of the Performance Management Process (PMP), resource managers were supported in the performance evaluation phase of their employees through dedicated individual and team coaching meetings.

In November, the new performance measurement and evaluation system was reviewed and revised, with a view to greater consistency with the new company process, with the aim of making the instrument increasingly more usable.

In order to increase the employability of individuals, the efficiency of the system and individual awareness of skill levels in the workplace, the project was approved and launched in 2016, to survey behavioural skills consistent with current and future roles, which will make it possible to more fully guide management decisions and investments in training and development. This initiative, which has involved 685 resources to date, will involve the entire Group workforce at the outset of 2018.

In addition, measures were implemented to meet real business needs and support company reorganisations, including projects with managerial components for those responsible for organisational units, with a view to enhancing their staff development capacity, and technical components aimed at maintaining skills required to achieve the objectives of the Business Plan.

Some examples: for the Retail division, technical course for strengthening skills at the front end, legislative, business products and IT data sphere; for the Life division, an in-depth technical review with focus placed on legislation and products; to support the merger of FATA within the Company, an alignment with the full set of products in order to supplement knowledge, expertise and best practices; for the Claims division, courses on Business Object, Agorà, TPL - Motor, TPL - General, negotiation for the liquidators, regulatory updates; for the IT division, agile methodology was completed and training was provided for various organisational units (HDA database processing, new intranet); training sessions dedicated to the Risk Management Unit focused on using advanced methodologies for analysing quantitative data, in line with strategic profitability objectives and the upcoming Solvency II, and a team building training activity for the reinsurance division that studied what implementing a good reinsurance policy means by analysing practical cases; as part of the Digital Coach project, numerous classes were organised for all relevant organisational units; for Bancassurance, classes were held on the development of the insurance range and on the advanced use of excel; to support the use of the new Non-Life ALLIn System and the new Life ALLIn system, a training course was run for the relevant organisational units, which will continue into 2018; to support the use of the new SAP BPC budget collection system, classes dedicated to the relevant units were held; to deal with the complex changes related to the introduction of new international accounting standards IFRS 9 and IFRS 17 and new regulatory requirements, a technical training course for impacted organisational units was launched.

In line with the assessment of training needs that made up the 2017 Development Plans for each individual employee, a project was implemented to develop personal skills, under six headings, including Creativity and Innovation, Team of Excellence and Self Effectiveness. This project involved 613 classroom days for a total of 390 trainees at Group level. In terms of language training, a massive mapping of skills regarding the English language was initiated - through online tests and telephone tests - which in 2018, will lead to a wide-ranging training project in the presence of qualified native speakers, which will involve approximately 400 employees.

In support of the new Job Market internal corporate mobility process, launched by the HR & Organisation Department in July, some resources directly involved in said process (Human Resources Management, HR Business Partner, Development & Training) participated in a course aimed at standardising and strengthening skills in the field of personnel selection and management of mobility interviews.

As in the previous year, there was a focus on equal opportunity themes: the two projects carried out were Work Life Balance and the Role of the Diversity Manager. The first one - in its third edition - tackled the themes of Corporate Social Responsibility; the second, for managers of resources only, focused on stress management as well as on analysis and management of diversity within the work team.

Another project of great importance was the Smartworking training: 5 classroom days, with a focus on theory and practice as well as case studies concerning in and out insurance companies, were dedicated to the HR & Organisation unit with the aim of carrying out a Pilot Project, launched in November.

For the sector's regulatory training on safety, classroom training sessions dedicated to Group collaborators continued, together with an online updating campaign.

Online training courses were also issued on the latest developments in relation to Legislative Decree No. 231 of June 8th, 2001, on the subject of transposing the Fourth Council Directive against money laundering procedures, aimed at raising awareness of the implications that the regulations will have on organisational structures.

On a parallel with the activities achieved within the company, participation in training events organised outside the company by universities, associations and sector institutes was considerable, including CUOA Foundation, Verona University, Sacro Cuore University in Milan (Cetif, Altis), Bocconi University in Milan (Business Management School).

During 2017, 2,414 man training days were held for the Company.

Training for the Board of Directors

On the basis of the long-term training plan addressing the members of the Boards of Directors and the training plan for 2017, three training sessions were held which involved members of the Boards of Directors and Executives of all Group companies, on the following topics: Developments in the area of Market Abuse; 4th Anti-Money Laundering Directive; Paradigm Shift - Emerging from crisis with a view to the future; Insurance Distribution Directive (IDD): implementation and implications for companies.

Industrial relations and disputes

During the year, several trade union meetings were held to better understand issues related to personnel.

In April, an agreement was signed with trade unions aimed at reducing the cost of the holiday fund by having employees take their back holiday time and personal days according to rules defined at sector level.

One important agreement (pursuant to art. 15 of the current CCNL (National Collective Labour Agreement)) was signed in May regarding the IT “Infrastructures and services” area, subject to reorganisation for the re-allocation of activities to a market leader outsourcer capable of ensuring improvement of service and optimisation of costs.

Lastly, in June, the “Anti-money Laundering Operational Office” (SOA) underwent reorganisation (pursuant to art. 15 of the current CCNL (National Collective Labour Agreement)) in order to concentrate the area’s activities to achieve improved oversight, thus augmenting efficiency and effectiveness.

The signed agreements, as mentioned above, aimed at streamlining the units involved, affected a total of 29 people.

In October, other important agreements were signed aimed at regulating fundamental legislative institutions within the company:

- hourly parental leave;
- smartworking;
- establishment of an intersectorial solidarity fund;
- welfare for employees;
- agreement of bancassurance shifts.

With the first agreement, concerning parental leave, the Parties were aiming to regulate the use of optional maternity leave per hour or half hour, favouring a balance between daily work commitments and family-time required, with the advantage of ensuring professional continuity in career paths and preventing a reduction in income.

With the agreement on smartworking, so-called “agile-work” was introduced in the company to allow (82) workers, involved in a pilot project lasting 4 months, to choose, 1 day a week, to work outside the company premises, in favour of an improved work-life balance and improving the efficiency of professional performance.

In October, an agreement was also signed with trade unions that will allow many employees, on a voluntary basis, to retire early by 5 years. The agreement is valid for four years and therefore anticipates 4 calls for proposals.

The Company and the unions also signed an agreement to award a “Welfare bonus” to all employees in 2017.

An agreement was also reached for the introduction of shifts within the Integrated Sales Service, which is part of the Bancassurance Division, thus making it possible to guarantee a better service to customers.

Agreements were also signed to obtain loans from Fondo Banche Assicurazioni (FBA) to provide training for employees. The training plan presented was entitled “Conoscere, sviluppare ed evolvere” (Knowledge, development and evolution). The value of the plan, which can be financed, amounts to approximately €500 thousand.

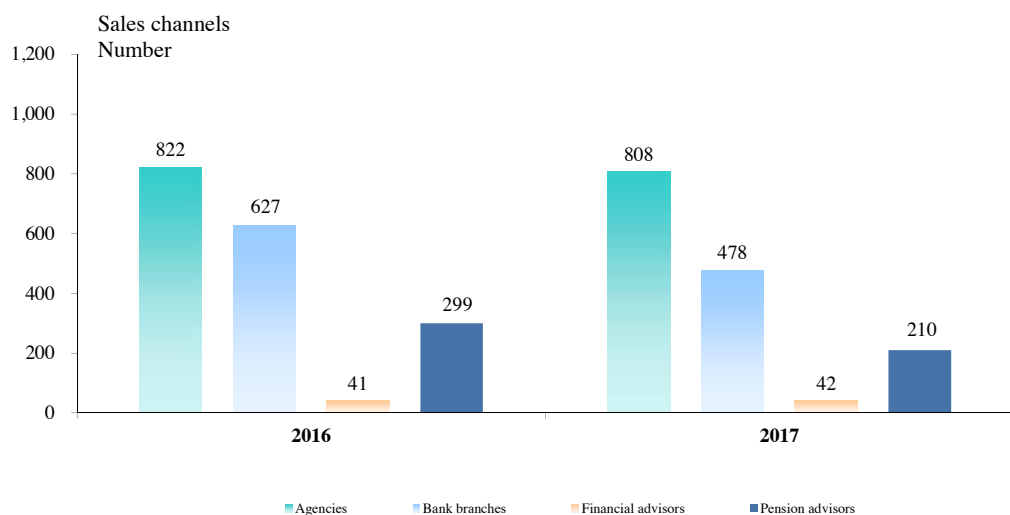
A further agreement pursuant to art. 15 of the national collective labour agreement was signed in November for the closure of the Barletta Adjustment Unit and the rationalisation of the territorial areas of the Claims Department. This will provide considerable advantages in the decision-making process and significant organisational efficiency.

Negotiations also began in November for the renewal of the National Collective Labour Agreement, which expired in December 2015.

Finally, in December, pursuant to art. 15 of the National Collective Labour Agreement, a further reorganisation of CFO Areas, the “Life and Non-Life Actuarial and Technical Control” department and the “Operations & IT” department was approved, which will involve 222 people in total. In particular, the reorganisation will allow for the rationalisation and efficiency of processes in the areas impacted. Everyone involved in reorganisation operations and whose duties were changed and/or added to will have a suitable training course aimed at profitable professional development and induction into the new role guaranteed, also by means of recourse to loans from the Intersectorial Solidarity Fund.

A number of legal disputes are ongoing, the estimated liability for which was prudently provided for.

SALES NETWORK



Agency and welfare and pension product advisor distribution

The Company ended the year with a total of 808 agencies compared with 822 as of December 31st, 2016, due to 21 new openings and 35 closures amongst voluntary organisations, rationalisation and other reasons.

Welfare and pension product advisors, represented by the C.P. Servizi Consulenziali sub-agents, numbered 210 compared with 299 in 2016.



Agent network and welfare and pension product advisor training

In 2017 the Group also invested in attaining two goals that are functional for the ongoing transformation:

- development of the expertise of its networks;
- the digital transformation programme that provides its networks and internal structures with the essential instruments to continue competing and growing in the new market context following two precise guidelines: managing efficiency and commercial effectiveness.

In line and in observance with the programme planned and shared with the distribution networks, the second area of change was launched with its training plan, which was provided:

- on site, with the support of Digital Coaches;
- on-line with the aid of infographics, video tutorials and Web Based Training (WBT) courses;
- through virtual classrooms which until December 31st saw the participation of approximately 2,013 brokers.

Development of skills and training

The Group’s training courses were constantly updated in consideration of regulatory amendments and marketing of new products, including:

- 59 up-front classroom training editions on the new 2017 CARD Agreement, which were held between the end of March and the beginning of May throughout Italy. This initiative involved 1,282 brokers;
- the continuation of the new training course for the induction of RUI Section E workers (first training 60 hours), available in e-learning mode, dedicated to all sub-agents and first appointment workers, with 200 novice users;
- the Group’s training range was enriched by three additional commercial courses dedicated to the Home and Household range, up-front classroom based, with different target groups: 2,085 participants took part in 33 different editions in this specific course campaign, with approximately 1,800 man-days of training;
- the second edition of the Agents Profession Masters course, dedicated to young talents of

the Cattolica network and FATA division, was held from February to December, 30 young Masters students were involved;

- the Executive Agent Masters course saw the continuation of all modules launched in 2016, as well as the launch of “Digital, Web & Social” and “Recruiting, Selection, Secondary Network Development” modules in 2017. 649 agents have been trained, of which 574 Cattolica and 75 FATA, for a total of over 513 agencies involved. 174 classroom editions were carried out, for a total turnout of 1,930 people in attendance and more than 3,300 man-days of training;
- as part of the development activity carried out in collaboration with the Religious Bodies Business Unit, the technical sales meetings to present the “*Nuova Soluzione Assicurativa Cattolica&Clero Secolare Parrocchia*” continued with eight editions attended by 170 brokers of selected agencies;
- a specific technical sales training activity was dedicated to the new “Small Business” product with 48 editions in Italy, attended by 1,594 brokers, for a total of over 600 training man-days.

Steps were also taken to ensure a training programme on transversal themes including training on life products; courses were held for new agencies and constant refreshers with on-line training and training and certification of welfare/pension advisors. Thanks to the positive outcome of the annual inspections made by the certification authority, the Network Training & Development department obtained certification as per the technical quality standard UNI 11402 (Quality Financial, Insurance and Welfare Education), as well as that for the UNI ISO 29990 standard (non-formal training).

Bank coverage The number of branches distributing Pension Planning products amount to 478, compared with 627 in 2016, mainly due to the termination of the agreement with Nuova Cassa di Risparmio di Ferrara (now BPER Banca) and la Cassa di Risparmio di Saluzzo

Bancassurance partner training IVASS Regulation No. 6 dated December 2nd, 2014, introduced a series of important innovations within the sphere of the up-dating and training of the broker network which the insurance companies avail themselves of, with the intention of harmonising the related regulations and encouraging the enhancement of the professional requisites of insurance brokers laying down specific organisational, technological and professional standards with reference to the products, the requirements of the trainers and the training formalities.

In accordance with the matters envisaged by the aforementioned regulation, during the year the network of insurance brokers was involved in refresher courses and professional courses which were structured in line with the needs of the partners and concluded with a final test in accordance with the procedures set out in the regulation.

The Company supported brokers through an e-learning platform that guarantees the traceability, interactivity and the multimedia nature of content required by regulations and through refresher courses and classroom professional training provided with the support of certified training companies.

Financial advisor distribution The number of financial advisors who distribute life products in the bancassurance area of the Company came to 42, in line with December 31st, 2016.



Shareholders

23,763

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CORPORATE GOVERNANCE AND INTERNAL CONTROL SYSTEM

The corporate governance system is proportionate to the nature, the capacity and complexity of the activities of the company, as illustrated in greater detail in the Report on corporate governance and the ownership structures for 2017, pursuant to Article 123-*bis* of the Consolidated Finance Law available in the Company's website at the following address - www.cattolica.it - in the Governance section. The Company's Internal Control System is also illustrated within the same.

This information will be supplemented - especially with regard to the risk management system and capital management - with that reported in the 2017 Report on the solvency and the financial condition of the company, which will be approved by the Board of Directors and published on the website of the Company on May 7th, 2018.

PREVENTION AND COUNTERING FRAUD

The Company, whilst also implementing regulatory provisions concerning the fight against fraud in the motor liability sector, adopted a prevention and countering fraud policy at group level, in which objectives, responsibilities and guidelines of the specific organisational model are defined.

The policy is aimed at limiting exposure to the risk of fraud, understood as the possibility of suffering economic losses due to the undue conduct of employees or third parties, with possible consequences also in terms of reputation.

The organisational model for preventing and countering fraud is integrated into the internal control system and is similarly structured along three lines of defence. Responsibility is pervasive and widespread throughout the corporate organisation.

In compliance with the provisions of art. 30 of Law No. 27 of March 24th, 2012 and the IVASS Protocol No. 47-14-000982 dated March 11th, 2014, the estimate of the reduction of the charges for motor TPL claims deriving from the assessment of fraud, consequent to control and fraud suppression activities, for the Company, was quantified as €16.8 million, compared to €15.9 million in 2016.

COMPLAINTS MANAGEMENT

The handling of complaints is entrusted to a specific unit, the Complaints Group Service, appointed as per ISVAP Regulation No. 24 dated May 19th, 2008; it sees to handling of the complaints made by those who avail of the insurance activities (customers, injured parties, legal advisors, consumer associations).

The unit also contributes towards monitoring the service levels and the company areas in view of possible improvements.

During the year, with reference to the Company, a total of 2,720 written complaints were registered, of which 907 were upheld. Complaints were dealt with, on average, within 21 days, compared with 15 in the previous year.

INFORMATION SYSTEMS

The most important actions taken on the information systems are presented below.

Applicative measures

During 2017, the IT integration of FATA systems with Cattolica systems was completed and the programme to bring TUA Assicurazioni systems into line with Group applications was launched.

The programme of initiatives aimed at digitizing the main processes supporting the agencies' business (so-called digital transformation) is ongoing. The following projects were completed: implementation of the new sales force management system, new portal for the agents network, development of tools for managing agency/directorate dialogue, the document system, mobile receipts, agency sites, and a system for managing marketing campaigns.

The customer experience project is currently underway, which will involve a comprehensive review of the Company's access points (corporate website, apps, etc.). As part of this project, the rationalization of telephone numbers and IT tools for contact centres dedicated to Group customers was completed.

After finalising the new anti-fraud system in the first half of the year to support the claims department for the motor line, the extension of the model to the non-motor line was initiated. The implementation of a new anti-money laundering system was also finalised. In the area of finance systems, the creation of the single securities database was completed and the project for the creation of new back office and front office systems is underway. The new Life system was launched on the agency network and will be completed by 2018.

Pilot initiatives are also underway for the application of innovative technologies (robotics, artificial intelligence and big data) aimed at increasing the efficiency of the implementation of certain business processes through automation.

As regards compliance with regulations, it should be noted that for Solvency II, activities on annual QRT Full Phases and the revision of the data quality architecture have been completed; interventions supporting the USP model were concluded; work is underway on the preparation of new QRT Full Phases, which will be sent in 2018. The appropriate measures are in place to comply with privacy regulations (so-called GDPR) and IDD. A project to analyse the impact of new accounting standards (IFRS 9 and IFRS 17) has been launched.

Infrastructures and quality of IT services

In the first half of 2017, as planned, the modernisation and expansion of the infrastructure was completed and the new model for managing infrastructure services was fully implemented during the year.

The project to extend automated testing procedures to all major applications is under way, as is an activity for the further development of the system for monitoring the main services provided by the IT unit that will enhance the information deriving from the results of the Business Impact Analysis recently carried out.

The project in the IT security sector continues, which is being rolled out through 2017-2018. A joint-direction team on Cyber Security in collaboration with the Risk Management Unit was also formed in order to allow the cyber risk management/control processes to evolve. The main projects carried out concerning cyber security are: centralised user management, implementation of access monitoring devices for Company applications, centralised access control, implementation of infrastructural security management devices, implementation of software for the collection and correlation of user access information to company systems in order to monitor potential abnormal behaviour. IT security monitoring systems will be further strengthened through a Security Operation Centre that will operate on a continuous 24/7 basis to monitor Company information systems.

Lastly, a project was launched to modernise employee support tools (personal equipment, smart working tools, support for meeting points, connectivity between management offices, etc.). The new company intranet was created in this context.

APPOINTMENTS OF SENIOR MANAGEMENT OF THE COMPANY

In addition to the appointments to the Board of Directors of Cattolica resolved by the Shareholders' Meeting held on April 22nd, it was announced at the Board of Directors meeting of April 28th that Giovan Battista Mazzucchelli will leave the Board of Directors and the positions of Director and Managing Director at Cattolica Assicurazioni and other Group companies effective May 30th. On that same date, the Board of Directors appointed Alberto Minali to become the new Managing Director starting from June 1st, 2017.

On June 1st, the Board of Directors of Cattolica Assicurazioni co-opted Alberto Minali to the Board pursuant to art. 2386 of the Italian Civil Code and appointed him as Managing Director of the Company and of the Group.

On June 27th, the Board of Directors of the Parent Company assigned the General Manager Marco Cardinaletti to the post of Executive appointed to prepare the corporate accounting documents.

Flavio Piva left the office of Markets and Operations Area General Manager of Cattolica effective July 1st.

As part of a broader organisational redesign, the Board of Directors appointed Carlo Ferraresi as the new General Manager of the Markets and Distribution Channels Area. His appointment came into force on July 1st.

On September 1st, Mr Enrico Mattioli joined the Group, assuming the office of Deputy General Manager of Strategic Planning and Control, Administration and Financial Reporting, reporting to the Managing Director. He was also appointed as Chief Financial Operator of the Cattolica Group.

On October 19th, the Board of Directors appointed Mr. Enrico Mattioli as Investor Relations Officer and, as shown in subsequent events, on January 28th, 2018 appointed him as the Executive appointed to prepare the corporate accounting documents.

SIGNIFICANT EVENTS DURING THE FIRST FEW MONTHS OF 2018

On January 8th, 2018, the Shareholders' Meeting of Cassa di Risparmio di San Miniato appointed a Board of Directors and Board of Statutory Auditors. The renewal of governance is a consequence of the implementation of the € 200 million capital increase, concluded on December 21st, 2017, and the change of the body that exercises control over the Bank (Crédit Agricole Cariparma S.p.A.).

On February 8th, 2018, Credit Agricole Cariparma S.p.A. decided to launch a voluntary public tender offer to retail shareholders (differing from banking foundations, banks or financial intermediaries, insurance companies or other institutional entities) of the subsidiary Cassa di Risparmio di San Miniato, in which it holds a 95.3% stake. On the same day, the Boards of Directors of Credit Agricole Cariparma S.p.A., Cassa di Risparmio di San Miniato S.p.A., Cassa di Risparmio di Rimini S.p.A. and Cassa di Risparmio di Cesena S.p.A. approved the project for merger via incorporation into the parent company Credit Agricole Cariparma S.p.A. The completion of the transaction is subject to the approval of the Extraordinary Shareholders' Meetings of the companies involved in the merger and the issue of the necessary authorisations by the competent authorities.

As part of the operation to establish a bancassurance partnership with Banco BPM, with a provision dated January 23rd, 2018, IVASS initiated the authorisation procedure for Cattolica to take over controlling stakes in the share capital of Popolare Vita S.p.A. and Avipop Assicurazioni S.p.A. The deadline for the conclusion of the procedure is 60 days (i.e. March 24th, 2018).

On February 9th, 2018, the Company formally submitted to the Central Bank of Ireland a request for the acquisition, indirectly, of The Lawrence Life Assurance Company DAC, a Dublin-based company, 100% controlled by Popolare Vita S.p.A. The period for the conclusion of the proceedings was set at 60 days.

On January 28th, 2018 Cattolica's Board of Directors approved the 2018-2020 Business Plan, which was presented the following day at a meeting with analysts and investors at the Milan Stock Exchange. The Plan aims to make Cattolica a more innovative, agile and reactive Group, ready to take on the challenges and opportunities of an increasingly competitive market, in a macroeconomic, yet challenging context.

The Plan's strategy is based on three pillars: profitable growth, technical excellence and innovation. The Company's cultural transformation and simplification is cross-cutting with the strategic actions and pillars of the Plan. The combined action of these drivers aims to enhance the strengths already possessed by the Company and to increase performance.

On January 28th, 2018, Marco Cardinaletti left his position as General Manager of the Insurance Division and technical-administrative Co-ordination of the Group, though maintaining his position as Managing Director of TUA Assicurazioni.

On January 28th, 2018 the Board Of Directors of the Parent Cattolica appointed Enrico Mattioli the Deputy General Manager and CFO as the Executive appointed to prepare the corporate accounting documents.

On February 23rd, the Company completed the sale of the entire current shareholding held in Infracom S.p.A to the 2iFiber S.p.A. (250 shares with a nominal value of € 500 each), for a

total price of €75 thousand.

On March 1st, 2018, Massimo di Tria joined the Group as Chief Investment Officer, reporting to the Managing Director.

Dr. Tria is a member of the Allianz insurance group and has had professional experience in leading financial companies.

ATYPICAL OR UNUSUAL TRANSACTIONS AND NON-RECURRENT SIGNIFICANT OPERATIONS AND EVENTS

Pursuant to CONSOB DEM/6064293 dated July 28th, 2006, it is noted that no atypical and/or unusual transactions were entered into during operational activities.

With reference to the significant non-recurrent events and operations with significant effects on the Group's accounts, as already reported in other parts of the financial statements, the issue of the debenture loan for a total of €500 million is noted.

The communication to the market of July 27th, regarding the write-down of certain Group assets is also noted.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010, and subsequent amendments and additions, as from January 1st, 2011 the "Procedure for the management of related party transactions" approved by the Board of Directors with last up-date by means of resolution dated December 20th, 2016, applies to the situations envisaged by regulations.

The document relating to this procedure - which should be referred to for details - is published on the Company's website - www.cattolica.it - in the "Governance" section.

With reference to disclosure on transactions with related parties, please see Part C - Other information in the notes to the accounts.

MANAGEMENT AND CO-ORDINATION ACTIVITIES ACCORDING TO ART. 2497 ET SEQ. OF THE ITALIAN CIVIL CODE

The Company has exercised its management and co-ordination powers in observance of the principles of correct corporate and business management and on a consistent basis with the roles assigned to the individual Group companies.

With specific reference to the transactions expressly influenced by the Company, in addition to the transactions indicated in other parts of this report, it should be noted that these transactions concerned, among other things:

- resolutions and subsequent activities for adaptation to ISVAP Regulation No. 20 dated March 26th, 2008;
- the approval of the guidelines for the handling of the risks at Group level, as well as the forecast assessment of the risk and solvency profile within the sphere of the ORSA process;
- the approval of the risk propensity systems, setting the risk tolerance levels;
- the adoption of the guidelines for intercompany transactions;

-
- the adoption of governance and management approaches and controls which are standard at Group level;
 - the implementation of co-ordinated operating policies;
 - the adoption and the review of company policies in accordance with the current legislation applicable;
 - the choices concerning the composition, formation and the remuneration of the corporate bodies, management and other significant roles with respect to the governance set up.

So as to ensure an evolution of the Group consistent with the lines identified at Company level, the management and co-ordination activities concerned the implementation of co-ordinated management policies and the definition of a number of development lines of the Group's strategic layout.

The Company has also completed the necessary recapitalisation measures to ensure that subsidiaries have the financial resources to complete certain transactions.

With regard to financial, tax and administration matters, the central role of the Company is highlighted in the definition of the operating lines in which the Group's companies are involved.

TAX CONSOLIDATION

The subsidiaries which comply with the national tax consolidation system are: ABC Assicura, Berica Vita, BCC Assicurazioni, BCC Vita, Cattolica Agricola, Cattolica Beni Immobili, Cattolica Immobiliare, Cattolica Services, C.P. Servizi Consulenziali, Lombarda Vita, TUA Assicurazioni and TUA Retail.

The reasons why the option has been exercised lie in the appropriateness of offsetting the tax positions with an opposite sign between the Group companies, consequently optimising the financial aspects.

For the purposes of the regulation of the economic transactions deriving from the compliance with the tax consolidation regime, an agreement was entered into with the Company by each investee company. With reference to the allocations of the economic effects associated with the exercise of the option, the subsidiaries transfer the amounts corresponding to the taxes and advances deriving from their taxable position to the Company; by contrast, they receive from the Company the amount corresponding to lower tax paid by the same due to the effects of the use of tax losses transferred by subsidiaries.

SHAREHOLDERS

As of December 31st, the shareholders recorded in the Register amounted to 23,763 compared with 24,109 as of December 31st, 2016.

During the year, the admission of 521 new shareholders was resolved and the demise of 25 shareholders was reported.

Pursuant to Article 9-*bis* of the Articles of Association, in the session held on November 14th, the Board resolved the removal of 834 individuals from the capacity of shareholder. In addition, 8 members have asked for their names to be deleted from the Register.

Mutual purpose of the Company To observe the mutual purpose, the Articles of Association envisage that the shareholders are to be offered the possibility to enter into insurance agreements under particularly favourable conditions.

During the year, the Company continued to operate, on a consistent basis with the above.

Institutional communication During the year, the shareholders were informed on the performance of the Company's and Group's projects through the "Letter from the Chairman", sent in March and October.

An edition of the publication "Mondo Cattolica" was circulated, sent to all the Shareholders. The section EssereSoci is also present on the company's website www.cattolica.it, containing, among other aspects, the information on dedicated insurance products and the Communication area.

Six meetings were held during the year with the shareholders throughout Italy.

OWN SHARES

The shareholders' meeting held on April 22nd, upon the proposal of the Board of Directors, approved the plan for the purchase and sale of own shares pursuant to the law. The proposed authorisation concerns the purchase, once or multiple times, of own shares up to the maximum number allowed by current legislative provisions, therefore up to 20% of the *pro tempore* share capital of the Company, taking into account the own shares already held by it and by its subsidiaries, for a period of 18 months from the date of the shareholders' meeting resolution.

During the year, 1,328,625 shares were purchased and 343,905 sold, for a total price of €9.4 million for purchases and €2.4 million for sales.

As of December 31st, the Company held 6,679,907 own shares, equal to 3.8% of the share capital, recorded in the Negative reserve for own shares in the balance sheet portfolio for a total book value of €47 million.

NEWLY ISSUED SHARES

No new shares were issued during the year.

OUTLOOK FOR BUSINESS ACTIVITIES

Last January, the Group presented its new 2018-2020 Business Plan, based on the pillars of profitable growth, technical excellence and innovation. The Company is committed to the early stages of implementation of the Plan, with particular attention on finalising the announced distribution agreement with Banco BPM and commencing operations.

As regards ordinary business, the trends that emerged in the last months of 2017 were identified: in the motor line, a modest upswing in the average premium was confirmed, despite the fact that it is still very competitive.

The Company's underwriting activities will continue to be characterised by its standard competence and prudence, contributing to the quality of the customer portfolio. During the current period of high volatility of the financial markets, the Company pays particular attention to seizing return opportunities, whilst maintaining the traditional cautious approach with regard to management of assets.



Investments in subsidiaries

Non-life
insurance
companies

3

Life
insurance
companies

4

Non-insurance
companies

7

MANAGEMENT REPORT

The Company in 2017

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

Information on the investee companies

Information on the investee companies is provided below.

INVESTMENTS IN SUBSIDIARIES

Non-life insurance

ABC Assicura s.p.a.

The insurance company, authorised to operate in the non-life business, intends to satisfy a wide range of needs developing the portfolio of the accident & injury, health and sundry financial losses classes.

The company, which is 60% owned by Cattolica, wrote premiums for €16.8 million (-6.5%), having been affected by the events which are concerning the BPVi Group, and closed with a loss of €747 thousand, compared with a profit of €282 thousand as of December 31st, 2016.

In June, the shareholder Banca Popolare di Vicenza (BPVi), which holds 40% of the company's share capital, was placed under compulsory administrative liquidation.

The subsequent termination of distribution agreements with intermediaries led to the absence of new production in the first few months of 2018, an occurrence already partly recorded in the last period of 2017. The company will provide all its customers with every assistance needed to manage their after-sales policies directly.

The current scenario therefore anticipates an orderly management of activities, mainly after-sales, with the near absence of new production. In light of the current situation, the company pays particular attention to its financial management and to the liquidity available to meet its commitments to policyholders.

The number of branches that distributed the company's products up to December 11th, 2017, those of the former BPVi Group (now part of Intesa Sanpaolo), amounted to 502 (unchanged with respect to December 31st, 2016). From December 11th, the company directly provided assistance to customers for all necessary after-sales transactions.

BCC Assicurazioni s.p.a.

The company operates in the non-life bank-assurance sector and offers the Banche di Credito Cooperativo and the Casse Rurali, their shareholders and customers, innovative products and services for households and businesses.

Business continues to be developed on products sold combined with the disbursement of credit, with heavy concentration on CPI products (credit protection insurance).

The company, which is 51% owned by Cattolica, wrote premiums for €37.8 million (+9%) and closed with a loss of €868 thousand (loss of €2.3 million as of December 31st, 2016).

TUA Assicurazioni s.p.a.

The company operates in the non-life business, offering the market a specialist range of insurance and financial products/services able to fully and accurately meet the needs of the personal line, comprising households and small/medium sized Italian businesses.

The insurance company places its products using an innovative distribution model

characterised by a streamlined and flexible organisational structure and a wide and integrated offer capacity.

It is 99.99% owned by Cattolica. The company had 533 agencies as of December 31st.

TUA Assicurazioni's premium collection amounted to €271.4 million (+3.2%) and the result was a profit of €9.3 million (-5.5%), attributable mainly to an increase in the charges for claims following the occurrence of significant claims in the motor liability class of business compared to the previous year.

Life insurance

BCC Vita s.p.a.

It is an insurance company established within the sphere of the Co-operative Credit system which offers innovative insurance solutions aimed at ensuring the capital and a guaranteed minimum return and solutions aimed at protecting the individual.

It operates exclusively via the network of branches of the Banche di Credito Cooperativo of the ICCREA Banking Group and is 51% owned by Cattolica.

The company wrote premiums for €324.9 million (+2.2%) and closed with a profit of €10 million (+10.2%).

Berica Vita s.p.a.

The insurance company, authorized to carry out life insurance activities, is controlled by Cattolica through a 60% holding in the share capital.

The company wrote premiums for €83.3 million (-43.1%), having been affected by the events which are concerning the BPVi Group, and closed with a profit of €10.6 million (+17.8%).

In June, the shareholder Banca Popolare di Vicenza (BPVi), which holds 40% of the company's share capital, was placed under compulsory administrative liquidation.

The subsequent termination of distribution agreements with intermediaries led to the absence of new production in the first few months of 2018, an occurrence already partly recorded in the last period of 2017. The company will provide all its customers with every assistance needed to manage their after-sales policies directly.

The current scenario therefore anticipates an orderly management of activities, mainly after-sales, with the near absence of new production. In light of the current situation, the company pays particular attention to its financial management and to the liquidity available to meet its commitments to policyholders.

The number of branches that distributed the company's products up to December 11th, 2017, those of the former BPVi Group (now part of Intesa Sanpaolo), amounted to 502 (unchanged with respect to December 31st, 2016). From December 11th, the company directly provided assistance to customers for all necessary after-sales transactions.

Cattolica Life DAC

It is a life assurance company with headquarters in Ireland, 60% owned by the Company. Its aim is to satisfy the needs of the customers with customised, innovative and high-financial content solutions and it is specialised in the structuring of index-linked and unit-linked

contracts by personal customer segment. It is 60% owned by Cattolica.

In June, the shareholder Banca Popolare di Vicenza, which holds 40% of the company's share capital, was placed under compulsory administrative liquidation.

The subsequent termination of distribution agreements led to the absence of new production from the last period of 2017.

While waiting for possible future developments, the company will directly provide assistance for the management of the after-sales service.

The company closed the year with premiums written of €27.3 million (-39.9%) and a loss⁴ of €2.9 million, compared with the profit of €814 thousand last year.

Lombarda Vita s.p.a.

The company carries out insurance activities in the life classes offering policies for welfare, the protection of the person, savings and investment with the aim of increasing the value of the invested capital.

The insurance company distributes its products via the network of 567 branches of the UBI Banca Group and via the network of financial advisors of the latter; it is 60% owned by Cattolica.

The company wrote premiums for €1,570.4 million (+12.1%) and closed with a profit of €19.7 million (-16.5%).

Agricultural-real estate property Cattolica Agricola s.a.r.l.

Established on September 28th, 2012 within the sphere of the purchase of the Tenuta Ca' Tron property complex, Cattolica Agricola is a single-member company which has the exclusive purpose of carrying out agricultural activities pursuant to art. 2135 of the Italian Civil Code.

The company closed the year with a profit of €3.2 million (€1.3 million as of December 31st, 2016), mainly due to the capital gain on the transfer of land and building rights to Fondo Ca' Tron.

Cattolica Beni Immobili s.r.l.

Established on September 28th, 2012 within the sphere of the purchase of the Tenuta Ca' Tron property complex, Cattolica Beni Immobili is a single-member company which manages the properties not used for agricultural activities existing on said land as well as other properties including the "Cattolica Center" property complex, located in Via Germanica, Verona.

The company ended the year with a loss of €3.9 million (€-841 thousand as of December 31st, 2016), mainly as a result of impairment losses of approximately €2 million on some of the real estate assets held in the portfolio.

⁴ Cattolica Life DAC draws up its financial statements in accordance with the international IAS/IFRS accounting standard.

Property services Cattolica Immobiliare s.p.a.

The company carries out activities for the development and enhancement of the property assets and those typical to real estate services, it also operates as advisor in the real estate field providing specialized technical consulting and administrative management services to the Group, to its real estate property funds and to third parties.

The company ended the year with a loss of €226 thousand, compared with a profit of €9 thousand in 2016, mainly due to an adjustment to the provision for risks following a dispute already underway.

Operating services Cattolica Services s.c.p.a.

The company carries out activities for the supply of services for the Group, such as: planning, implementation and management of IT applications and operating processes, along with the services relating to telecommunications systems; supervision of the digital innovation of the Group with regard to IT and organisational aspects; handling of the settlement of Group claims with the exception of the security, hail and transport areas; teaching and training services for the Group resources; the life and welfare technical area; non-life operations; accounting and financial statements of the Group companies.

The company ended the year with a profit of €13 thousand (-40.9%).

C.P. Servizi Consulenziali s.p.a.

Besides the life business under the Cattolica mandate, the company carries out non-life premium business activities (with TUA and Cattolica products) availing itself of sub-agents. It is wholly owned by Cattolica.

The financial statements closed with a loss of €3 million (+6.4%).

Agenzia Generale Agrifides s.r.l.

It is an agency, with headquarters in Rome, 51% owned by Cattolica and 49% by Coldiretti. During the year, 9 new sales outlets were opened at Coldiretti's territorial headquarters, making a total of 28 as of December 31st, 2017.

The company closed the financial statements with a profit of approximately €10 thousand (-63%).

INVESTMENTS IN ASSOCIATED COMPANIES

Operating services All Risks Solutions s.r.l.

The Company holds an investment of 20% in All Risks Solutions s.r.l., for the purpose of permitting the Cattolica agency network to provide insurance coverage to customers including for risks not normally undertaken directly by Cattolica, as envisaged by Law Decree No. 179, dated October 18th, 2012, "Decreto Crescita Bis" converted with amendments into Law No. 221 dated December 17th, 2012.

OTHER SIGNIFICANT INVESTMENTS

Banks

Emil Banca Credito Cooperativo s.c.p.a.

The banking institute, which has almost 47 thousand shareholders and establishes its roots in the long term experience of seventeen Casse Rurali ed Artigiane, uses 89 branches located throughout the area and extends between the provinces of Bologna, Ferrara, Modena, Parma, Reggio Emilia and Mantua. The bank is part of Credito Cooperativo Italiano.

It is a local bank, heedful of the promotion and the growth of the area where it operates, reinvesting the funds gathered in situ so as to offer new development opportunities for the local reference communities.

The Company held an investment of 0.09% as of December 31st.

UBI Banca s.p.a.

The UBI Group is listed on the Milan stock exchange, fourth in Italy in terms of number of banking branches; it mainly addresses individual customers and essentially operates in the regions of Lombardy and Piedmont, boasting a considerable presence in the most dynamic regions of central and southern Italy.

During 2015, UBI Banca confirmed the exclusive right in the distribution agreement with Lombarda Vita and the Company, for the intermediation of the insurance products of Lombarda Vita by the UBI Group banks, for another 5 years (2016-2020).

The Company held an investment of 0.5% as of December 31st.

Banca di Credito Popolare s.c.p.a.

Founded in 1888, with a network of branches distributed throughout the region, Banca di Credito Popolare today represents the only expression of autonomy, of a certain size, in the Campania lending system. The growth in size was pursued by means of the extension of the network of branches and the incorporation of four banks. The bank has been the group parent of the Banca di Credito Popolare Banking Group since 2002.

The Company held an investment of 1.01% as of December 31st.

Other

Veronafiore s.p.a.

Veronafiore has its origins in trade fair activities linked to the agricultural sector launched in 1898 by the Municipal Authority of Verona.

The purpose of the Entity is to carry out and support any direct and indirect activity aimed at the organisation of trade fairs, as well as the organisation of congress activities and ventures which promote the exchange of goods and services and their marketing at national and international level.

The Company held an investment of 7.11% as of December 31st.

H-Farm s.p.a.

H-Farm s.p.a. is the holding company of the H-FARM Group which is a “Venture Incubator” established by H-FARM s.p.a., H-Farm US Inc., H-Farm UK Ltd. and H-Farm India Pvt. Ltd. H-Farm’s typical activity consists in offering growth strategies, with respect to new transformation plans based on digital technologies, the implementation of new business plans, the design of e-commerce initiatives, and the use of new technologies for the simplification and automation of processes or products.

It is listed on the AIM Italian market.

The Company held an investment of 4.49% as of December 31st.

INDIRECT INVESTMENTS IN SUBSIDIARIES

Operating services

TUA Retail s.r.l.

The company, wholly-owned by TUA Assicurazioni, carries out general agency activities and ended the year with a profit of €34 thousand.

Proposal for the allocation of the result for the year

Dear Shareholders,

we submit the financial statements for the year 2017 to your approval with regard to all its components.

We therefore propose the following allocation of the profit for 2017, amounting to € 5,308,898 deriving from a profit of € 37,856,792 of the business relating to the non-life classes and loss of €32,547,894 of the business relating to the life classes, it being understood that the dividend pertaining to the own shares held as of the ex-dividend date indicated below, for the purposes of art. 2357-ter of the Italian Civil Code, will be booked to the dividend reserve:

to the legal reserve 20%	€	1,061,780
to the entitled shares (so as to be able to assign a dividend to the extent of €0.02436 per share, gross of any taxes due by law)	€	4,245,800
to the extraordinary reserve	€	1,318

Consequently, we hereby propose that the above reserves be provided for in the business relating to the non-life classes and that the surplus of the non-life business with respect to the allocations indicated above, amounting to € 32,547,894, be allocated to the extraordinary reserve within the sphere of this business.

Furthermore, the Board of Directors proposes the allocation to each of the shares in circulation of an additional amount equal to €0.32564 for a total of €56,757,074, using the extraordinary reserve.

With reference to the loss of the life classes amounting to € 32,547,894, the Board of Directors proposes coverage by means of the share premium reserve for €32,547,894.

Finally, as a result of realised gains on foreign currency assets during the year, it is proposed that the exchange gain reserve be made available for an amount equal to €1,404,379, entirely relating to the life business.

If the proposals indicated above are approved by yourselves, the total dividend of €0.35 (€ 0.02436 ordinary and € 0.32564 extraordinary) per share gross of any legal withholdings, may be distributed, owing to current legislation, as from May 23rd 2018, with ex-dividend date on the 21st of said month (coupon number 28) and record date on May 22nd, 2018, in compliance with Borsa Italiana's calendar.

THE BOARD OF DIRECTORS

Verona, March 20th, 2018



Total assets

12,352 MLN €

Total shareholders' equity

1,815 MLN €

STATEMENT OF
FINANCIAL POSITION
AND INCOME
STATEMENT

Attachment 1

Company **CATTOLICA ASSICURAZIONI SOC. COOP.**

Subscribed share capital € 522,881,778 Paid in € 522,881,778

Registered
offices in Verona

Court in Verona

**Statement of
financial position**

2017

(amounts in €)

STATEMENT OF FINANCIAL POSITION

ASSETS

Balances for the year

				Balances for the year	
A.	AMOUNTS DUE FROM SHAREHOLDERS PER SUBSCRIBED SHARE CAPITAL NOT PAID IN			1	0
	of which called capital	2	0		
B.	INTANGIBLE ASSETS				
	1. Acquisition commission to amortise				
	a) life business	3	13,128,253		
	b) non-life business	4	0	5	13,128,253
	2. Other acquisition costs			6	0
	3. Start-up and expansion costs			7	7,784,422
	4. Goodwill			8	156,497,916
	5. Other long-term costs			9	4,288,493
				10	181,699,084
C.	INVESTMENTS				
	I - Land and buildings				
	1. Property used for business activities			11	61,523,986
	2. Property used by third parties			12	36,822,802
	3. Other property			13	0
	4. Other realty rights			14	0
	5. Property under construction and advance payments			15	0
	II - Investments in Group companies and other investees			16	98,346,788
	1. Company shares and holdings:				
	a) parent companies	17	0		
	b) subsidiaries	18	807,534,996		
	c) affiliated companies	19	0		
	d) associated companies	20	2,000		
	e) other companies	21	44,423,275	22	851,960,271
	2. Bonds issued by:				
	a) parent companies	23	0		
	b) subsidiaries	24	0		
	c) affiliated companies	25	0		
	d) associated companies	26	0		
	e) other companies	27	30,500,428	28	30,500,428
	3. Loans to:				
	a) parent companies	29	0		
	b) subsidiaries	30	0		
	c) affiliated companies	31	0		
	d) associated companies	32	0		
	e) other companies	33	0	34	0
				35	882,460,699
			to be carried forward		
					181,699,084

		Balances for the previous year	
			181 0
	182 0		
183 13,178,647			
184 0	185 13,178,647		
	186 0		
	187 12,176,309		
	188 177,860,764		
	189 4,100,679	190 207,316,399	
	191 63,570,071		
	192 37,690,696		
	193 0		
	194 0		
	195 0	196 101,260,767	
197 0			
198 867,793,941			
199 0			
200 558,414			
201 71,467,013	202 939,819,368		
203 0			
204 0			
205 0			
206 51,189			
207 32,282,156	208 32,333,345		
209 0			
210 0			
211 0			
212 0			
213 0	214 0	215 972,152,713	
	to be carried forward		207,316,399

STATEMENT OF FINANCIAL POSITION

ASSETS

Balances for the year

		carry forward		181,699,084
C. INVESTMENTS (continued)				
III - Other financial investments				
1. Shares and holdings				
a) Listed shares	36	45,762,846		
b) Unlisted shares	37	26,005,065		
c) Holdings	38	0	39	71,767,911
2. Units of mutual investment funds			40	910,462,844
3. Bonds and other fixed income securities				
a) listed	41	7,356,154,666		
b) unlisted	42	4,766,266		
c) convertible bonds	43	5,954,501	44	7,366,875,433
4. Loans				
a) loans with secured guarantee	45	1,698,410		
b) loans on policies	46	1,299,446		
c) other loans	47	120,000	48	3,117,856
5. Units in mutual investments			49	0
6. Deposits with credit institutions			50	0
7. Sundry financial investments			51	24,217
IV - Deposits with ceding companies			52	8,352,248,261
			53	10,297,362
			54	9,343,353,110
D. INVESTMENTS FOR BENEFITS OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS				
I - Investments relating to benefits associated with investment funds and stock market indices			55	137,346,786
- Investments deriving from the management of pension funds			56	951,700,192
II			57	1,089,046,978
D bis. TECHNICAL PROVISIONS - REINSURANCE AMOUNT				
I - NON-LIFE CLASSES				
1. Premium provision	58	94,496,812		
2. Provision for outstanding claims	59	396,972,991		
3. Provision for profit-sharing and repayments	60	0		
4. Other technical provisions	61	0	62	491,469,803
II - LIFE CLASSES				
1. Mathematical provisions	63	19,058,181		
2. Premium provision of supplementary insurance	64	0		
3. Provision for outstanding claims	65	2,300,269		
4. Provision for profit-sharing and repayments	66	0		
5. Other technical provisions	67	0		
6. Technical provisions for contracts where the investment risk is borne by the policyholders and provisions deriving from the management of pension funds	68	0	69	21,358,450
			70	512,828,253
		to be carried forward		11,126,927,425

		Balances for the previous year	
	carry forward		207,316,399
216	41,940,022		
217	6,463,125		
218	0	219	48,403,147
		220	707,547,644
221	6,679,717,017		
222	8,302,103		
223	131,150	224	6,688,150,270
225	1,646,180		
226	1,712,416		
227	150,000	228	3,508,596
		229	0
		230	0
		231	24,190
		232	7,447,633,847
		233	10,667,940
		234	8,531,715,267
		235	109,474,898
		236	872,743,641
		237	982,218,539
238	114,956,024		
239	415,234,527		
240	0		
241	0	242	530,190,551
243	24,452,876		
244	0		
245	4,285,940		
246	0		
247	0		
248	0	249	28,738,816
	to be carried forward	250	558,929,367
			10,280,179,572

STATEMENT OF FINANCIAL POSITION

ASSETS

Balances for the year

		carry forward			11,126,927,425
E.	RECEIVABLES				
I	- Receivables, deriving from direct insurance transactions, due from:				
	1. Policyholders				
	a) for premiums for the year	71	137,935,599		
	b) for premiums for previous years	72	9,951,062		
			73	147,886,661	
	2. Insurance brokers		74	216,469,419	
	3. Insurance companies - current accounts		75	26,307,391	
	4. Policyholders and third parties for sums to be recovered		76	32,698,891	77
					423,362,362
II	- Receivables deriving from re-insurance transactions, due from:				
	1. Insurance and reinsurance companies		78	73,903,290	
	2. Reinsurance brokers		79	0	80
					73,903,290
III	- Other receivables				81
					448,213,981
					82
					945,479,633
F.	OTHER ASSET ITEMS				
I	- Tangible assets and inventories:				
	1. Furniture, office machines and internal means of transport		83	2,313,210	
	2. Movable assets recorded in public registers		84	239,871	
	3. Plant and equipment		85	1,202,135	
	4. Inventories and miscellaneous assets		86	0	87
					3,755,216
II	- Cash in bank and cash equivalent				
	1. Bank and postal account deposits		88	64,297,141	
	2. Cheques and cash amounts		89	6,427	90
					64,303,568
IV	- Other assets				
	1. Transitory reinsurance accounts - receivable		92	0	
	2. Sundry assets		93	154,443,032	94
					154,443,032
					95
					222,501,816
G.	ACCRUALS AND DEFERRALS				
	1. For interest			96	56,642,339
	2. For rental fees			97	0
	3. Other accruals and deferrals			98	585,109
					99
					57,227,448
	TOTAL ASSETS				100
					12,352,136,322

		Balances for the previous year	
	carry forward		10.280.179,572
²⁵¹	121.142.957		
²⁵²	11.161.539		
	²⁵³ 132.304.496		
	²⁵⁴ 208.353.428		
	²⁵⁵ 24.411.615		
	²⁵⁶ 32.050.537	²⁵⁷ 397.120.076	
	²⁵⁸ 56.752.046		
	²⁵⁹ 0	²⁶⁰ 56.752.046	
		²⁶¹ 452.996.840	²⁶² 906.868.962
	²⁶³ 2.335.959		
	²⁶⁴ 314.129		
	²⁶⁵ 1.360.670		
	²⁶⁶ 0	²⁶⁷ 4.010.758	
	²⁶⁸ 35.272.192		
	²⁶⁹ 5.291	²⁷⁰ 35.277.483	
	²⁷² 0		
	²⁷³ 121.846.301	²⁷⁴ 121.846.301	²⁷⁵ 161.134.542
		²⁷⁶ 57.343.477	
		²⁷⁷ 5.124	
		²⁷⁸ 387.809	²⁷⁹ 57.736.410
TOTAL ASSETS			²⁸⁰ 11.405.919,486

STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

Balances for the year

A. SHAREHOLDERS' EQUITY				
I	- Subscribed share capital or equivalent fund	101	522,881,778	
II	- Share premium reserve	102	785,490,034	
III	- Revaluation reserves	103	62,498,794	
IV	- Legal reserve	104	281,475,054	
V	- Statutory reserves	105	0	
VI	- Reserves for shares of the parent company	400	0	
VII	- Other reserves	107	204,446,834	
VIII	- Retained profits (losses)	108	0	
IX	- Profit (loss) for the year	109	5,308,898	
X	- Negative reserve for own shares in portfolio	401	-46,945,286	110 1,815,156,106
B. SUBORDINATED LIABILITIES				111 680,000,000
C. TECHNICAL PROVISIONS				
I - NON-LIFE BUSINESS				
	1. Premium provision	112	680,098,996	
	2. Provision for outstanding claims	113	2,581,690,151	
	3. Provision for profit-sharing and repayments	114	0	
	4. Other technical provisions	115	150,850	
	5. Equalisation provisions	116	13,234,923	117 3,275,174,920
II - LIFE BUSINESS				
	1. Mathematical provisions	118	4,822,698,829	
	2. Premium provision of supplementary insurance	119	571,278	
	3. Provision for outstanding claims	120	129,925,558	
	4. Provision for profit-sharing and repayments	121	43,787	
	5. Other technical provisions	122	30,757,055	123 4,983,996,507 124 8,259,171,427
D. TECHNICAL PROVISION FOR CONTRACTS WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND PROVISIONS DERIVING FROM THE MANAGEMENT OF PENSION FUNDS				
I	- Provisions relating to contracts whose benefits are linked to investment funds and stock market indices	125	137,346,784	
II	- Provisions deriving from the management of pension funds	126	951,700,193	127 1,089,046,977
	to be carried forward			11,843,374,510

Balances for the previous year

	281	522,881,778	
	282	794,309,808	
	283	62,498,794	
	284	268,733,505	
	285	0	
	500	0	
	287	203,521,313	
	288	0	
	289	63,707,745	
	501	-39,907,419	290 1,875,745,524
			291 180,000,000
292		683,132,283	
293		2,577,662,225	
294		0	
295		203,035	
296		13,015,020	297 3,274,012,563
298		4,440,909,290	
299		1,293,772	
300		95,484,982	
301		17,668	
302		31,419,488	303 4,569,125,200 304 7,843,137,763
	305	109,474,899	
	306	872,743,641	307 982,218,540
to be carried forward			10,881,101,827

STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

				Balances for the year	
	carry forward				11,843,374,510
E.	PROVISIONS FOR RISKS AND CHARGES				
1.	Provision for pensions and similar commitments	128	2,337,285		
2.	Provision for taxation	129	5,755,211		
3.	Other provisions and allowances	130	52,921,627	131	61,014,123
F.	DEPOSITS RECEIVED FROM RE-INSURERS			132	32,655,015
G.	PAYABLES AND OTHER LIABILITIES				
I	- Payables, deriving from direct insurance transactions, due to:				
1.	Insurance brokers	133	14,005,238		
2.	Insurance companies - current accounts	134	2,990,795		
3.	Policyholders for guarantee deposits and premiums	135	30,313,374		
4.	Guarantee funds in favour of policyholders	136	49,430	137	47,358,837
II	- Payables, deriving from re-insurance transactions, due to:				
1.	Insurance and reinsurance companies	138	13,304,882		
2.	Reinsurance brokers	139	0	140	13,304,882
III	- Bond loans			141	0
IV	- Payables due to banks and financial institutions			142	7,198,812
V	- Payables with secured guarantee			143	0
VI	- Sundry loans and other financial payables			144	0
VII	- Employee severance indemnities			145	6,118,225
VIII	- Other payables				
1.	For taxes payable by policyholders	146	29,809,168		
2.	For sundry tax charges	147	79,834,254		
3.	Amounts due to social security and welfare institutions	148	2,776,688		
4.	Sundry payables	149	96,462,804	150	208,882,914
IX	- Other liabilities				
1.	Transitory reinsurance accounts - payable	151	0		
2.	Commission for premiums being collected	152	22,153,478		
3.	Sundry liabilities	153	101,387,421	154	123,540,899
	to be carried forward			155	406,404,569
					12,343,448,217

		Balances for the previous year	
	carry forward		10,881,101,827
		308	3,384,093
		309	9,055,405
		310	53,414,434
		311	65,853,932
		312	42,111,584
	313	16,096,851	
	314	4,000,814	
	315	18,650,968	
	316	7,816	
		317	38,756,449
	318	33,015,713	
	319	0	
		320	33,015,713
		321	0
		322	11,395,576
		323	0
		324	0
		325	6,658,855
	326	29,908,311	
	327	91,561,288	
	328	2,533,905	
	329	91,874,852	
		330	215,878,356
	331	0	
	332	20,132,402	
	333	81,696,692	
	to be carried forward	334	101,829,094
		335	407,534,043
			11,396,601,386

STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		12,343,448,217
H. ACCRUALS AND DEFERRALS			
1. For interest		156 6,174,625	
2. For rental fees		157 0	
3. Other accruals and deferrals		158 2,513,480	159 8,688,105
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160 12,352,136,322

			Balances for the previous year
	carry forward		11,396,601,386
		336 5,876,758	
		337 0	
		338 3,441,342	339 9,318,100
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			340 11,405,919,486

The undersigned declare that these financial statements are true and consistent with the underlying accounting records.
The legal representatives of the company (*)

The Managing Director ALBERTO MINALI (**)

_____ (**)

_____ (**)

(*) For foreign companies, the signature must be that of the general representative for Italy
(**) Indicate the office covered by the signee

Company **CATTOLICA ASSICURAZIONI SOC. COOP.**

Subscribed share capital € 522,881,778 Paid in € 522,881,778

Registered
offices in Verona

Court in Verona

Income statement

2017

INCOME STATEMENT

Balances for the year

						Balances for the year	
I. TECHNICAL ACCOUNT - NON-LIFE BUSINESS							
1.	PREMIUMS FOR THE YEAR, NET OF TRANSFERS UNDER REINSURANCE						
	a) Gross premiums written		1	1,733,326,450			
	b) (-) Ceded premiums		2	195,158,405			
	c) Change in gross premium provision		3	-306,892			
	d) Change in premium provision - reinsurers' share		4	-14,212,487	5	1,524,262,450	
2.	(+) PORTION OF PROFIT FROM INVESTMENT TRANSFERRED FROM THE NON-TECHNICAL ACCOUNTS (ITEM III. 6)				6	37,658,000	
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE				7	30,736,223	
4.	CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE						
	a) Claims paid						
	aa) Gross amount	8	1,202,130,392				
	bb) (-) reinsurance amount	9	173,662,279	10	1,028,468,113		
	b) Change in recoveries net of reinsurers' share						
	aa) Gross amount	11	22,151,238				
	bb) (-) reinsurance amount	12	0	13	22,151,238		
	c) Change in provision for outstanding claims						
	aa) Gross amount	14	4,691,409				
	bb) (-) reinsurance amount	15	-16,170,686	16	20,862,095	17	1,027,178,970
5.	CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE					18	-52,185
6.	REPAYMENTS AND PROFIT-SHARING, NET OF REINSURANCE					19	389,057
7.	OPERATING EXPENSES:						
	a) Acquisition commissions		20	267,311,203			
	b) Other acquisition costs		21	63,978,069			
	c) Change in commission and other acquisition costs						
	to be amortised		22	0			
	d) Collection commission		23	13,962,893			
	e) Other administrative expenses		24	130,343,414			
	f) (-) Commission and profit-sharing received from re-insurers		25	49,764,502	26	425,831,077	
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE					27	40,711,916
9.	CHANGE IN EQUALISATION PROVISIONS					28	219,903
10.	RESULT OF TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item III. 1)					29	98,377,935

		Balances for the previous year	
		111	1.704.888,389
		112	225.613,251
		113	-30.859,779
		114	-7.854,775
		115	1.502.280,142
		116	57.116,000
		117	17.169,318
	118	1.165.231,489	
	119	145.324,399	
	120		1.019.907,090
	121	22.951,320	
	122	0	
	123		22.951,320
	124	-35.735,676	
	125	-23.879,463	
	126		-11.856,213
		127	985.099,557
		128	-106,695
		129	694,851
		130	266.623,848
		131	60.486,479
		132	0
		133	13.402,492
		134	120.971,682
		135	58.785,397
		136	402.699,104
		137	43.016,767
		138	270,598
		139	144.891,278

INCOME STATEMENT

Balances for the year

				Balances for the year	
II. TECHNICAL ACCOUNT - LIFE BUSINESS					
1.	PREMIUMS FOR THE YEAR, NET OF REINSURANCE:				
	a) Gross premiums written	30	974,337,205		
	b) (-) Ceded premiums	31	12,818,980	32	961,518,225
2.	INCOME FROM INVESTMENTS:				
	a) Income deriving from shares and holdings	33	11,872,779		
	(of which: deriving from Group companies)	34	7,829,781)	
	b) Income deriving from other investments:				
	aa) from land and buildings	35	0		
	bb) from other investments	36	172,916,084	37	172,916,084
	(of which: deriving from Group companies)	38	811,529)	
	c) reversal of adjustment on investments	39	12,668,572		
	d) Profits on realisation of investments	40	14,090,873		
	(of which: deriving from Group companies)	41	694	42	211,548,308
3.	INCOME AND UNREALISED CAPITAL GAINS ON INVESTMENT BENEFITING POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND ON INVESTMENTS DERIVING FROM THE MANAGEMENT OF PENSION FUNDS			43	28,960,526
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE			44	5,594,657
5.	CLAIMS INCURRED, NET OF REINSURANCE				
	a) Claims paid				
	aa) Gross amount	45	555,893,604		
	bb) (-) reinsurance amount	46	12,009,161	47	543,884,443
	b) Change in provision for outstanding claims				
	aa) Gross amount	48	34,440,577		
	bb) (-) reinsurance amount	49	-1,985,671	50	36,426,248
6.	CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				
	a) Mathematical provisions:				
	aa) Gross amount	52	381,789,539		
	bb) (-) reinsurance amount	53	-5,394,695	54	387,184,234
	b) premium provision of supplementary insurance				
	aa) Gross amount	55	-722,494		
	bb) (-) reinsurance amount	56	0	57	-722,494
	c) Other technical provisions				
	aa) Gross amount	58	-662,433		
	bb) (-) reinsurance amount	59	0	60	-662,433
	d) technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds				
	aa) Gross amount	61	106,828,436		
	bb) (-) reinsurance amount	62	0	63	106,828,436
				64	492,627,743

				Balances for the previous year
		140	861,110,334	
		141	12,938,973	142 848,171,361
		143	14,879,999	
(of which: deriving from Group companies)		144	11,296,289)	
	145		0	
	146	147	154,902,354	
(of which: deriving from Group companies)		148	955,582)	
		149	12,280,367	
(of which: deriving from Group companies)		150	29,400,990	
		151	0)	152 211,463,710
				153 32,769,115
				154 4,900,751
	155		931,718,346	
	156	157	17,659,902	914,058,444
	158		-28,516,274	
	159	160	-1,337,824	-27,178,450
				161 886,879,994
	162		245,097,880	
	163	164	-4,034,305	249,132,185
	165		-150,141	
	166	167	0	-150,141
	168		5,405,375	
	169	170	0	5,405,375
	171		-194,541,111	
	172	173	0	-194,541,111
				174 59,846,308

INCOME STATEMENT

		Balances for the year	
7.	REPAYMENTS AND PROFIT-SHARING, NET OF REINSURANCE		65 57,818
8.	OPERATING EXPENSES:		
	a) Acquisition commissions	66 12,496,481	
	b) Other acquisition costs	67 13,165,430	
	c) Change in commission and other acquisition costs to be amortised	68 -50,394	
	d) Collection commission	69 4,585,093	
	e) Other administrative expenses	70 24,666,933	
	f) (-) Commission and profit-sharing received from re-insurers	71 1,263,906	72 53,700,425
9.	EQUITY AND FINANCIAL CHARGES:		
	a) Charges for management of investments and interest expense	73 11,608,650	
	b) Adjustment on investments	74 50,769,390	
	c) Losses on realisation of investments	75 9,786,414	76 72,164,454
10.	EQUITY AND FINANCIAL CHARGES AND UNREALISED CAPITAL LOSSES ON INVESTMENTS FOR BENEFIT OF LIFE - ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS		77 9,267,507
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE		78 11,724,164
12.	(+) PORTION OF PROFIT FROM INVESTMENT TRANSFERRED TO THE NON-TECHNICAL ACCOUNTS (item III. 4)		79 9,246,000
13.	RESULT OF TECHNICAL ACCOUNT - LIFE BUSINESS (Item III. 2)		80 -21,477,086
III. NON-TECHNICAL ACCOUNT			
1.	RESULT OF TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item I. 10)		81 98,377,935
2.	RESULT OF TECHNICAL ACCOUNT - LIFE BUSINESS (Item II. 13)		82 -21,477,086
3.	INVESTMENT INCOME IN THE NON-LIFE CLASSES		
	a) Income deriving from shares and holdings	83 26,228,390	
	(of which: deriving from Group companies)	84 24,436,074)	
	b) Income deriving from other investments:		
	aa) from land and buildings	85 1,517,727	
	bb) from other investments	86 80,226,137	
	(of which: deriving from Group companies)	87 81,743,864)	
		88 297,500)	
	c) reversal of adjustment on investments	89 3,936,552	
	d) Profits on realisation of investments	90 22,083,728	
	(of which: deriving from Group companies)	91 0	92 133,992,534

		Balances for the previous year	
			175 4,932

	176 15,880,360		
	177 15,063,981		

	178 627,394		
	179 3,666,747		
	180 17,726,772		
	181 1,680,575	182 50,029,891	
	-----	-----	
	183 9,721,627		
	184 35,255,666		
	185 8,867,411	186 53,844,704	
	-----	-----	
		187 21,639,141	

		188 10,349,981	

		189 16,109,000	

		190 -1,399,014	

		191 144,891,278	

		192 -1,399,014	

	193 36,310,864		
(of which: deriving from Group companies)	194 33,847,234)		

	195 1,887,586		
	196 76,511,053	197 78,398,639	
(of which: deriving from Group companies)	198 318,910)		

		199 3,771,940	
		200 51,879,576	
(of which: deriving from Group companies)	201 0)	202 170,361,019	
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INCOME STATEMENT

		Balances for the year
4.	(+) PORTION OF PROFIT FROM INVESTMENTS TRANSFERRED FROM THE TECHNICAL ACCOUNT - LIFE BUSINESS (Item II. 12)	93 9,246,000
5.	EQUITY AND FINANCIAL CHARGES OF THE NON-LIFE CLASSES:	
	a) Charges for management of investments and interest expense	94 10,122,323
	b) Adjustment on investments	95 59,499,254
	c) Losses on realisation of investments	96 2,923,973
6.	(-) PORTION OF PROFIT FROM INVESTMENTS TRANSFERRED TO THE TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item I. 2)	98 37,658,000
7.	OTHER INCOME	99 44,803,079
8.	OTHER CHARGES	100 101,589,919
9.	RESULT OF ORDINARY ACTIVITIES	101 53,148,993
10.	EXTRAORDINARY INCOME	102 9,074,383
11.	EXTRAORDINARY CHARGES	103 16,445,934
12.	RESULT OF EXTRAORDINARY ACTIVITIES	104 -7,371,551
13.	PROFIT (LOSS) BEFORE TAXATION	105 45,777,442
14.	INCOME TAXES FOR THE YEAR	106 40,468,544
15.	PROFIT (LOSS) FOR THE YEAR	107 5,308,898

		Balances for the previous year	
		203	16,109,000
		<hr/>	
204	6,752,511		
		<hr/>	
205	66,918,733		
		<hr/>	
206	7,166,665	207	80,837,909
		<hr/>	
		208	57,116,000
		<hr/>	
		209	48,704,928
		<hr/>	
		210	120,748,719
		<hr/>	
		211	119,964,583
		<hr/>	
		212	5,837,703
		<hr/>	
		213	9,514,433
		<hr/>	
		214	-3,676,730
		<hr/>	
		215	116,287,853
		<hr/>	
		216	52,580,108
		<hr/>	
		217	63,707,745
		<hr/>	

The undersigned declare that these financial statements are true and consistent with the underlying accounting records.

The legal representatives of the company (*)

The Managing Director ALBERTO MINALI (**)

_____ (**)

_____ (**)

(*) For foreign companies, the signature must be that of the general representative for Italy

(**) Indicate the office covered by the signee

NOTES TO THE ACCOUNTS

Foreword

Format

The financial statements, integrated by the Management Report in its entirety, is composed by the statement of financial position and the income statement, the notes to the accounts and the related attachments, as well as the Cash flow statement, and have been drawn up in compliance with the provisions of Italian Legislative Decree No. 209 of September 7th, 2005, with ISVAP Regulation No. 22 of April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016, with Legislative Decree No. 173 of May 26th, 1997, as amended following the transposition of Directive 2009/138/EC, Solvency II and Directive 2013/34/EU, Accounting.

The list of assets as per art. 10 of Law No. 72 dated March 19th, 1983, is part of the notes to the accounts.

NOTES TO THE ACCOUNTS

Part A - Accounting principles

Part A

Accounting principles

Accounting standards	The accounting standards adopted are those in force in Italy and established by legal provisions, as up-dated during the year.
Going concern	According to the provisions of Bank of Italy/CONSOB/ISVAP document No. 2 dated February 6th, 2009, it should be noted that the economic outlook is positive, even though there are uncertainties linked to the performance of the markets and rates in particular, taking account of the timescales and ways in which the current situation is developing. The Company's solid fundamentals do not generate or leave any doubts regarding the company as a going concern.
Reporting currency used in the financial statements	<p>According to the provisions of art. 4 of ISVAP regulation No. 22 dated April 4th, 2008, as amended by the IVASS provision No. 53 dated December 6th, 2016 and pursuant to art. 2423, paragraph 6, of the Italian Civil Code, the statement of financial position and the income statement have been prepared in Euro units; the notes to the accounts are in thousands of Euro. The rounded off amount of totals and subtotals in the statement of financial position and income statement is the sum of the rounded off amounts of the individual items. According to the provisions of art. 15, paragraph 3, of the afore-mentioned regulations, the amounts have been rounded up or down to the closest unit; if the amount presents a half, then it is rounded up.</p> <p>The roundings of the balances contained in the notes to the accounts are made so as to ensure the consistency of the amounts in the statement of financial position and income statement formats.</p>
Foreign currency items	In accordance with art. 2426, No. 8- <i>bis</i> , of the Italian Civil Code, the monetary assets and liabilities in foreign currency are recorded using the spot exchange rate ruling as of the year end date; the consequent exchange gains and losses must be recognised to the income statement and any net profit is set aside in a specific restricted reserve until realised. The non-monetary foreign currency assets and liabilities are recognised at the exchange rate in force at the time of their acquisition.

ILLUSTRATION OF THE ACCOUNTING PRINCIPLES

The most significant standards used for the formation of the annual financial statements are illustrated below; they have been agreed with the Board of Statutory Auditors, where envisaged.

INTANGIBLE ASSETS

Acquisition commissions to be amortised	<p>Non-life business</p> <p>As from the enforcement of art. 5, paragraph 4, of Law Decree No. 7 dated January 31st, 2007 (so-called Bersani bis decree), which introduced the faculty - for the policyholders - of withdrawing annually from long-term contracts, without charges and by giving notice of sixty days, the commission relating to the contracts issued is settled annually and recognised at cost in the period of accrual of the premium instalment.</p>
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Life business

The acquisition commissions of the life business is amortised in accordance with art. 16, paragraph 10, of Legislative Decree No. 173, dated May 26th, 1997.

It is divided up, net of the portions pertaining to re-insurers, for a period of no longer than the duration of the policies, with a maximum limit of ten accounting periods, and in any event within the limits of the premium loading present in the tariff.

Start-up and expansion costs

This item comprises:

- the registration tax paid following the acquisition of the business segment from Risparmio & Previdenza with effect as from December 31st, 2013. This cost, considered to have long-term usefulness, is amortised on the basis of the residual useful life of the portfolio acquired, equal to 4.6 years for the life business and 1.4 years for the non-life business;
- the costs pertaining to the share capital increase which took place in 2014, amortised over a useful life of five years.

Goodwill

The item includes:

- the goodwill recorded in Duomo Previdenza (a company absorbed in 2007), attributable to the merger transactions concluded during 2001, which represents the values of the portfolios and the sales networks of the insurance companies absorbed. It is amortised, on a straight-line basis and proportionally over time, over a period of twenty years, deemed suitable in relation to the period of use of the intangible elements it is made up of;
- the goodwill deriving from the acquisition, in 2010, of the business segment from the subsidiary C.I.R.A. relating to the activities achieved via the broker and agent channels. In relation to the economic useful life of the segment in question, it is amortised on a straight-line basis in twenty annual portions;
- the goodwill acquired in 2011 following the spin-off transaction of Duomo Uni One in the Company, for the absorption of Maeci Assicurazioni. It is amortised on the basis of a twenty-year plan on a straight-line basis, in relation to the average residual duration of the underlying contracts;
- the deficit recognised in 2011 following the spin-off transaction for Duomo Uni One in the Company; it is amortised on the basis of an eighteen-year plan, in relation to the average residual duration of the underlying contracts;
- the deficit recognised in 2012 following the partial spin-off transaction for Cattolica Gestione Investimenti in the Company; it is amortised on the basis of a ten-year plan, in relation to the average duration of the assets;
- the goodwill, recognised in 2013, consequent to the transfer transaction for the business segment from Risparmio & Previdenza; it is amortised on the basis of the residual useful life of the portfolio acquired, equal to 4.6 years for the life business and 1.4 years for the non-life business; with regard to the goodwill pertaining to the same transfer transaction but acquired as a consequence of the total spin-off of Cattolica Previdenza, the duration of the amortisation is 5 years, in relation to the duration of the acquired portfolio;
- the deficit recognised in 2013 following the total spin-off transaction for Cattolica Previdenza in the Company; it is amortised on the basis of a seven-year amortisation plan,

in relation to the average duration of the acquired portfolio;

- the deficit recognised in 2016 following the merger through incorporation transaction of FATA Assicurazioni Danni within the Company. It is amortised, on a straight-line basis and proportionally over time, over a period of 13 years; the amortisation plan is deemed suitable in relation to the period of use of the intangible elements it is made up of.

Other long-term costs These are represented by costs benefiting the long-term, and are stated net of the amortisation provided.
The amortisation is calculated over a useful life of five years as a rule, or on the basis of the residual useful life.

INVESTMENTS

Land and buildings These are considered to be assets with long-term use destined to remain among the company assets; they are recognised at purchase cost increased by incremental value costs and the revaluations made over time. The valuation is consistent with the dictates of art. 16, paragraphs 1, 2 and 3 of Legislative Decree No. 173 dated May 26th, 1997.

In relation to the obligation under art. 16, paragraph 7, of Legislative Decree No. 173 dated May 26th, 1997, the current value of the properties, calculated individually for each property owned by the Company, on a consistent basis with the matters established by art. 18 of the aforementioned legislative decree and ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016, emerges from an estimate report prepared with reference to December 2017.

Property used for business activities and by third parties The properties intended for direct use and third party use are systematically depreciated each year in relation to the residual possible use according to economic-technical criteria.
The plots of land and the pertinent areas have been acquired autonomously, are recognised at purchase cost and are not depreciated.

During 2008, the faculty to revalue the property assets in the financial statements as of December 31st, 2007 was exercised, as envisaged by Law Decree No. 185, dated November 29th, 2008, converted by means of Law No. 2 dated January 28th, 2009, following the criterion of the comparative method (or market method).

It is confirmed that the revalued value of the assets does not exceed the market value attributable to the same as also emerges from the appraisals carried out by the company specialised with regard to real estate property appraisal activities.

The Company has made use of the faculty to assign tax-related importance to the revaluation of the properties (even if the effects are deferred over time) by means of the payment of the substitute tax.

Securities investments In compliance with IVASS Regulation No. 24 dated June 6th, 2016, the investments with a long-term use and those not with a long-term use have been identified, by means of outline resolution of the Board of Directors regarding financial matters, as commented on in the

“Other information” section in the “Financial and asset management” part in the “Management Report”.

The criteria adopted for the classification of the securities portfolio in the segments of the investments for long-term use and non-long term use follow the principles of coherence with respect to the economic and financial performance, current and forecast, of the Company, with a view to maintaining the performances consistent with the commitments in relation to policyholders, given the profile of the liabilities and on the basis of the estimates of the performance of the overall reserves, within the sphere of the asset & liability management activities.

Investments in Group companies and in other investee companies

These have been identified as fixed assets pursuant to articles 4 and 15 of Legislative Decree No. 173 dated May 26th, 1997, unless otherwise indicated as justified in the notes to the accounts, and are recorded on the basis of the criteria, listed below, determined in accordance with art. 16 of Legislative Decree No. 173 dated May 26th, 1997.

Company shares and holdings

Investments in subsidiary, associated and other companies, in which a long-term relationship takes place as per art. 4, paragraph 2, of Legislative Decree No. 173 dated May 26th, 1997, are recognised at the lower between the purchase value and that which, as of the year end date, is deemed will remain lower, as per art. 16, paragraph 3, of Legislative Decree No. 173 dated May 26th, 1997.

The shares recognised under assets which are not long-term are valued analytically at the lower between the book value and the realisable value, established on the basis of market trends as per art. 16, paragraph 6, of Legislative Decree No. 173 dated May 26th, 1997.

Bonds issued by Group companies and investees and other fixed income securities

Fixed income securities issued by subsidiary, associated and other companies, in which a long-term relationship takes place as per art. 4, paragraph 2, of Italian Legislative Decree No. 173 dated May 26th, 1997, are recognised at purchase or subscription cost and are written down in the presence of permanent impairment losses, as per art. 16, paragraph 3 of Legislative Decree No. 173 of May 26th, 1997. The amortisation of the additional cost has been adopted as envisaged by paragraph 16 of the same article.

The financial statement item also includes investments in bonds which represent non-permanent assets and therefore are recorded in the financial statements pursuant to art. 16, paragraph 6, of Italian Legislative Decree No. 173 dated May 26th, 1997.

Other financial investments

Other financial investments are recognised on the basis of the criteria, listed below, determined in accordance with art. 16 of Italian Legislative Decree No. 173 dated May 26th, 1997.

Shares and holdings

The shares are valued analytically at the lower between the book value and the realisable value, established on the basis of market trends.

The price of the last open market day is adopted as the realisable value.

In compliance with the provisions of art. 16, paragraph 6, of Legislative Decree No. 173 dated May 26th, 1997, the securities, written down in previous years, for which the reasons which led to the write-down have ceased to exist, are revalued, with the limit of the historical cost.

Bonds and other fixed income securities

Bonds which represent assets which are not long-term are valued analytically at the lower between the book value and the realisable value, established on the basis of market trends as per art. 16, paragraph 6, of Italian Legislative Decree No. 173 dated May 26th, 1997.

The purchase cost or the book value of the bonds is adjusted by issue discounts, in other words the differences between the issue values of the securities and the related redemption values.

Bonds which represent long-term assets are recognised at purchase or subscription cost and are written down in the presence of permanent impairment losses, as per art. 16, paragraph 3, of Italian Legislative Decree No. 173 dated May 26th, 1997. The book values are analytically valued and adjusted by the issue and trading discounts recognised on an accruals basis, as per the law indicated above.

In compliance with the provisions of art. 16, paragraph 3 and paragraph 6 of Legislative Decree No. 173 dated May 26th, 1997, the securities, written down in previous years, for which the reasons which led to the write-down have ceased to exist, are revalued, with the limit of the historical cost.

Units of mutual investment funds

The units of mutual investment funds are valued analytically at the lower between the book value and the realisable value, established on the basis of market trends.

The price of the last open market day is adopted as the realisable value.

The investments in private equity funds structured according to the formula of the committed fund are recognised as per the guidelines issued by the EVCA (European Private Equity & Venture Capital Association), which envisage the recognition under the assets of the values paid over to the fund and the indication in the memorandum accounts of the residual commitment vis-à-vis the same.

The realisable value that can be inferred from the market trend is determined by means of the use of prices acquired from public listings, in the event of instruments listed on active markets, or by means of the use of valuation models in the case of instruments not quoted or quoted on non-active markets. An instrument is considered as listed on an active market if the listed prices are promptly and duly available via stock markets, brokers, intermediaries, companies specialised in the sector, listing services or regulatory bodies and represent effective and regular market transactions which have taken place within an adequate reference interval promptly adapting to market changes. In the absence of an active market or a market that has a sufficient or permanent number of transactions, the market value is determined by means of the use of valuation models, generally applied and accepted by the market, with the aim of determining the exchange price of a hypothetical transaction which has taken place under market conditions which can be defined as “normal and independent”.

Recourse to the valuation techniques aims to minimise the use of the inputs not observable on the market, favouring the use of observable data.

In particular, where no publicly quoted price is determined, the market value of the securities in the portfolio is identified as follows:

- for equity instruments (shares and holdings), market approach and income approach techniques are used, where the main inputs for the market approach are the prices listed for identical or comparable assets in active markets;
- debt instruments (bonds and other fixed-income securities) are valued by reference to: (i) the price provided by the counterparty, if binding (“executable”); (ii) the price recalculated by internal valuation instruments or provided by third parties and supported by suitable disclosure on the model and on the input data used. In the event that the use of a valuation model is necessary, the “plain vanilla” debt securities are valued applying the discounted cash flow model technique, while structured securities are valued by splitting the security into a portfolio of elementary instruments; the market value of the structured product can thus be obtained by adding together the individual valuations of the elementary instruments into which it has been split.
- for mutual funds, the reference value, for the purposes of the determination of the market value, is represented by the official NAV communicated by the asset management company (SGR) or the fund administrator or obtained from information providers.

Repurchase transactions

The assets forming the subject matter of repurchase transactions are recognised, as per art. 2424-*bis* of the Italian Civil Code, in the statement of financial position of the seller and the related income and charges, including therein the difference between the forward price and the spot price, are recognised for the portions pertaining to the period.

Derivative financial instruments

Derivative financial instruments used for hedging purposes are valued in accordance with the principle of valuation consistency which envisages that the capital gains and losses from valuation are booked to the income statement on a consistent basis with the corresponding capital gains and losses from valuation on the assets hedged.

The market value of the derivative contracts is determined in reference to the respective listings and, in the absence thereof, on the basis of a prudent valuation of their estimated realisable value, as per market practices.

Derivative financial instruments used to increase the profitability are valued at the lower between the book value and the realisable value, which is equal to the current value of the future performances.

INVESTMENTS FOR BENEFITS OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS

These are recognised in accordance with the matters laid down by Articles 16, 17 and 19 of Italian Legislative Decree No. 173 dated May 26th, 1997.

The value of the investments classified in class D “Investments for benefits of life assurance

policyholders who bear the investment risk and related to the management of pension funds” is determined on the basis of the current value expressed on the last day of transaction in the year, as communicated by the issuing bodies or, for listed securities, according to listed market prices.

RECEIVABLES

These are recorded at their estimated realisable value in accordance with art. 16, paragraph 9, of Legislative Decree No. 173 dated May 26th, 1997, determined by countering the face value with the writedowns calculated using analytical methods for the receivables deriving from dealings with agents, reinsurance companies and other types of receivables, and with forfeit methods for those deriving from dealings with policyholders, taking into account the experience acquired and the historical analysis of the trend in collections.

OTHER ASSET ITEMS

Furniture and plant

These are recognised at purchase cost, as per art. 16, paragraphs 1 and 2, of Legislative Decree No. 173 dated May 26th, 1997, and are adjusted by the corresponding cumulative depreciation.

The related cost is depreciated systematically in each year in relation to the residual possibility of use which derives from a valuation made on the intended use, the expected physical wear and tear and the technological obsolescence, using economic-technical criteria on the basis of the experience acquired.

In relation to the period in which use of the asset concludes, the following depreciation rates are calculated:

- ordinary office furniture and machines: 12%;
- plant and equipment: 15%;
- electronic machines and hardware: 20%;
- vehicles and internal means of transport: 25%.

The rates are applied to the extent of 50% for purchases made during the year. The result obtained does not differ significantly from that calculated on the basis of the effective duration of the period of possession.

Movable assets subject to rapid economic deterioration whose individual costs are of scant significance, are depreciated in full during the year.

Cash in bank and cash equivalent

These are stated at their face value.

SHAREHOLDERS' EQUITY

Negative reserve for own shares in portfolio Following the changes introduced by art. 6, paragraph 1 of Legislative Decree No. 139 dated August 18th, 2015, by way of implementation of the 2013/34/EU Directive, own shares are recognised in the financial statements directly reducing the shareholders' equity, in accordance with the matters laid down by art. 2357-ter.

ACCRUALS AND DEFERRALS

The approach for recognising accruals and deferrals makes reference to the assignment to the accrual period of income and expenses common to several years.

The accruals and deferrals are calculated on an accruals basis in accordance with the matching principle, in observance of art. 2424-bis, paragraph 6, of the Italian Civil Code.

SUBORDINATED LIABILITIES

These are stated at their face value.

TECHNICAL PROVISIONS

Life business technical provisions The technical provisions, for the exercise of private life assurance, have been valued on the basis of the actuarial standards and the applicative rules set forth by Attachment 14 to the ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS provision No. 53 dated December 6th, 2016.

The technical calculation bases adopted are consistent with the provision contained in Attachment 14 to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS provision No. 53 dated December 6th, 2016.

The process of forming technical provisions is based, among other things, on data flows deriving from the main characteristic processes and, by its nature, is affected by risks typical of an insurance company, linked to the financial management of investments and the complexity and variety of the insurance portfolio. The process of establishing technical provisions also includes the determination of additional provisions provided to cover mortality or other risks, such as guaranteed benefits on maturity or guaranteed redemption values, which are included among the actuarial provisions.

The Company applies the provisions of paragraph 21 *et seq.* of Attachment No. 14 to the ISVAP regulation No. 22, dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016, regarding the determination of the foreseeable return of the additional provisions for financial risk, along with those of paragraphs 36 *et seq.* of the aforementioned attachment, regarding the establishment and calculation of an additional provision for demographic risk.

Furthermore, the Company applies paragraph 41 of said attachment, which envisages the coverage of the mortality risk and guaranteed benefits falling due for the contracts as per art. 41, paragraph 1, of Legislative Decree 209/2005 and subsequent amendments.

	<p>The provisions relating to the acceptances are calculated in relation to the criteria envisaged by attachment No. 16 to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.</p> <p>The provisions relating to reinsurers include the gross amounts pertaining to the same and are determined in compliance with the contractual reinsurance agreements, on the basis of the gross amounts of the technical provisions.</p>
Provision for outstanding claims	The provision is made up of the amount necessary for covering the payment of capital and accrued returns, redemptions and claims to be settled.
Premium provision of supplementary insurance	The premium provision of supplementary insurance includes the related premium provision.
Provision for profit-sharing and repayments	The reserve for profit-sharing and repayments includes the amounts to be assigned to the policyholders or the beneficiaries of profit-sharing and repayment agreements provided that these are not already considered in the mathematical provision.
Other technical provisions	Other technical provisions include the provision for future expenses, which are expected to have to be incurred on the basis of prudent valuations as per paragraph 17 of Attachment No. 14 to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.
Technical provisions for contracts where the investment risk is borne by the policyholders and provisions deriving from the management of pension funds	<p>The provisions relating to index-linked and unit-linked contracts and pension funds have been calculated taking into account both the contractual commitments and the financial assets linked to said policies.</p> <p>They are formed in accordance with paragraph 39 <i>et seq.</i> of Attachment 14 to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016, and cover the commitments deriving from the insurance of the life classes whose return is determined in relation to investments for which the policyholder bears the risk or in relation to an index.</p>
Non-life business provisions	<p>The provision for non-life insurance premiums comprises both the provision for unearned premiums and the provision for current risks.</p> <p>The provision for unearned premiums is calculated analytically using the pro-rata accruals</p>

method (paragraph 2, sub-paragraph 2 of Attachment 15 of the ISVAP Regulation No. 22, dated April 4th, 2008) on the basis of the gross premiums written, as established by art. 45 of Legislative Decree No. 173, dated May 26th, 1997, having deducted the acquisition commissions and the other acquisition costs, limited to the directly chargeable costs.

The book value thus obtained has been supplemented by the provisions for suretyship, hail, other natural disasters and damages deriving from nuclear energy, as provided for in paragraph 9 of Attachment 15 of ISVAP Regulation No. 22 of April 4th, 2008.

The provision for current risks is calculated class by class and represents the value to make provision for, covering the risks threatening individual companies after the end of the year, so as to cover all the compensation and costs deriving from insurance policies stipulated by the end of the accounting period, if their amount exceeds that of the provision for unearned premiums and the premiums which will be collectable by virtue of these policies, according to paragraph 6, sub-paragraph 1, of Attachment 15 of ISVAP Regulation No. 22, dated April 4th, 2008.

The premiums' provisions relating to transfers to re-insurers are determined on the basis of methods consistent with those for direct business and, in any event, in accordance with reinsurance contractual agreements.

The provisions relating to acceptances are calculated in relation to the criteria envisaged in title I, chapter III, section I of the part III of ISVAP Regulation No. 33 dated March 10th, 2010.

The provision for outstanding claims is determined on the basis of a prudent evaluation of the claims which occurred during that accounting period or in previous ones which have not yet been settled, based on objective elements, as well as of the related settlement costs.

In the definition of the provision for outstanding claims, reference was made, to the concept of last estimated cost, identifying this value in compliance with the provisions present in paragraph 23 *et seq.* of Attachment 15 of ISVAP Regulation No. 22 dated April 4th, 2008, in accordance with a mixed assessment system.

In particular, when establishing the liability relating to the claims, steps are taken to separately evaluate each claim (inventory method), based on the analysis of the documentation relating to each individual damage case, implemented by the staff assigned to settle the claims. With regard to the classes characterised by slow settlement processes and for which the analytical valuation does not make it possible to take into account all anticipated charges, the inventory method is flanked by an additional valuation by means of statistical-actuarial procedures or forecast systems on the evolution of the costs.

The main assumptions used in applying the statistical-actuarial methods concern technical variables, including the time interval for deferring payments and the trend in the cost of claims, linked to the length of time taken to pay, as well as prospective assessments of the economic scenario.

The actuarial analysis was carried out with reference to simulations deriving from the use of different statistical-actuarial methods; in particular, the following stochastic methods were

used: Mack Paid, Mack Incurred and Dahm Complementary Loss Ratio.

The above methods are based on the run-off triangles of the cumulative paid and cost of claims at various valuation dates (cost being the sum of the cumulative paid per year and the residual inventory reserve per year i).

With regard to the assessment of the cost of the current generation, the Company avails itself, as envisaged by paragraph 25, sub-paragraph 1, of Attachment 15 of ISVAP Regulation No. 22 dated April 4th, 2008, of the average cost approach (with the exception of the credit and security classes) for the classes which due to technical features lend themselves to the application of the same criteria.

To this end, two homogeneous risk groups have been identified, dividing claims according to a first year cost threshold (i.e. paid and reserved in the reporting year), representing the amount used for channelling to the Complex Claims Office.

With regard to average costs used, the triangle of inflated and stripped reported averages as of December 31st, 2017 for non-delayed claims of the 2014-2017 generations (claims that occurred and were reported in the year i) was analysed.

With regard to the claims for the current generation, which do not present sufficient numerosness and quantitative and qualitative standardisation, the inventory method is applied.

The reserve includes the evaluation of the claims which have occurred but have not been reported as of the year end date, determined on the basis of the provisions present in paragraph 27 *et seq.* of Attachment 15 of the ISVAP Regulation No. 22 dated April 4th, 2008.

The amount was determined on the basis of experience acquired in previous years, estimating separately the expected number of claims and the relative average cost per each line of business and in the case of Motor TPL per management type.

The number of expected claims was estimated, where the conditions for their applicability were met, by using the chain ladder method applied to the triangle of claims reported over the 2007-2017 time period.

The average cost was obtained by observing the average costs reported late for the 2012-2017 generations.

The provision for outstanding claims regarding Card and No. Card claims of the land vehicle TPL class is established on the basis of paragraph 30 *et seq.* of Attachment 15 of ISVAP Regulation No. 22 dated April 4th, 2008; the overall amount of the provision is calculated in relation to the matters laid down by paragraph 31, sub-paragraph 2.

The portions of the claims' provisions pertaining to re-insurers are determined adopting the same criteria used for the direct business provisions and taking into account the contractual clauses of the agreements.

The claims' provisions relating to acceptances are calculated in relation to the criteria provided for in title I, chapter III, section II of the part III of ISVAP Regulation No. 33 dated March 10th, 2010.

Other technical provisions They include the senescence provision of the health class for the rise in the age of the policyholders, in accordance with paragraph 42 *et seq.* of Attachment 15 of ISVAP Regulation No. 22, dated April 4th, 2008, and title I, chapter III, section IV of Part III of ISVAP Regulation No. 33 dated March 10th, 2010.

Equalisation provisions These comprise the equalisation provision of the credit class, as well as the equalisation provisions for natural calamity risks and for damages deriving from nuclear energy as per paragraphs 37 and 41 and title I, Chapter III, Section III of the part III of ISVAP Regulation No. 33 dated March 10th, 2010.

PROVISIONS FOR RISKS AND CHARGES

Provision for pensions and similar commitments The item includes the amount of the mathematical provision corresponding to the commitments undertaken regarding to the individual members enrolled (active members and pensioners) in the Internal Pension Fund for Company Employees and the appraisals at year end not yet included in the mathematical provision as of that date. This item indicates the Company's commitment envisaged by the supplementary in-house agreement dated October 29th, 1999 which amended the original agreement dated June 1st, 1963 in favour of the employees taken on up until March 15th, 1982 (if officials, until November 17th, 1982).

The Fund, complying with the defined benefit regime and managed in insurance form, was set up in accordance with art. 2117 of the Italian Civil Code; the value of the benefit accrued is determined analytically for each individual position using the criteria established in the aforementioned agreement.

Provision for taxation The provision comprises the deferred taxes estimated, relating to the timing differences between the taxable results and those deriving from the statutory financial statements, which involve the deferral of the taxation.

Prepaid taxes relating to the deductible timing differences are recorded in the assets item E.III. "Other receivables".

This approach is in line with the accounting standard on taxation No. 25 issued by the OIC - Italian Accounting Body.

Other provisions and allowances The item includes the provisions provided to cover known or likely specific losses or liabilities, the timing or extent of which cannot be determined at year end.

PAYABLES AND OTHER LIABILITIES

Employee severance indemnities Employee severance indemnities are calculated in accordance with the matters envisaged by legal provisions and employment contracts.

The provision, net of advances paid out, covers the Company's commitments regarding to the employees at year end.

Payables These are stated at their face value.

INCOME STATEMENT

Gross premiums written	These are recognised in accordance with art. 45 of Legislative Decree No. 173 dated May 26th, 1997 with reference to the moment of accrual, which corresponds with the moment of expiry of the premiums as emerging from the contractual documentation, independently of the fact that these amounts have been effectively collected or that they refer in full or in part to subsequent periods and are determined net of cancellations in accordance with the aforementioned legislation.
Income	Income is recognised taking into account its pertinence and regardless of the date of collection. Dividends are recorded in the period they are received.
Costs and charges	Charges are recognised taking into account the pertinence of the same, regardless of the date of payment.
Cost allocation approach	Directly chargeable costs inherent to business, the settlement of claims and investments are allocated to the life and non-life business and to the individual classes on the basis of analytical criteria. Indirectly chargeable acquisition costs are allocated in relation to the number of new business contracts, those relating to administration on the basis of the contracts in the portfolio and those relating to settlement on the basis of the number of claims settled and reserved for the non-life classes and the number of settlements for the life classes. The charges relating to investments are assigned to the life and non-life business on the basis of the volume of the provisions.
Transfers of income and charges	The allocation of portions of the profit of the investments to the non-life technical account and the transfer from the life technical account to the non-technical account is carried out in accordance with art. 55 of Legislative Decree No. 173 dated May 26th, 1997 and paragraphs 22 and 23 of ISVAP Regulation No. 22, dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.

Taxation for the year Current taxes for the year are provided for on an accruals basis with reference to current legislation.

Deferred tax assets and liabilities are recognised on the timing differences between the value assigned to the assets and liabilities according to statutory criteria and the value assigned to the same assets and liabilities for tax purposes.

The assets deriving from prepaid taxes are recognised since, having checked the observance of the prudent principle, there is reasonable certainty of the existence, in the years when the related timing differences will reverse, of taxable income greater than the amounts of the differences which will be cancelled.

Prepaid taxes and deferred taxes relating to the timing differences arising during the year have been recognised in the financial statements separately, by means of recording the same respectively in “Other receivables” under the assets and in the “Provision for deferred taxation” as a matching balance to the specific income statement item 14 “Income taxes for the year”.

Compliance with the tax consolidation scheme does not lead to exceptions or changes to the standards illustrated above.

USE OF ACCOUNTING ESTIMATES

The preparation of the Company’s financial statements requires the directors to make discretionary evaluations, estimates based on past experience and assumptions considered reasonable and realistic on the basis of information known at the time of the estimate. The use of these estimates influences the book value of assets and liabilities, identification of potential liabilities at the date of the financial statements, as well as the volumes of revenues and costs in the reference period. The assumptions made are deemed appropriate for the preparation of the financial statements and, consequently, the financial statements have been prepared with the intention of clarity and provide a true and fair view of the capital and business-performance status and cash flows for the year. However, it must be noted that changes in these estimates and assumptions could have a significant effect on the capital and business-performance status if different elements of judgement intervene compared to those expressed. The main areas of the financial statements that involve significant recourse to discretionary judgements, assumptions, estimates and assumptions about issues, which by nature are uncertain, are set out below:

- determination of impairment losses on long-term equity investments;
- definition of the market value of the assets and liabilities if not directly observable on active markets;
- determination of technical provisions;
- estimate of the recoverable nature of deferred taxes;
- quantification of provisions for risks and charges.

NOTES TO THE ACCOUNTS

Part B - Information on the Statement
of financial position and
Income Statement

Part B

Statement of financial position - Assets

SECTION 1 - INTANGIBLE ASSETS (Item B)

Intangible assets, presented in summary form in attachment 4, showed the following changes:

Table 24 - Intangible assets

(€thousands)	2017	2016	Changes	
			Amount	%
Acquisition commissions to amortise - life business	13,128	13,179	-51	-0.4
Start-up and expansion costs	7,784	12,176	-4,392	-36.1
Goodwill	156,498	177,861	-21,363	-12.0
Other long-term costs	4,289	4,100	189	4.6
TOTAL (item B)	181,699	207,316	-25,617	-12.4

The following tables, relating to gross amounts of amortisation and the accumulated amortisation, do not contain the acquisition commissions to be amortised since it is amortised using the direct method.

Table 25 - Intangible assets - gross amortisation amounts

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Start-up and expansion costs	22,976	0	1,076	21,900
Goodwill	351,187	0	0	351,187
Other long-term costs	33,748	2,752	9,160	27,340
TOTAL	407,911	2,752	10,236	400,427

Table 26 - Intangible assets - accumulated amortisation

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Start-up and expansion costs	10,800	4,392	1,076	14,116
Goodwill	173,326	21,363	0	194,689
Other long-term costs	29,648	1,042	7,639	23,051
TOTAL	213,774	26,797	8,715	231,856

Acquisition commission to amortise

Acquisition commissions to be amortised for the life business amounted to € 13.128 million, compared with € 13.179 million at the end of the previous year.

As of December 31st, no commission to be amortised for the non-life classes has been recorded.

Other acquisition costs

No value had been recorded at the year end date.

Start-up and expansion costs

The item, net of the amortisation charges for the period of € 4.392 million, amounted to € 7.784 million and includes the following expansion costs:

- the residual value of the capitalised costs, associated with the share capital increase subscribed in 2014, for € 7.578 million, net of the amortisation charge for the year of € 3.98 million;
- the residual value of the registration tax paid by the Company during the year following the acquisition of the business segment from Risparmio & Previdenza for € 206 thousand, net of the amortisation for the year totalling € 412 thousand.

Decreases recorded in gross amounts and in the relative accumulated amortisation relate to assets for which the amortisation plan has been completed.

Goodwill

The item amounted to € 156.498 million at year end (€ 177.861 million as of December 31st, 2016) and includes:

- the price paid by Duomo Previdenza (company incorporated in 2007) for the merger through incorporation of the companies Maeci Vita and Le Mans Vita net of the portions of amortisation calculated on the basis of a straight-line twenty-year plan. The residual value at the end of the year amounted to € 6.275 million, net of the amortisation charge for € 2.092 million;
- the price paid for the acquisition of the business segment from subsidiary C.I.R.A. net of the portions of amortisation calculated on the basis of a straight-line twenty-year plan. The residual value at the end of the year amounted to € 4.74 million, net of the amortisation charge for € 395 thousand;
- the price paid by Duomo Uni One, net of the portions of amortisation calculated on a straight-line twenty-year plan for the incorporation of Maeci Assicurazioni, acquired following the spin-off of Duomo Uni One in the Company. The residual value at the end of the year amounted to € 1.126 million, net of the amortisation charge for € 375 thousand;
- the deficit recognised following the spin-off transaction for Duomo Uni One in the Company. The residual value at the end of the year, net of the amortisation charge for € 7.881 million, amounted to € 86.583 million;
- the deficit recognised following the partial spin-off of Cattolica Gestione Investimenti in the Company for a total of € 16.69 million. The residual value, net of the amortisation charge of € 1.669 million, calculated on the basis of a straight-line ten-year plan, amounted to € 6.676 million;
- the price paid for the acquisition of the business segment from subsidiary Risparmio & Previdenza net of the portions of amortisation calculated on the basis of the portfolio acquired (4.6 years for the life classes and 1.4 years for the non-life classes). The residual value at the end of the year amounted to € 107 thousand, net of the amortisation charge for € 213 thousand;
- the deficit recognised following the spin-off of Cattolica Previdenza in the Company for a total of € 25.643 million, net of the amortisation charge for the year of € 6.411 million;
- the price paid by Cattolica Previdenza for the purchase of the business segment of Risparmio & Previdenza. The residual value at the end of the year amounted to € 24 thousand, net of the amortisation charge for the year of € 24 thousand;

- the deficit recognised following the merger via incorporation of FATA in the Company for a total of €29.929 million whose residual value, net of the related amortisation charge for €2.302 million, amounted to €25.324 million.

Other long-term costs

The item amounted to €4.289 million and included:

- €2.734 million reflecting the amount of the long-term expenses pertaining to the issue, in December, of the debenture loan incurred for a total amount of €2.748 million and amortised as of the year end date for €14 thousand;
- €993 thousand reflecting the amount of the long-term costs pertaining to the issue in 2014 of the debenture bond incurred for a total amount of €1.678 million, whose amortisation charge came to €168 thousand;
- €492 thousand reflecting the costs incurred for software implementations, stated net of the amortisation charge for the period of €134 thousand;
- €38 thousand reflecting other long-term charges, relating to the website, displayed net of the amortisation charge for the year of €144 thousand;
- €32 thousand reflecting the costs associated with leasehold improvements, displayed net of the amortisation charge for the year of €105 thousand.

Increases relating to the gross amounts, equal to €2.752 million, almost entirely refer to the capitalised costs associated with the debenture loan issue during the year, which, as already mentioned, amounted to €2.748 million. These charges were amortised as from the date of issue of said bond and for a duration of 10 years. In addition, further long-term charges of approximately €452 thousand were incurred during the year.

It should be noted that, as a result of the impairment of the equity investments held by the Company in subsidiaries, the long-term cost of BCC Assicurazioni deriving from the ICCREA agreement was written down by €1.969 million. This operation led to the cancellation of the total purchase amount of €6 million and the related accumulated amortisation of €4.031 million.

The remaining decreases of the same amount in the purchase cost and the related provision, amounting to €3.608 million, relate to assets for which the related amortisation plan has been completed.

As of December 31st, 2016 the item amounted to €4.1 million.

SECTION 2 - INVESTMENTS (Item C)

Land and buildings

The item “Land and buildings” amounted to €98.347 million.

The current value of the properties amounted to €106.628 million; it was up-dated on the basis of the market value as of December 2017, as emerging from the appraisal report.

As disclosed below, the item is made up as follows:

Table 27 - Land and buildings

(€thousands)	2017	2016	Change	
			Amount	%
Property used for business activities	61,524	63,570	-2,046	-3.2
Property used by third parties	36,823	37,691	-868	-2.3
TOTAL (item C.I)	98,347	101,261	-2,914	-2.9

Table 28 - Land and buildings - gross depreciation amounts

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Property used for business activities	88,599	39	0	88,638
Property used by third parties	45,362	0	0	45,362
TOTAL	133,961	39	0	134,000

Table 29 - Land and buildings - accumulated depreciation

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Property used for business activities	25,029	2,085	0	27,114
Property used by third parties	7,671	868	0	8,539
TOTAL	32,700	2,953	0	35,653

Property used for business activities

Property destined to be used for business activities amounted to €61.524 million. The figure compares with €63.57 million recorded at the closure of the previous financial year.

The gross amounts come to €88.638 million compared with €88.599 million in the previous year. The accumulated depreciation amounts to €27.114 million. The figures compares with €25.029 million reported at the end of the previous year.

During the year, the increase in accumulated depreciation, totalling €2.085 million, was entirely attributable to the depreciation charge for the year.

Property used by third parties

The item amounts to € 36.823 million. The balance compares with € 37.691 million as recorded in the 2016 financial statements.

The gross balances amount to €45.362 million and have not undergone any increases during the year.

The accumulated depreciation amounts to € 8.539 million; the increase of € 868 thousand is attributable to the charge for the year.

Three specifically identified property units were already subject to the conferral of the usufruct right during the previous financial year, to the reserved alternative property investment fund called “AGRIS”, for a total duration of four years and for a total value of €4.066 million.

Investments in Group companies and other investees

Pursuant to art. 2426 of the Italian Civil Code and art. 58 of the “Testo unico delle imposte sui redditi”, the investments in Group companies (subsidiary, associated and other investees), represent fixed assets. The class C.II.2.e) bonds are recorded under securities not for long-term use for € 22.569 million and under long-term securities for €7.932 million, as indicated in another part of the notes.

The changes during the year in investments in Group companies and other investees are shown in attachment 5.

With regard to the investee companies, detailed information is provided in attachment 6 and attachment 7.

Company shares and holdings

The item includes the investments in subsidiary, associated and other investees.

The attached table shows the financial statement balances and the related changes during the year.

Table 30 - Investments - summary of values

Company	2017	2016	Change amount
Subsidiaries	807,535	867,794	-60,259
Associated companies	2	558	-556
Other	44,423	71,467	-27,044
TOTAL (item C.II.1)	851,960	939,819	-87,859

The main changes described analytically in the section “Significant events during the year” in the Management report are summarised below and the share capital increase subscriptions and the recapitalisations made during the year, along with transactions of minor importance, are shown in detail.

SUBSIDIARIES

The item fell from €867.794 million to €807.535 million, reporting an overall decrease of €60.259 million.

Increases

The increases during the period are essentially attributable to the following transactions:

- in January, the Company made a payment towards share capital in favour of Cattolica Beni Immobili for € 4.9 million;
- in February, the Company took part on a *pro rata* basis in the recapitalisation in favour of BCC Vita for € 5.1 million, so as to strengthen the solvency requirements;
- in May and July, the Company made a payment towards share capital in favour of C.P. Servizi Consulenziali for a total of €2 million;
- in October, the Company made a payment towards share capital in favour of Cattolica Agricola for €4 million.

Writedowns

For the purposes of impairment testing, the Company uses analytical methods aimed at identifying the recoverable value of equity investments.

In particular, after the Solvency II legislation came into full effect, the Company introduced valuation methods for insurance investments that consider the aforesaid regulation in order to be able to better “value”, in line with the maximum prudence principles, the provisions issued by the Supervisory Authority on the capital restrictions, including the capital requirement in the current value of future cash flows expected to be generated.

To better represent the effects of using these new metrics, the recoverable value was estimated based on the Dividend Discount Model in the Solvency II Excess Capital version for the Non-life equity investments and the Solvency II Appraisal Value for the Life equity investments.

In applying these models, reference was made to the guidelines and main objectives of the 2018-2020 Business Plan, approved by the Board of Directors.

With reference to the Berica Vita, Cattolica Life and ABC Assicura equity investments affected by the bancassurance agreement with BPVI, a Market Consistent Embedded Value based methodology was used for the Life equity investments and Own Funds was used for the Non-life equity investments.

The hypotheses on the basis of which the recoverable value of each equity investment emerged as less sensitive were:

- the combined ratio for non-life equity investments and new business for life equity investments;
- the cost of own capital (Rs);
- the Solvency Ratio level;
- the long-term growth rate (g).

The cost of capital has been estimated using the CAPM - Capital Asset Pricing Model. The parameters used for the purposes of the estimate of the recoverable value are: the beta ratio by class of activities, formulated on the basis of market betas of European insurance companies; the equity risk premium, taking into account the consensus value disclosed in market analysts' reports; the risk free rate.

The cost of own capital (Rs) has been estimated on the basis of these elements, equal to 7.56% for life insurance companies and 7.02% for non-life companies. The long-term growth rate (“g”) was 1.5% for all equity investments.

These basic assumptions, besides being in line with the long-term nominal growth rate of Italian GDP, are also consistent with the values used by financial analysts of the insurance sector.

For the non-insurance subsidiaries, the recoverable value was determined on the basis of the pro-rata shareholders' equity adjusted, where necessary, by any capital gains/losses relating to the core business assets.

The results of the year-end valuations resulted in writedowns of equity investments in subsidiaries amounting to € 76.259 million. In particular:

- Berica Vita for €24.9 million;
- Cattolica Life for €18.9 million;
- BCC Vita for €17.1 million;
- ABC Assicura for €7.4 million;
- Cattolica Beni Immobili for €4.277 million;
- CP Servizi Consulenziali for €3.082 million;
- BCC Assicurazioni for €600 thousand.

The data of the subsidiary and associated companies, as defined by art. 2359 of the Italian Civil Code, as indicated in attachment 6 of the notes to the accounts, is listed in the following tables, as per art. 2427, paragraph 1, point 5 of the Italian Civil Code. Pursuant to art. 2429, paragraphs 3 and 4 of the Italian Civil Code, the data included in these tables is accompanied, for the associated companies and subsidiaries included in the scope of consolidation, by a summary statement of the highlights from the last sets of approved financial statements.

Table 31 - Summary data of subsidiaries

Name or business name	Registered offices	Share capital	Shareholders' equity	of which profit (+) or loss (-) for the year	Investment holding %	Value assigned in the financial statements
ABC Assicura s.p.a.	Verona	8,925	14,534	-747	60.00	8,249
Agenzia Generale Agrifides s.r.l.	Rome	10	45	10	51.00	5
BCC Assicurazioni s.p.a.	Milan	14,448	11,200	-868	51.00	5,139
BCC Vita s.p.a.	Milan	62,000	168,233	9,983	51.00	85,808
Berica Vita s.p.a.	Vicenza	31,000	76,231	10,565	60.00	65,100
C.P. Servizi Consulenziali s.r.l.	Verona	120	1,861	-2,971	100.00	1,718
Cattolica Agricola s.a.r.l.	Verona	35,500	140,392	3,229	100.00	141,500
Cattolica Beni Immobili s.r.l.	Verona	7,000	46,270	-3,942	100.00	49,122
Cattolica Immobiliare s.p.a.	Verona	400	2,804	-226	100.00	3,021
Cattolica Life d.a.c. (*)	Dublin (Ireland)	635	20,492	-2,929	60.00	14,200
Cattolica Services s.c.p.a.	Verona	20,954	60,617	13	99.96	60,481
Lombarda Vita s.p.a.	Brescia	185,300	270,804	19,690	60.00	238,894
TUA Assicurazioni s.p.a.	Milan	23,161	133,273	9,259	99.99	134,298

(*) The figures for the shareholders' equity and result for the year as of December 31st, 2017 are shown as per the financial statements of the company drawn up in accordance with international accounting standards (IAS/IFRS).

Equity investments in Berica Vita and Cattolica Life disclose a difference between the book value and the corresponding portion of shareholders' equity respectively for € 19.361 million and € 1.905 million (€ 45.504 million and € 19.047 million in 2016).

The equity investment in Lombarda Vita discloses a difference between the book value and the corresponding portion of shareholders' equity for € 76.412 million (€ 75.329 million in 2016) ascribable to the goodwill, in consideration of the future earnings prospects, recognised within the sphere of the renewal of the partnership agreement with the UBI Banca Group deriving from the portfolio value and the ability to generate new business.

The equity investment in Cattolica Agricola discloses a difference between the book value and the corresponding portion of shareholders' equity of € 1.108 million (€ 4.337 million in 2016).

The equity investment in Cattolica Beni Immobili discloses a difference between the book value and the corresponding portion of shareholders' equity of € 2.852 million (€ 3.188 million in 2016).

As previously reported, the value assigned in the financial statements is supported by an analytical assessment carried out by the Company.

ASSOCIATED COMPANIES

The item comes to €2 thousand and represents a decrease with respect to last year of €556 thousand. As already mentioned, in 2017, following the full subscription of the share capital increase and change in control and governance of Cassa di Risparmio di San Miniato and the dilution of Cattolica's stake from 25.12% to 1.2% of the Bank's share capital, the equity investment held in Cassa di Risparmio di San Miniato was reclassified from item 1CII.1d "associated companies" to item 1CIII.1b "unlisted shares" (current) in Cattolica's individual financial statements.

As of December 31st, 2017, Cattolica's equity investment in Cassa di Risparmio di San Miniato, represented by 5,564,136 shares and 1.2% of the Bank's share capital, was reported at € 556 (€ 0.10 per share). The reclassification to item CIII.1b had no impact on the income statement.

Table 32 - Summary data of associated companies

Name or business name	Registered offices	Share capital	Shareholders' equity	of which profit (+) or loss (-) for the year	Shareholding %	Value assigned in the financial statements
All Risks Solutions s.r.l. (*)	Rome	10	63	20	20.00	2

(*) The balances for the shareholders' equity and result for the year are reported as of December 31st, 2016.

OTHER

The item includes equity investments entirely recorded in the long-term segment amounting to €44.423 million (€71.467 million as of December 31st, 2016). The overall decrease came to €27.044 million. The main changes are summarised below.

Increases

As already mentioned in more detail in the Management Report, in June, Cattolica complied with the increase in the share capital of UBI Banca S.p.A. by subscribing to the offer of 831,426 newly issued shares with a total value of €1.991 million.

Decreases

The decreases during the year are attributable to the following transactions:

- in September, 1,023,844 shares held in Vegagest SGR were sold; the transaction did not have any relevant economic effects;
- other decreases totalling €19.289 million relating to segment and category transfers from class C.II to class C.III of shares held in Intermonte Sim for €19.2 million and in Banca Popolare di Vicenza for €89 thousand. These transfers were made because the long-term strategic objectives and consequent governance and business relations necessary to demonstrate a lasting link with the investee companies no longer existed.

Writedowns

The following methods were used to determine the recoverable value of equity investments:

- stock market multiples: this method determines the value of a company on the basis of market multiples of comparable companies;
- Discounted Cash Flow: this method estimates the value of the company on the basis of the flows that it is able to generate.

Valuations carried out led to the recognition of impairment losses on interests held in UBI Banca amounting to €4.829 million, in Verona Fiere amounting to €2.996 million, in Banca di Credito Popolare amounting to €1.212 million and in Emil Banca Credito Cooperativo amounting to €115 thousand. In addition, H-Farm was written down by €594 thousand.

Writebacks

The year end valuation did not lead to the recognition of writebacks.

Table 33 - Summary data of the other investments

Name or business name	Registered offices	Share capital	Shareholders' equity	of which profit (+) or loss (-) for the year	Shareholding %	Value assigned in the financial statements
Banca di Credito Popolare s.c.p.a. (**)	Torre Del Greco (NA)	20,113	223,529	365	1.01	1,164
Banca di Salerno Credito Coop. s.c.p.a. (**)	Salerno	1,516	19,934	-1,034	4.57	82
Emil Banca Credito Coop. s.c.p.a. (*)	Bologna	104,470	330,237	8,374	0.09	202
H-Farm s.p.a. (***)	Roncade (TV)	8,924	37,927	-6,412	4.49	3,029
Ist. di Certific. Etica nello Sport s.p.a. (***)	Verona	270	246	-17	3.70	10
Nummus.Info s.p.a. (***)	Trento	580	543	12	10.78	78
U.C.I. s.c.a.r.l. (***)	Milan	530	873	297	2.18	0
UBI Banca s.p.a. (*)	Bergamo	2,843,177	9,451,398	-12,023	0.50	32,277
Verfin s.p.a. (***)	Verona	6,553	13,832	-7	3.94	429
Veronafiore s.p.a. (***) (***)	Verona	63,265	74,061	1,154	7.11	7,152

(*) The balances for the shareholders' equity and result for the year are shown, prepared in accordance with the international accounting standards (IAS/IFRS).

(**) The balances for shareholders' equity and the result for the year as of December 31st, 2016, drawn up according to international accounting standards (IAS/IFRS), have been shown since the 2017 financial statements had not yet been approved as of the date of approval of Cattolica's financial statements by the Board of Directors.

(***) The balances for shareholders' equity and the result for the year as of December 31st, 2016, drawn up according to national accounting standards, have been shown since the 2017 financial statements had not yet been approved as of the date of approval of Cattolica's financial statements by the Board of Directors.

(****) As from February 1st, 2017 Ente Autonomo per le Fiere di Verona changed its corporate name to Veronafiore s.p.a.

Pursuant to art. 2427-bis of the Italian Civil Code, it should be noted that the equity investment in UBI Banca classified among financial fixed assets is recognised at a value higher than its fair value (market price as of December 31st). The book value is supported by an analytical evaluation, as previously highlighted, prepared in line with the provisions of OIC 21.

Bonds issued by companies

The item, amounting to €30.501 million, consists entirely of bonds issued by other investee companies (of which € 7.932 million is recognised in the long-term segment). The value for the previous year came to €32.333 million.

The bonds issued by companies amount to €6.975 million for the non-life portfolio and €23.526 million for the life portfolio.

From the point of view of the issuer, the bonds are entirely issued by UBI Banca.

Sales and repayments for the year amounted to €4.5 million, while purchases amount to €2.595 million.

The positive issue discounts amount to €4 thousand, the positive trading discounts total €64 thousand and other negative changes amount to €51 thousand. The period end valuation led to writebacks of value adjustments for € 56 thousand.

Loans to companies

No balance has been recognised.

Other financial investments

The table which follows shows the breakdown of the item as of the year end date:

Table 34 - Other financial investments - breakdown

(€thousands)	2017	2016	Changes	
			Amount	%
Shares and holdings	71,768	48,403	23,365	48.3
Units of mutual investment funds	910,463	707,548	202,915	28.7
Bonds and other fixed income securities	7,366,875	6,688,150	678,725	10.1
Loans	3,118	3,509	-391	-11.1
Sundry financial investments	24	24	0	0
Total (item C.III)	8,352,248	7,447,634	904,614	12.1

The income and charges are illustrated respectively in attachments 21 and 23 to the notes to the accounts.

Shares and holdings

Investments in shares and holdings amount to €71.768 million (of which €45.763 million listed on active markets and €26.005 million not listed on active markets), attributable for €43.313 million to the life business and €28.455 million to the non-life business; they exclusively include securities not for long-term use.

During the year purchases were made for €107.416 million, mainly attributable to the increase in listed shares, sales for €104.466 million and other positive net changes for €1.024 million.

The period end valuation led to the recognition of capital losses for €1.032 million and writebacks for €576 thousand.

The current value as of December 31st came to €81.358 million.

Units of mutual investment funds

The investments in Units of mutual investment funds do not represent fixed assets. They amounted to €910.463 million at the end of the year (of which €28.797 million is listed on active markets and €881.666 million not listed on active markets): €503.138 million for the non-life portfolio and €407.325 million for the life portfolio.

During the year purchases were made for €217.717 million, (of which, as reported below, €41.393 million from the subsidiary Berica Vita) and sales of €100.871 million were carried out. Furthermore, other positive changes were recognised made up of recalls in relation to share capital for commitments undertaken, equal to €118.651 million and other negative changes relating to reimbursements in relation to share capital for commitments undertaken, equal to €23.988 million.

The year end valuations lead to the recognition of value adjustments for €12.377 million and writebacks for €3.783 million.

The current value of the item at the end of the year came to €999.309 million.

Bonds and other fixed income securities

The investments in bonds and other fixed income securities include securities not for long-term use and securities used for the long-term segment. Overall, these amount to €7,366.875 million (of which €6,511.612 million is listed on active markets and €855.263 million is not listed on active markets): €2,816.138 million for the non-life portfolio and €4,550.737 million for the life portfolio.

The current value at the end of the year came to €7,751.909 million.

During the year, purchases were made for €3,942.28 million, of which €3,782.548 was in short-term stocks.

Sales and repayments amounted to €3,278.997 million.

The year end valuation led to the recognition of value adjustments for €9.987 million and writebacks for €7.13 million. The negative issue discounts (costs) amount to €2.203 million and the positive ones (revenues) amount to €10.683 million; negative trading discounts (costs) total €2.463 million while the positive ones (revenues) came to €12.231 million.

The long-term investments amount to €2,312.776 million, while current ones amount to €5,054.099 million.

With reference to the securities in the long-term segment, the main changes during the year are summarised below:

- purchases totalled €159.732 million (€94.732 million life and €65 million non-life);
- the repayments of instruments which have reached their natural maturity amounted to €84.089 million (€57.046 million life and €27.043 million non-life);
- Writebacks of value adjustments amounted to €3.68 million;
- the positive issue discounts amounted to €5.516 million, the negative ones to €473 thousand;
- in conclusion, the positive trading discounts amounted to €12.231 million, the negative ones to €2.463 million.

During the year stocks were transferred from the short-term segment to the long-term segment amounting to €685.316 million, in order to optimise the risk and return profiles of the Company's portfolios. The characteristics of these stocks are consistent with the economic and financial performance of the Company and with trends in assets and liabilities.

This transaction did not have any significant economic impact.

It should be noted that the Company purchased, at market value from the subsidiary Berica Vita, for a total value of €58.125 million, units in mutual funds, private equity and bonds in order to reduce the liquidity risk in the subsidiary.

The information relating to the breakdown and the changes based to the use of the other financial investments and the current value are contained in attachment 8 and attachment 9 to the notes to the accounts.

The table below provides a breakdown of the Company's exposures in government debt securities issued or guaranteed by PIGS countries (Portugal, Ireland, Greece and Spain).

Table 35 - Exposure in government debt securities issued or guaranteed by PIGS countries (Portugal, Ireland, Greece and Spain)

<i>(€thousands)</i>	Book value	Market value
Portugal	66,048	66,731
Ireland	27,492	29,866
Greece	0	0
Spain	444,424	450,370
TOTAL	537,964	546,966

The following table shows the positions with a significant figure divided up by issuer group.

Table 36 - C.III.3 class bonds - main issuer Groups

Issuer Group	% breakdown
Italian government	57.7%
Spanish government	5.8%
French government	3.2%
Intesa Sanpaolo	2.8%
Dunia Cap Bv	1.7%

The amount of the instruments issued by Icelandic banks and included in the item “Debt securities and other fixed income securities” amounts to €334 thousand.

Loans

The item, amounting to €3.118 million, compared with €3.509 million in the previous year mainly includes:

- the loan with collateral granted to Opera San Giovanni Bosco in Sicilia, for €1.698 million. Interest accrued for €54 thousand during the year;
- the loans on life policies for €1.3 million (€1.712 million at the end of the previous year).

Please see attachment 10 for variations in the item during the year.

Deposits with credit institutions

No value had been recorded at the year end date.

Sundry financial investments

Sundry financial investments totalling €24 thousand (of which €8 thousand is listed on active markets and €16 thousand listed on non-active markets), consist of current assets, of which €16 thousand is for the non-life business and €8 thousand for the life business. The current value at the end of the year came to €105 thousand.

Foreign currency investments

Other financial investments included foreign currency securities for an overall equivalent value, as of December 31st, of €9.899 million, corresponding entirely to bonds.

Variations in the exchanges rates which took place after the end of the year would have a negative effect on these investments for €369 thousand.

Securities transferred from class D

No securities were transferred during the year.

Repurchase transactions

No repurchase transactions were carried out during the year.

Deposits with ceding companies

The items included the deposits established with transferring insurance companies, in relation to the risks undertaken with reinsurance. During the year, the value decreased by €371 thousand, dropping from €10.668 million to €10.297 million.

SECTION 3 - INVESTMENTS FOR BENEFITS OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS (Item D)

The item, amounting to € 1,089.047 million, includes the assets hedging index and unit-linked contracts, analytically identified in attachment 11 to the notes to the accounts, as well as those deriving from the management of pension funds summarised in attachment 12 to the notes to the accounts.

The balance of the items in the previous year amounted to €982.219 million.

It is also specified that the capital gains and losses from realisation and valuation, as well as the capitalisation of the issues discounts are matched by a change for the same amount in the related mathematical provisions of the life classes.

Table 37 - Investments for benefits of life assurance policyholders who bear the investment risk and deriving from the management of pension funds - breakdown

(€thousands)	2017	2016	Changes	
			Amount	%
Investments relating to benefits associated with investment funds and stock market indices	137,347	109,475	27,872	25.5
Investments deriving from the management of pension funds	951,700	872,744	78,956	9.0
TOTAL (item D)	1,089,047	982,219	106,828	10.9

Investments relating to benefits associated with investment funds and stock market indices

The item includes the assets hedging index and unit-linked contracts for a total amount of €137.347 million. The assets hedging the index-linked contracts amount to €251 thousand, those relating to unit-linked contracts total €137.096 million.

The balance of the item in the previous year amounted to €109.475 million.

Investments deriving from the management of pension funds

Investments deriving from the management of pension funds amounted to €951.7 million, up €78.956 million with respect to December 31st, 2016.

Tables 55 and 56 show the values of the provisions and the assets at the end of the year, as well as the gross premiums written in the period, for each pension fund.

Please refer to the financial statements of the Open-end Pension Funds, attached to Cattolica's financial statements, for details and comments on the assets and the volumes produced during the year relating to the management of the afore-mentioned funds.

SECTION 4 - REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS (Item D bis)

The reinsurance amount of technical provisions calculated using the method adopted for direct business comprises:

Table 38 - Technical provisions – reinsurance amount

(€thousands)	2017	2016	Changes	
			Amount	%
Non-life business				
Premium provision	94,497	114,956	-20,459	-17.8
Provision for outstanding claims	396,973	415,234	-18,261	-4.4
Total non-life	491,470	530,190	-38,720	-7.3
Life business				
Mathematical provisions	19,058	24,453	-5,395	-22.1
Provision for outstanding claims	2,300	4,286	-1,986	-46.3
Total life	21,358	28,739	-7,381	-25.7
TOTAL (item D bis)	512,828	558,929	-46,101	-8.2

The reinsurance amounts of technical provisions amount in total to €512.828 million, of which €491.47 million relates to non-life business and €21.358 million relates to life business.

With regard to the non-life business, the premium provision amounted to €94.497 million (of which €2.384 million relating to the provision for outstanding risks and €13.615 million relating to supplementary provisions) and the provision for outstanding claims for €396.973 million.

With regard to the life business, the mathematical provisions pertaining to reinsurers amount to €19.058 million, while the provision for outstanding claims ended the year with a balance of €2.3 million.

SECTION 5 - RECEIVABLES (Item E)

Receivables are made up as follows:

Table 39 - Receivables

(€thousands)	2017	2016	Changes	
			Amount	%
Policyholders	147,887	132,304	15,583	11.8
Insurance brokers	216,470	208,353	8,117	3.9
Insurance companies - current accounts	26,307	24,412	1,895	7.8
Policyholders and third parties for sums to be recovered	32,699	32,051	648	2.0
Total (item E.I)	423,363	397,120	26,243	6.6
Insurance and reinsurance companies	73,903	56,752	17,151	30.2
Total (item E.II)	73,903	56,752	17,151	30.2
Other receivables (Item E.III)	448,214	452,997	-4,783	-1.1
Total (item E)	945,480	906,869	38,611	4.3

Receivables deriving from reinsurance transactions**Receivables from policyholders**

The item amounted to €147.887 million, of which €137.936 million for premiums in the year and €9.951 million for premiums relating to previous years. As of December 31st, 2016 the item amounted to €132.304 million.

The item was adjusted for a total of €12.83 million, of which €10.295 million relating to the non-life business and €2.535 million relating to the life business, for writedowns due to doubtful collection, assumed on the basis of the experience of previous accounting periods.

The writedown allowance essentially includes €2.54 million attributable to the accident, injury and health classes, €1.894 million to the general TPL class, €156 thousand for the suretyship class, €233 thousand for the goods in transit class, €1.698 million for the fire & natural forces class, €1.344 million for other damage to assets and €2.076 million for the motor TPL class.

Receivables from insurance brokers

The balance of receivables from brokers, totalling €216.47 million, disclosed an increase compared to last year of €8.117 million, mainly attributable to the collections relating to the last ten days and settled in the first few days of the following year.

Amounts receivable from agents are stated net of the writedown allowance; it amounts to €14.353 million and was established on the basis of the valuations concerning the recoverability of the said receivables.

Receivables from insurance companies - current accounts

The item, net of the writedown allowance for €477 thousand, amounts to €26.307 million, compared with €24.412 million in the previous year.

The writedown allowance, calculated analytically on the basis of valuations regarding the recoverability of the receivables, was used for €187 thousand.

Receivables from policyholders and third parties for sums to be recovered

The item, net of the allowance for doubtful accounts for €7.482 million, amounts to €32.699 million, compared with €32.051 million in the previous year.

The allowance for doubtful accounts, calculated analytically on the basis of valuations regarding the recoverability of the receivables, disclosed an increase of €5.281 million and uses of €7.324 million.

Receivables deriving from reinsurance transactions

The item includes the entries with credit balances through reinsurance companies and brokers and amounted to €73.903 million (€56.752 million as of December 31st, 2016).

The receivables are stated net of the related allowance for doubtful accounts; the entity of the allowance, €6.035 million, is commensurate with the estimated losses due to non-collectability.

Other receivables

Other receivables amount to €448.214 million, with respect to the €452.997 million relating to the previous year and include the amounts due from the tax authorities, for deferred tax assets, from Group companies and other receivables.

The breakdown is shown in the table below:

Table 40 - Other receivables - breakdown

(€thousands)	2017	2016	Changes	
			Amount	%
Receivables due from the tax authorities	220,089	236,479	-16,390	-6.9
Receivables for deferred tax assets	135,459	139,850	-4,391	-3.1
Receivables due from Group companies	32,061	33,509	-1,448	-4.3
Sundry receivables	60,605	43,159	17,446	40.4
Total (item E.III)	448,214	452,997	-4,783	-1.1

Receivables due from the tax authorities amounted to €220.089 million and compare with a balance of €236.479 million in the previous year. The decrease is due to lower advances paid by way of taxation on income. The item mainly refers to the amounts due for advances paid, for Group's IRES and for the Company's IRAP, as well as for the surpluses deriving from the tax declarations presented for €40.868 million; to the withholdings made on bank interest and other withholdings for €7.209 million; to amounts due from the tax authorities transferred to the Company by subsidiaries which have complied with the tax consolidation scheme for €1.997 million. Also included are tax advances paid in accordance with Law No. 265 dated November 22nd, 2002, concerning the taxation of the life provisions for €81.512 million, and amounts due from tax authorities for the payment of the annual advance of tax on insurance premiums envisaged by art. 9, paragraph 1-bis, of Law No. 1216 of 1961, for €56.675 million.

Prepaid tax assets, recorded for €135.459 million, derive from the deductible timing differences, such as writedowns and losses on receivables from policyholders for €36.157 million, the writedown of other receivables and the provisions for risks and charges for €16.98 million, the capital losses from valuation on shares amounting to €902 thousand, the change in the provision for outstanding claims for €19.754 million, the amortisation of the goodwill from business segments acquired for €8.14 million and other adjustments for €1.577 million.

Other assets also include the prepaid taxes (€47.268 million) recorded on the goodwill and the other intangible assets freed up in accordance with Italian Law Decree No. 185 dated November 29th, 2008.

The timing differences relating to IRAP amount to €4.681 million.

Receivables from Group companies amount in total to €32.061 million, of which €19.239 million for the transfer of tax positions represented by current IRES of the companies who have settled for the tax consolidation system, €372 thousand for invoices to be issued to Group companies and other intercompany receivables amounting to €12.45 million.

The remaining balance of other receivables, which amount to €60.605 million, mainly includes the receivables due for guarantee and restricted deposits amounting to approximately €22.194 million, amounts due from customers and advances to suppliers for €11.486 million, receivables due from unit-linked management funds and pension funds for €1.703 million, receivables from tenants of €656 thousand and receivables from guarantee funds of €562 thousand.

SECTION 6 - OTHER ASSET ITEMS (Item F)

Tangible assets and inventories

During the year, tangible assets and inventories underwent the following changes:

Table 41 - Tangible assets and inventories

(€thousands)	2017	2016	Changes	
			Amount	%
Furniture and equipment	2,313	2,336	-23	-1.0
Assets recorded in public registers	240	314	-74	-23.6
Plant and equipment	1,202	1,361	-159	-11.7
TOTAL (item F)	3,755	4,011	-256	-6.4

Table 42 - Tangible assets and inventories - gross depreciation amounts

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Furniture and equipment	47,400	905	56	48,249
Assets recorded in public registers	952	151	262	841
Plant and equipment	3,386	161	3	3,544
TOTAL	51,738	1,217	321	52,634

Table 43 - Tangible assets and inventories - accumulated depreciation

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Furniture and equipment	45,064	899	27	45,936
Assets recorded in public registers	638	163	200	601
Plant and equipment	2,025	317	0	2,342
TOTAL	47,727	1,379	227	48,879

The gross amounts come to € 52.634 million compared with € 51.738 million in the previous year. The accumulated depreciation amounts to €48.879 million. The figures compares with €47.727 million reported at the end of the previous year.

During the year, the increase in accumulated depreciation, totalling €1.379 million, was entirely attributable to the depreciation charge for the year.

The decreases were consequent to the realisations and disposals which took place during the year.

Financial lease transactions

The Company did not enter into any financial lease transactions during the year.

Cash in bank and cash equivalent

Cash and cash equivalents amount to €64.304 million. During the previous year it amounted to €35.277 million. With regard to the change in the item, please see the Cash flow statement.

Other assets

Other assets amount to €154.443 million. During the previous year it amounted to €121.847 million (revenue).

The item includes the balance of the liaison account between the non-life and life sectors for €90.738 million registered as a credit to the life business. The amount is matched by an equal balance under “Other liabilities” in the non-life sector.

The other amounts which are recorded mainly relate to €20.709 million for the amount relating to the taxation on mathematical provisions for the life classes accrued during the year, €23.495 million relating to the indemnities paid to agents who have left, not yet charged for recovery, stated net of the related allowance for doubtful accounts as well as €8.135 million regarding the amounts relating to technical items for transactions under reconciliation to be settled as of the year end date.

SECTION 7 - ACCRUALS AND DEFERRALS (Item G)

Table 44 - Accruals and deferrals

(€thousands)	2017	2016	Changes	
			Amount	%
For interest	56,642	57,343	-701	-1.2
For rental fees	0	5	-5	-100.0
Other accruals and deferrals	585	388	197	50.8
TOTAL (item G)	57,227	57,736	-509	-0.9

The item almost entirely includes accruals relating to interest income on securities, pertaining to the year, whose coupon matures in the current year.

Balances due after twelve months have not been recorded.

SUBORDINATED ASSETS

The following table analytically discloses the subordinated assets.

The subordination with respect to the receivables with a greater level of seniority expresses its effects exclusively in the event of insolvency or winding up; the recovery on the asset up until the extent of the principal and the interest due can be realised solely further to the complete satisfaction of the more senior creditors.

Statement 1 - Subordinated assets

Description of the Security	Nominal value	Book value	Currency	% interest rate as of Dec. 31st, 2017	Early repayment clauses		
					Maturity	First call repayment date	Call repayment price
ACAFP 17/03/27 2.625%	9,900,000	9,486,676	EUR	2.62500	17/03/2027		
GENERALI 12/12/42 7.75%	800,000	800,000	EUR	7.75000	12/12/2042		
AXA 04/40 TF/TV	100,000	110,801	EUR	5.25000	16/04/2040		
BANK OF AMERICA 28/03/18 TV	5,000,000	4,978,884	EUR	0.51100	28/03/2018		
BANK OF AMERICA 06/05/19 4.75%	1,000,000	948,487	EUR	1.13100	06/05/2019		
BANK OF AMERICA 14/09/2018 TV	3,475,000	3,426,969	EUR	0.22300	14/09/2018		
BARCLAYS PERPETUAL TF/TV	2,000,000	1,938,573	EUR	4.75000	PERPETUAL	15/03/2020	100.00
BARCLAYS 01/18 6%	1,500,000	1,499,126	EUR	6.00000	23/01/2018		
BARCLAYS PERPETUAL 6.50%	7,000,000	6,965,000	EUR	6.50000	PERPETUAL	15/09/2019	100.00
B.POP.MILANO 20/10/18 TV	2,250,000	2,184,125	EUR	1.16600	20/10/2018		
BANCO POPOLARE 05/11/20 6%	6,000,000	5,950,293	EUR	6.00000	05/11/2020		
BANCO POPOLARE 31/05/2021 6.375%	3,319,000	3,253,416	EUR	6.37500	31/05/2021		
B.P.MILANO 03/21 7.125%	1,300,000	1,354,419	EUR	7.12500	01/03/2021		
BELDEN INC 15/04/23 5.5%	74,000	76,163	EUR	5.50000	15/04/2023		
BANKIA S.A. 15/03/27 3.375%	4,500,000	4,498,658	EUR	3.37500	15/03/2027		
BNP PARIBAS 11/01/27 2.25%	7,200,000	7,107,672	EUR	2.25000	11/01/2027		
BNP PARIBAS 27/01/2026 2.75%	7,995,000	7,954,725	EUR	2.75000	27/01/2026		
BNP PARIBAS 14/10/2027 2.625%	10,900,000	10,916,523	EUR	2.62500	14/10/2027		
BNP 10/11 PERP 4.875%	5,000,000	4,150,000	EUR	4.87500	PERPETUAL	17/10/2018	100.00
BREEZE 06/28 12.5%	2,000,000	200,000	EUR	12.50000	30/06/2028		
CITIGROUP 02/19 4.75%	3,000,000	2,984,648	EUR	1.07100	10/02/2019		
CITIGROUP 25/02/30 4.25%	2,500,000	2,916,409	EUR	4.25000	25/02/2030		
CAIXABANK 14/07/28 2.75%	1,100,000	1,117,392	EUR	2.75000	14/07/2028		
COMMERZBANK 23/03/26 4.00%	6,300,000	6,358,528	EUR	4.00000	23/03/2026		
COMMERZ. 22/03/19 6.375%	106,000	98,144	EUR	6.37500	22/03/2019		
CREDEM 13/03/25 3.125%	4,605,000	4,568,882	EUR	3.12500	13/03/2025		

CRSM 15/09/19 5.25% SUB CONV	5,886,712	2,207,025	EUR	5.25000	15/09/2019		
DANSKE BANK PERPETUAL 5.875%	1,025,000	1,027,600	EUR	5.87500	PERPETUAL	06/04/2022	100.00
DEUTSCHE BANK 19/05/26 4.50%	4,500,000	4,633,584	EUR	4.50000	19/05/2026		
DB CONT 8% PERPETUAL	150,000	135,750	EUR	8.00000	PERPETUAL	15/05/2018	100.00
ERSTE BANK 8.875% PERPETUAL	400,000	400,000	EUR	8.87500	PERPETUAL	15/10/2021	100.00
HSBC HOLD.PLC 07/06/28 3.125%	2,000,000	1,968,750	EUR	3.12500	07/06/2028		
ING BANK 25/02/26 3.625% CALL	6,350,000	6,338,998	EUR	3.62500	25/02/2026		
ING BANK 05/23 TF/TV	5,000,000	4,993,420	EUR	6.12500	29/05/2023		
INTESA SANPAOLO 23/04/25 2.855%	12,900,000	12,680,188	EUR	2.85500	23/04/2025		
INTESA 15/09/26 3.928%	10,250,000	10,170,543	EUR	3.92800	15/09/2026		
INTESA 05/18 6.625%	2,850,000	2,910,677	EUR	6.62500	08/05/2018		
INTESA SANPAOLO 13/09/2023 6.625%	1,196,000	1,136,258	EUR	6.62500	13/09/2023		
INTESA PERPETUAL 7.00%	675,000	675,000	EUR	7.00000	PERPETUAL	19/01/2021	100.00
INTESA PERPETUAL TF/TV	650,000	650,000	EUR	8.37500	PERPETUAL	14/10/2019	100.00
ROYAL KPN PERPETUAL 6.125%	443,000	460,454	EUR	6.12500	PERPETUAL	14/09/2018	100.00
LB BADEN WUERTT 28/09/26 2.875%	2,000,000	1,991,219	EUR	2.87500	28/09/2026		
LLOYDS 18/03/30 4.50%	4,000,000	4,389,079	EUR	4.50000	18/03/2030		
LLOYDS 03/20 6%	150,000	149,902	EUR	6.50000	24/03/2020		
LOXAM 23/07/22 7.00%	3,250,000	3,250,000	EUR	7.00000	23/07/2022		
MEDIOBANCA 22/03/29 SUBORDINATED	48,000,000	48,000,000	EUR	3.50000	22/03/2029		
RABOBANK 26/05/26 2.50%	1,000,000	998,180	EUR	2.50000	26/05/2026		
RBS PERPETUAL 5.5%	6,450,000	6,164,286	EUR	5.50000	PERPETUAL	31/03/2018	100.00
RBS PERPETUAL 5.25%	800,000	799,400	EUR	5.25000	PERPETUAL	30/03/2018	100.00
RBS 04/18 6.934%	300,000	284,645	EUR	6.93400	09/04/2018		
SANTANDER ISS 18/03/25 2.50%	3,200,000	3,130,190	EUR	2.50000	18/03/2025		
SANTANDER 24/03/29 SUBORDINAT	48,000,000	48,000,000	EUR	3.50000	24/03/2029		
SANTANDER ISS 04/04/2026 3.25%	4,800,000	4,774,392	EUR	3.25000	04/04/2026		
SANTANDER ISSUA 19/01/27 3.125%	6,500,000	6,437,039	EUR	3.12500	19/01/2027		
SANTANDER PERPETUAL 6.25%	4,100,000	4,062,444	EUR	6.25000	PERPETUAL	12/03/2019	100.00
SOGEN 12/06/23 TV	20,000,000	19,988,175	EUR	6.30000	12/06/2023		
STANDARD CHART 19/11/24 3.125%	3,000,000	2,988,144	EUR	3.12500	19/11/2024		

TELEFONICA 29/12/49 3.75% PERPETUAL	300,000	300,000	EUR	3.75000	PERPETUAL	15/03/2022	100.00
UBI 05/05/26 4.25%	14,100,000	13,972,927	EUR	4.25000		05/05/2026	
UBI 15/09/27 4.45%	2,600,000	2,594,834	EUR	4.45000		15/09/2027	
UBS 12/02/26 4.75%	2,100,000	2,146,400	EUR	4.75000		12/02/2026	
UBS 22/05/2023 4.75%	11,800,000	9,899,485	USD	4.75000		22/05/2023	
UNICREDIT 14/06/32 TV	47,000,000	47,000,000	EUR	4.50000		14/06/2032	
UNICREDITO 03/01/27 4.375%	5,250,000	5,193,054	EUR	4.37500		03/01/2027	
UNICREDITO 06/18 6.7%	250,000	256,875	EUR	6.70000		05/06/2018	
VOLVO TREASURY 10/06/75 TV	1,900,000	1,896,580	EUR	4.20000		10/06/2075	
SNS BANK 10/20 6.25%	850,000	38,250	EUR	0		26/10/2020	
Total	394,899,712	384,938,261					

Part B

Statement of financial position - Liabilities and Shareholders' equity

SECTION 8 - SHAREHOLDERS' EQUITY (Item A)

The breakdown of the items which make up the Company's shareholders' equity is provided below.

Table 45 - Shareholders' equity

(€ thousands)	2017	2016	Changes	
			Amount	%
Share capital	522,882	522,882	0	0
Share premium reserve	785,490	794,310	-8,820	-1.1
Revaluation reserve	62,499	62,499	0	0
Legal reserve	281,475	268,734	12,741	4.7
Other reserves	204,446	203,521	925	0.5
Profit (loss) for the year	5,309	63,708	-58,399	-91.7
Negative reserve for own shares in portfolio	-46,945	-39,908	-7,037	-17.6
TOTAL (item A)	1,815,156	1,875,746	-60,590	-3.2

Share capital

The fully subscribed and paid in share capital as of December 31st, amounts to €522.882 million and is composed of 174,293,926 ordinary shares.

Share premium reserve

The share premium reserve amounts to €785.49 million and was used for €8.857 million to cover the loss to the life classes reported last year. It contains the payments of the shareholder admission fees totalling €37 thousand.

Revaluation reserves

These include €41.459 million relating to the reserves recorded pursuant to Law No. 413 dated December 30th, 1991 and €21.04 million for the net balance of the revaluation of the property assets carried out in 2008 under the provisions of Law Decree No. 185 dated November 29th, 2008, converted into Law No. 2 dated January 28th, 2009.

Legal reserve

The legal reserve rose from €268.734 million to €281.475 million due to the allocation of the profit for 2016.

Other reserves

They are as follows:

- €138.834 million for the extraordinary reserve. The increase of €9.735 million is due to the allocation of the 2016 profit. The decrease of €10.458 relates to the distribution of the extraordinary dividend as per the shareholders' resolution dated April 22nd, 2017 as well as, for €457 thousand, the coverage of the loss of the life classes in the previous year. This reserve was also used for an amount of €362 thousand in the establishment of the reserve for restricted net exchange gains (pursuant to art. 2426, 8-bis);
- €59.724 million for the dividend reserve. During the year, €2.149 million was allocated to the reserve as a result of the cancellation of the 2016 dividend on own shares;
- €1.103 million for the taxed reserve, already existing at the end of 1982 and freed up as per Italian Legislative Decree No. 467 dated December 18th, 1997;
- €689 thousand for the reserve represented by the merger surplus of the companies Plotino and San Zeno;
- €1.714 million from the reserve for restricted net exchange gains as per Legislative Decree No. 6 dated January 17th, 2003, art. 2426, No. 8-bis for net gains from valuation on exchange rates;
- €2.812 million from the reserve for unrestricted net exchange gains, as established by the resolution dated April 22nd, 2017, as a result of realised gains in 2016 amounting to €1.548 million;
- the "Reserve for amounts realised on disposal of difference from cancellation of own shares" recognised in accordance with ISVAP Regulation No. 22 dated April 4th, 2008, which, as of December 31st, 2017, showed a negative balance of €441 thousand. The item includes losses realised during the year which amount to €44 thousand;
- €11 thousand relating to the exchange deficit for the spin-off transaction concerning Duomo Uni One in the Company.

The profit reserves subject to deferred taxation which, when used, contribute towards the formation of the Company's taxable income and which, if distributed, represent earnings for the shareholders, amount to €93.172 million, of which €30.556 million recorded to the share capital.

Negative reserve for own shares in portfolio

For the effects resulting from the entry into force of art. 6, paragraph 1 of Legislative Decree No. 139 dated August 18th, 2015, by way of implementation of the 2013/34/EU Directive, own shares are recognised in the financial statements directly reducing the shareholders' equity, in accordance with the matters laid down by art. 2357-ter.

As a result, the "Negative reserve for own shares in portfolio" amounts to €46.945 million, of which €33.439 million pertaining to the non-life class and €13.506 million pertaining to the life class, corresponding to 6,679,907 shares, equal to 3.8% of the share capital.

The following table presents an analysis of the availability and distributable nature of the shareholders' equity entries; in this regard, it is noted that the Company is also required to comply with the overall capitalisation requirements established by specific regulations proposed for their calculation in relation to the activities directly and through its subsidiaries.

Table 46 - Shareholders' equity - origin, possibility of use and distribution, as well as use in previous years

(€thousands)	Amount	Possibility of use (*)	Portion available	Summary of uses in the last three years	
				Coverage of losses	Other reasons
Share capital	522,882				
Capital reserves					
Share premium reserve	785,490	a, b, c	738,545 (**)	18,956	
Revaluation reserve	62,499	a, b, c	62,499 (***)		
Other reserves	700	a, b	700		
Profit reserves					
Legal reserve	281,475	b	281,475		
Other reserves	203,746	a, b, c	202,032	4,637	36,602
Negative reserve for own shares in portfolio	-46,945				
Total	1,809,847		1,285,251	23,593	36,602
Restricted portion			282,175		
Residual unrestricted portion			1,003,076		

(*) a - for share capital increase

b - for coverage of losses

c - for distribution to shareholders

(**) Net of the negative reserve for own shares in portfolio.

(***) The revaluation reserve can be distributed only with the observance of the provisions as per art. 2445, paragraphs 2 and 3, of the Italian Civil Code, and the provisions envisaged by the related revaluation laws.

The share capital and the share premium reserve, in particular, are available in accordance with the legal and Article of Association provisions and general meeting resolutions, also in relation to the specific co-operative corporate form and the related regulations.

The following table shows the changes during the year in the shareholders' equity items.

Table 47 - Shareholders' equity - changes during the year

(€thousands)	Share capital	Share premium reserves	Revaluation reserve	Legal reserve	Negative reserve for own shares	Other reserves	Retained profits	Profit for the year	Total
Shareholders' equity as of 31.12.2015	522,882	804,352	62,499	259,919	-27,144	217,444	0	44,075	1,884,027
Allocation of profit (loss) for 2015									0
Dividend payment (€0.20 per share)								-34,859	-34,859
Allocation to reserves				8,815		14,680		-23,495	0
Other allocations									0
Dividend payment (€0.15 per share)								-26,144	-26,144
Coverage of life loss for 2015		-10,099						-4,180	0
Other uses								14,279	0
Other changes 2016:									0
Cancellation of dividend on own shares							1,449		1,449
Other		57			-12,764		272		-12,435
Profit (loss) for 2016								63,708	63,708
Shareholders' equity as of 31.12.2016	522,882	794,310	62,499	268,734	-39,908	203,521	0	63,708	1,875,746
Allocation of profit (loss) for 2016									0
Dividend payment (€0.20 per share)								-10,458	-61,003
Allocation to reserves				12,742		9,735		-22,477	0
Other allocations									0
Coverage of life loss for 2016		-8,857						-457	0
Other uses								9,314	0
Other changes 2017:									0
Cancellation of dividend on own shares							2,149		2,149
Other		37			-7,038		-44		-7,045
Profit (loss) for 2017								5,309	5,309
Shareholders' equity as of 31.12.2017	522,882	785,490	62,499	281,476	-46,946	204,446	0	5,309	1,815,156

SECTION 9 - SUBORDINATED LIABILITIES (Item B)

Subordinated liabilities as of December 31st, 2017 comprised:

- a loan of €80 million granted by UBI Banca on September 30th, 2010 with the following specifications:
 - duration: unspecified;
 - early repayment: as from September 30th, 2020;
 - interest rate: 6-month Euribor + 200 basis points;
 - subordination: with respect to all the unsubordinated creditors including the policyholders;
 - classification on the basis of the SII directive: Basic Own Funds Tier 1-restricted, on the basis of the matters envisaged by Article 308-ter, paragraph 9 of the 2009/138 “Solvency II” Directive (so-called “grandfathering”).

The amount of interest pertaining to the period amounted to €1.404 million.

- a subordinated bond issue for €100 million, issued on December 17th, 2013 with the following specifications:
 - duration: 30 years;
 - early repayment: faculty to repay early as from tenth year (call option);
 - interest rate: 7.25% until the end of the tenth year. In case of failure to exercise the call option, the rate becomes floating and is equal to the 3-month Euribor + 619 basis points;
 - subordination: with respect to other non-subordinated securities;

- classification on the basis of the SII directive: Basic Own Funds Tier 2, since this is compliant with the requisites envisaged by Article 73 of the Delegated Decree (EU) 2015/35 of the European Commission dated October 10th, 2014.

The amount of interest pertaining to the period amounted to €7.25 million.

- a subordinated debenture loan for € 500 million, issued on December 14th, 2017 with the following specifications:
 - duration: 30 years;
 - early repayment: faculty to repay early as from tenth year (call option);
 - interest rate: 4.25% until the end of the tenth year. In the event of failure to exercise the call option, the rate becomes floating and is equal to the Euribor reference rate + 4.455 basis points;
 - subordination: with respect to other non-subordinated securities;
 - classification on the basis of the SII directive: Basic Own Funds Tier 2, since this is compliant with the requisites envisaged by Article 73 of the Delegated Decree (EU) 2015/35 of the European Commission dated October 10th, 2014.

The amount of interest pertaining to the period totalled €1.048 million.

SECTION 10 - TECHNICAL PROVISIONS (Item C)

Table 48 - Breakdown of technical provisions

(€thousands)	2017	2016	Changes	
			Amount	%
Premium provision	680,099	683,133	-3,034	-0.4
Provision for outstanding claims	2,581,690	2,577,662	4,028	0.2
Other technical provisions	151	203	-52	-25.6
Equalisation provisions	13,235	13,015	220	1.7
Total non-life classes (item C.I)	3,275,175	3,274,013	1,162	0.0
Mathematical provisions	4,822,699	4,440,909	381,790	8.6
Premium provisions of supplementary insurance	571	1,293	-722	-55.8
Provision for outstanding claims	129,926	95,485	34,441	36.1
Provisions for profit-sharing and repayments	44	18	26	n.s.
Other technical provisions	30,757	31,420	-663	-2.1
Total life classes (item C.II)	4,983,997	4,569,125	414,872	9.1
TOTAL TECHNICAL PROVISIONS	8,259,172	7,843,138	416,034	5.3

n.s. = not significant

Non-life business

Premium provision

The premium provision amounts to € 680.099 million and comprises € 599.868 million for the provision for unearned premiums (of which € 571.333 million for direct business), € 72.223 million for supplementary provisions of the provision for unearned premiums (of which € 68.286 million for direct business) as well as € 8.008 million for the provision for risks in progress (of which € 6.742 million for direct business).

After the checks made, the Company deemed it appropriate to establish a supplementary provision for risks outstanding: in accordance with the matters envisaged by paragraph 7 of Attachment 15 of ISVAP Regulation No. 22 dated April 4th, 2008, the Company used an empiric method to evaluate the coverage of the impending risks after the end of the accounting period, so as to cover all the compensation and costs deriving from insurance contracts entered into before that date, to the extent that the estimated cost of these risks exceeds that of the same provision for unearned premium, increased by the premiums which will be collectable due to these policies.

This method is based on the calculation of the claims to premiums written to the pertaining year.

Based on the results of this check, the Company took steps to make the necessary integration calculated on the provision for unearned premiums and on the instalments falling due, both net of the purchase commission or the directly attributable costs.

The supplementary reserve for unexpired risk provision is posted to class 13, third-party liability, for € 6.454 million and to class 8, fire and natural forces, for € 287 thousand (€ 9.405 million to class 10 and € 751 thousand to class 2 as of December 31st, 2016). The unexpired risk provision relating to indirect business on class 10 for € 1.183 million and on class 16 for € 83 thousand has also been recognised (as of December 31st, 2016 it amounted to € 1.096 million on class 10).

In conclusion, supplementary provisions have been recognised for a total of € 72.223 million (€ 73.619 million as of December 31st, 2016), of which € 68.286 million on direct business (€ 11.935 million on class 1, accident and injury, € 184 thousand on class 7, goods in transit, € 23.941 million on class 8, fire & natural forces, € 20.383 million on class 9, other damage to assets, € 58 thousand on class 13, general TPL, € 2 thousand on class 14, credit, € 11.783 million on class 15, suretyship) and € 3.937 million on indirect business (€ 7 thousand on class 1, accident and injury, € 3 thousand on class 7, goods in transit, € 3.927 million on class 8, fire & natural forces).

The tables which follow indicate the provisions for unearned premiums, for each class and separately for direct and indirect business.

Table 49 - Provisions for unearned premium - direct business

(€thousands)	2017	2016	Changes	
			Amount	%
Classes:				
01 - Accident and injury	56,756	55,230	1,526	2.8
02 - Health	28,651	22,273	6,378	28.6
03 - Land vehicle hulls	38,770	38,470	300	0.8
04 - Railway rolling stock	111	106	5	4.7
05 - Aircraft hulls	114	206	-92	-44.7
06 - Ships (sea and inland water vessels)	347	412	-65	-15.8
07 - Goods in transit	1,355	867	488	56.3
08 - Fire & natural forces	47,501	47,577	-76	-0.2
09 - Other damage to assets	47,604	44,762	2,842	6.3
10 - TPL - Land motor vehicles	260,938	265,636	-4,698	-1.8
11 - TPL - Aircraft	14	36	-22	-61.1
12 - TPL - Shipping (sea & inland)	980	614	366	59.6
13 - TPL - General	45,500	49,305	-3,805	-7.7
14 - Credit	8,099	8,753	-654	-7.5
15 - Suretyship	9,439	10,436	-997	-9.6
16 - Sundry financial losses	11,577	9,263	2,314	25.0
17 - Legal protection	3,962	3,902	60	1.5
18 - Assistance	9,615	9,223	392	4.3
TOTAL	571,333	567,071	4,262	0.8

Table 50 - Provisions for unearned premium - indirect business

(€thousands)	2017	2016	Changes	
			Amount	%
Classes:				
01 - Accident and injury	1,652	2,058	-406	-19.7
02 - Health	1,169	1,325	-156	-11.8
03 - Land vehicle hulls	2,288	2,312	-24	-1.0
06 - Ships (sea and inland water vessels)	6	9	-3	-33.3
07 - Goods in transit	45	61	-16	-26.2
08 - Fire & natural forces	11,694	13,499	-1,805	-13.4
09 - Other damage to assets	3,582	3,838	-256	-6.7
10 - TPL - Land motor vehicles	1,902	1,830	72	3.9
13 - TPL - General	1,710	1,795	-85	-4.7
15 - Suretyship	4,430	4,442	-12	-0.3
16 - Sundry financial losses	57	22	35	n.s.
TOTAL	28,535	31,191	-2,656	-8.5

n.s. = not significant

Provision for outstanding claims

The provision for outstanding claims amounts to €2,581.69 million and comprises €2,294.647 million for the provision for outstanding claims which have occurred and been reported, €191.099 million for the provision for outstanding claims which have occurred but have not yet been reported as well as €95.944 million for the provision for settlement costs.

The estimate of the provision for outstanding claims made, as per the last cost principle, was realized by applying a multi-phase calculation procedure:

- steps are taken to separately evaluate each claim (inventory method), based on the analysis of the documentation relating to each individual damage case, realized by the staff assigned to settle the claims;
- with regard to the classes characterised by slow settlement processes and for which the analytical valuation does not make it possible to take into account all the envisageable charges, the inventory method is flanked by an additional valuation by means of statistical-actuarial procedures or forecast systems on the evolution of the costs.

The valuation of the provision for outstanding claims which have occurred but have not yet been reported was carried by separately estimating the number of delayed claims expected and the related average cost.

With regard to the change during the year in the components of the premium provision and the provision for outstanding claims, please refer to attachment 13.

Table 51 - Provision for outstanding claims - direct business

(€thousands)	2017	2016	Changes	
			Amount	%
Classes:				
01 - Accident and injury	87,706	82,511	5,195	6.3
02 - Health	30,955	38,005	-7,050	-18.6
03 - Land vehicle hulls	16,168	17,936	-1,768	-9.9
04 - Railway rolling stock	240	56	184	n.s.
05 - Aircraft hulls	2,358	2,007	351	17.5
06 - Ships (sea and inland water vessels)	1,458	1,487	-29	-2.0
07 - Goods in transit	11,780	13,417	-1,637	-12.2
08 - Fire & natural forces	134,428	126,503	7,925	6.3
09 - Other damage to assets	58,890	60,940	-2,050	-3.4
10 - TPL - Land motor vehicles	1,234,459	1,212,318	22,141	1.8
11 - TPL - Aircraft	5	3	2	66.7
12 - TPL - Shipping (sea & inland)	3,143	3,153	-10	-0.3
13 - TPL - General	915,918	937,243	-21,325	-2.3
14 - Credit	477	718	-241	-33.6
15 - Suretyship	34,556	37,049	-2,493	-6.7
16 - Sundry financial losses	2,583	2,986	-403	-13.5
17 - Legal protection	8,653	6,855	1,798	26.2
18 - Assistance	7,081	6,692	389	5.8
TOTAL	2,550,858	2,549,879	979	0.0

n.s. = not significant

Table 52 - Provision for outstanding claims - indirect business

(€thousands)	2017	2016	Changes	
			Amount	%
Classes:				
01 - Accident and injury	2,595	3,310	-715	-21.6
02 - Health	397	612	-215	-35.1
03 - Land vehicle hulls	902	978	-76	-7.8
06 - Ships (sea and inland water vessels)	58	72	-14	-19.4
07 - Goods in transit	65	94	-29	-30.9
08 - Fire & natural forces	4,163	4,743	-580	-12.2
09 - Other damage to assets	3,076	1,851	1,225	66.2
10 - TPL - Land motor vehicles	8,099	6,192	1,907	30.8
13 - TPL - General	9,073	8,015	1,058	13.2
14 - Credit	322	264	58	22.0
15 - Suretyship	2,075	1,619	456	28.2
16 - Sundry financial losses	7	33	-26	-78.8
TOTAL	30,832	27,783	3,049	11.0

Other technical provisions

The item amounts to €151 thousand (of which €149 thousand direct business and €2 thousand indirect business) and includes the ageing provision of the health class determined for the rise in the age of the policyholders; it was calculated using the forfeit methods envisaged by paragraph 44, sub-paragraph 3 of Attachment 15 of ISVAP Regulation No. 22 dated April 4th, 2008.

Equalisation provisions

The item includes the equalisation provision for natural calamity risks which amounts to €13.235 million (of which €13.112 million for direct business and €123 thousand for indirect business), disclosing an increase of €220 thousand. In detail, by class, it comprises: €5.985 million relating to the fire & natural forces class, €4.436 million relating to the land vehicle hull class, €1.328 million relating to the accident and injury class, €814 thousand relating to other damage to assets, €635 thousand relating to the goods in transit class and €37 thousand relating to other classes.

The calculation is compliant with the matters envisaged by art. 1, paragraph 1 of Ministerial Decree No. 705 dated November 19th, 1996.

Life business

Mathematical provisions

They amount to €4,822.699 million and include the provision for pure premiums, the withdrawal of premiums relating to annual-premium payment policies, the provision for health and professional excess premiums, the provision for integration of the population and financial bases (also for pension funds), the additional provision for guaranteed rate and interest risk, the additional provision for mortality-risk and guarantee related to unit linked contracts pension funds, the additional provision to cover the cost related to the early repayment of the pure risk contracts linked to loans and the provision for risk of undertaking pure risk contracts at average rate.

The mathematical provisions reported an increase of €381.79 million.

Provisions for outstanding claims

The provisions for outstanding claims amount to €129.926 million (of which €97.226 million relating to class I, €21.464 million relating to class III and €11.236 million relating class V).

These provisions reported an increase of €34.441 million.

Other technical provisions

Other technical provisions, amounting to €30.757 million, are made up of the provisions for future expense totalling €29.417 million (of which €21.935 million relating to Class I, €6.04 million relating to Class III, €1.370 million relating to Class V and €72 thousand relating to Class IV) and of the supplementary provision relating to Class I for €1.34 million. This provision refers to the amount of the expected claims for death coverage.

With regard to the change during the year in the components of the mathematical provisions and the provision for profit-sharing and repayments, please refer to attachment 14.

SECTION 11 - TECHNICAL PROVISIONS FOR CONTRACTS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND PROVISIONS DERIVING FROM THE MANAGEMENT OF PENSION FUNDS (item D)

The item amounts in total to €1,089.047 million, up by €106.828 million with respect to the end of the previous year.

The provisions pertaining to the risk of death, the credit risk and supplementary insurance are included respectively in the items “mathematical provisions” and “premium provision of supplementary insurance”.

Provisions relating to contracts whose benefits are linked to investment funds and stock market indices

These amount to €137.347 million and are established in the presence of index and unit linked contracts, amounting respectively to €251 thousand and €137.096 million, reporting an increase of €27.872 million compared to December 31st, 2016, attributable to the increase in premiums written.

Provisions deriving from the management of pension funds

The provisions deriving from the management of pension funds rose from €872.744 million to €951.7 million.

During 2017, the resources of the segments with guarantee of a return on capital and the payment of a minimum return were managed for six pension funds, one of which was open ended.

Again within the sphere of the activities pertaining to pension funds, during the year the Company managed the resources of the open-end pension fund Cattolica Gestione Previdenza and the Risparmio & Previdenza open-end pension fund.

The Cattolica Gestione Previdenza open-end pension fund is a defined-contribution pension fund, it was set up by the Company in accordance with art. 12 of Legislative Decree No. 252 dated December 5th, 2005 and was authorised by means of the provision of the Pension Fund Supervisory Commission on July 29th, 1998 and started to operate on February 15th, 1999. The Fund is structured in six segments (Monetario Globale, Obbligazionario Globale, Garantito, Bilanciato Globale, Azionario Globale and Etico). The Company sees directly to the management of the Fund's assets, along with the disbursement of the benefits. The functions of custodian bank for the fund's resources were carried out by NEXI S.p.A.

During the year just ended, applications were taken by the agency channel, the head offices of the Company and the bank branches specifically appointed to do so.

As of December 31st, 2017, the Fund had 7,528 active members (7,531 at the end of 2016).

The Risparmio & Previdenza open-end pension fund is a defined-contribution pension fund, it was set up by the Company in accordance with art. 12 of Legislative Decree No. 252 dated December 5th, 2005 and was authorised by means of the provision of the Pension Fund Supervisory Commission on July 29th, 1998 and started to operate on February 19th, 1999. The Fund is structured in four segments (Bilanciato Prudente, Bilanciato Globale, Etico, Garantito). For the management of each of the segments making up the Fund, authorisation has been granted to UBI Pramerica Sgr, which operates as per the instructions imparted by the Company. The benefits are disbursed directly. The functions of Custodian Bank for the Fund's resources were carried out by RBC Investor Services Bank S.A.

As of December 31st, 2017, the Fund had 3,076 active members (3,065 at the end of 2016).

At the end of the year, the sum of the net assets intended for the benefits of the segments which the two Funds are structured in, amounted to €125.21 million. The change in the assets, positive, compared to 2016, amounted to € 6.917 million.

The following tables show the net assets intended for the benefits of each of the segments which the Cattolica Gestione Previdenza open-end pension fund and the Risparmio & Previdenza open-end pension fund are structured in.

Table 53 - Cattolica Gestione Previdenza open-end pension fund - net asset value by segment

(€thousands)	2017	2016	Changes	
			Amount	%
Azionario Globale	20,330	19,033	1,297	6.8
Bilanciato Globale	17,693	16,324	1,369	8.4
Etico	1,489	1,154	335	29.0
Garantito	34,645	32,336	2,309	7.1
Monetario Globale	4,124	4,369	-245	-5.6
Obbligazionario Globale	7,200	7,131	69	1.0
Total Cattolica Gestione Previdenza open-end pension fund	85,481	80,347	5,134	6.4

Table 54 - Risparmio & Previdenza open-end pension fund - net asset value by segment

(€thousands)	2017	2016	Changes	
			Amount	%
Bilanciato Globale	13,008	12,622	386.0	3.1
Etico	1,160	1,093	67.0	6.1
Garantito	13,897	13,090	807.0	6.2
Bilanciato Prudente	11,664	11,141	523.0	4.7
Total Risparmio & Previdenza open-end pension fund	39,729	37,946	1,783	4.7

In the following table, provisions, assets and premiums for the year relating to the open-end pension funds are compared with the balances as of December 31st, 2016;

Table 55 - Open-end pension funds of the Company- Investments, provisions and gross premiums written

(€thousands)	Net asset value		Class DII provisions		Gross premiums written	
	2017	2016	2017	2016	2017	2016
Cattolica Gestione Previdenza open-end pension fund	85,481	80,347	85,481	80,347	9,451	11,161
Risparmio & Previdenza open-end pension fund	39,729	37,946	39,729	37,946	3,979	4,366

With reference to the other pension funds managed by the Company in the following tables, the values of the provisions, the assets and the gross premiums written are shown, on a comparative basis with those for the previous year, along with the type and extent of the guarantee provided.

Table 56 - Other pension funds - Investments, provisions and gross premiums written

(€ thousands)	Net asset value		Class DII provisions		Gross premiums written	
	2017	2016	2017	2016	2017	2016
Azimet Previdenza open-end pension fund	147,520	113,167	147,520	113,167	46,721	51,697
Cometa	456,743	446,461	456,743	446,461	40,012	41,622
Journalists' fund	43,577	41,189	43,577	41,189	3,643	3,701
Previcoper	0	0	0	0	0	12,367
Fontex supplementary pension fund	6,223	5,408	6,223	5,408	782	1,084
Fopadiva	22,986	22,453	22,986	22,453	2,118	1,828
Solidarietà Veneto - Pension fund	149,441	125,773	149,441	125,773	21,893	21,582
Total	826,490	754,451	826,490	754,451	115,169	133,881

Table 57 - Other Pension Funds - Type and extent of the guarantee provided

Pension fund	Type of guarantee provided	Extent of guarantee provided (guaranteed minimum rate of return)
COMETA (National pension fund for workers in the metalwork and mechanical engineering, plant installation industry and similar sectors)	Coverage provided on occurrence of the events envisaged in the agreement and on expiry of the agreement	Annual reference rate (TAR) Maximum annual interest rate which can be guaranteed (TMG)
JOURNALISTS' FUND (Supplementary pension fund for Italian journalists)	Coverage provided on occurrence of the events envisaged in the agreement and on expiry of the agreement	Severance indemnity revaluation rate
AZIMUT PREVIDENZA OPEN-END PENSION FUND	Coverage provided on occurrence of the events envisaged in the agreement	2%
FONTEX SUPPLEMENTARY PENSION FUND	Coverage provided on occurrence of the events envisaged in the agreement and on expiry of the agreement	Severance indemnity revaluation rate
FOPADIVA (Supplementary pension fund for the employee workers of the Autonomous Valle d'Aosta Regional Authority)	Coverage provided on occurrence of the events envisaged in the agreement and on expiry of the agreement	2%
SOLIDARIETÀ VENETO - PENSION FUND	Coverage provided on occurrence of the events envisaged in the agreement and on expiry of the agreement	Severance indemnity revaluation rate

SECTION 12 - PROVISIONS FOR RISKS AND CHARGES (Item E)

The breakdown of the provisions and the related changes with respect to the previous year are shown in the following table and analytically in attachment 15 to the notes to the accounts.

Table 58 - Provisions for risks and charges

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Provision for pensions and similar commitments	3,384	324	1,371	2,337
Provision for taxation	9,055	0	3,300	5,755
Other provisions and allowances	53,414	13,554	14,046	52,922
TOTAL (item E)	65,853	13,878	18,717	61,014

The item, which fell from €65.853 to €61.014 million, includes provisions for retirement benefits and similar obligations for €2.337 million, deferred tax provisions for €5.755 million and other provisions for €52.922 million.

The provision for pensions represents the Company's financial commitment deriving from the supplementary in-house agreement dated June 1st, 1963 and subsequent amendments and additions toward employees employed until March 15th, 1982 and, if executives, up until November 17th, 1982.

It is calculated analytically for each employee working and for each pensioner.

Other provisions rose from €53.414 million to €52.922 million. The increases for the year amounted in total to €13.554 million, while the decreases came to €14.046 million.

Further to the agreements signed on July 14th, 2015, March 15th, 2016 and October 10th, 2017 between the Group companies (Cattolica Assicurazioni and Cattolica Services) and the company trade union delegations and the issue of the related compliance invitations, concerning the corporate reorganisation processes and the effects of the organisational efficiency activities and the innovation and digitalisation processes, having accomplished the trade union negotiation procedures envisaged by current agreements, the parties agreed to activate - for the employees in possession of the requirements envisaged by said agreements - recourse to the extraordinary section of the Intersectorial Solidarity Fund for the insurance sector. In 2017, the agreements produced an overall liability of €1.229 million. The income statement matching balance is recorded among the negative components of income of the extraordinary business.

With regard to the former employees who complied with the invitations, the use of the Intersectorial Fund took place during the year in the presence of payments to INPS for the extraordinary income support allowance, for the monthly contribution useful for obtaining the right to a pension as well as for the payment of the policy premiums, for a total amount of €1.792 million.

The provision existing at the end of the year came to €4.752 million.

Furthermore, the item mainly comprised amounts set aside for:

- legal disputes and costs for €9.939 million (€2.987 million was provided and €3.932 used during the year);
- liabilities pertaining to the financial requirements relating to length-of-service bonuses of employees for €7.064 million;

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- sums to be paid out for agents' leaving indemnities, equal to € 6.699 million (€ 700 thousand was provided during the year);
 - liabilities pertaining to the financial requirements relating to health premiums of retired staff for € 5.315 million;
 - disputes pending with former trustees and sundry summons, pertaining to the claims area, amounting to € 2.8 million (€ 1.45 million used during the year);
 - risks for the assistance of employees in the event of non-self sufficiency, for € 1.304 million;
 - the estimated liability relating to disputes open concerning employment matters for € 750 thousand (€ 700 thousand was provided and € 405 thousand used during the year);
 - formal notices and reports on findings that can be served by the supervisory and control authority for € 576 thousand (€ 353 thousand was provided and € 481 thousand used during the year).

It is noted that the following provisions were made during the year:

- € 3.894 million for fines that can be entered on the register following sentences pronounced by the Supreme Courts of Cassation regarding intercompany art. 6 VAT, which was also prudently provided for, in addition to the amount already paid. The Company filed appeals requesting the revision of the sentences, the annulment of the assessment notices that gave rise to the disputes and alternatively, in the event of rejection, the non-applicability of the sanctions imposed.
- € 3.2 million in stocks to be paid in connection with the termination of top management positions.

DEPOSITS RECEIVED FROM RE-INSURERS

These are recorded in the financial statements for € 32.655 million (€42.112 million at the end of the previous year) and represent payables for deposits which the Company withholds in the event of reinsurance payable.

SECTION 13 - PAYABLES AND OTHER LIABILITIES (Item G)

At the end of the year, these came to €406.404 million, compared with €407.533 million at the end of the previous year, of which € 60.664 million for insurance and reinsurance transactions; € 7.199 million for payables due to banks and financial institutions, € 6.118 million for employee severance indemnities and € 332.423 million for other payables and other liabilities.

Table 59 - Payables deriving from insurance and reinsurance transactions

(€thousands)	2017	2016	Changes	
			Amount	%
Payables, deriving from direct insurance transactions, due to:				
Insurance brokers	14,005	16,097	-2,092	-13.0
Insurance companies - current accounts	2,991	4,000	-1,009	-25.2
Policyholders for guarantee deposits and premiums	30,313	18,651	11,662	62.5
Guarantee funds in favour of policyholders	50	8	42	n.s.
Total (item G.I)	47,359	38,756	8,603	22.2
Payables, deriving from reinsurance transactions, due to:				
Insurance and reinsurance companies	13,305	33,016	-19,711	-59.7
Total (item G.II)	13,305	33,016	-19,711	-59.7

Payables deriving from direct insurance transactions

Payables deriving from direct insurance transactions amount to €47.359 million.

Payables due to direct insurance brokers

The item amounts in total to €14.005 million, of which €13.135 million regarding the non-life business and €870 thousand the life business. As of December 31st, 2016 it amounted to €16.097 million.

Payables due to insurance companies - current accounts

The item amounts in total to €2.991 million, fully attributed to the non-life business. As of December 31st, 2016 it amounted to €4 million.

Payables due to policyholders for guarantee deposits and premiums

The item amounts in total to €30.313 million, of which €10.917 million attributable to the non-life business and €19.397 million to the life business, essentially pertaining to amounts collected relating to contracts issued in the following year.

As of December 31st, 2016 it amounted to €18.651 million.

Payables deriving from reinsurance transactions

Payables due to insurance and reinsurance companies

The item amounts in total to €13.305 million, of which €10.391 million attributable to the non-life business and €2.914 thousand to the life business, compared with €33.016 million at the end of the previous year.

Payables due to banks and financial institutions

At the end of the financial year, there were relationships with banks for credit facilities, usable for cash flexibility, which amounted to a total of €7.199 million.

The loan with maximum commitment of €30 million granted by HSBC Bank plc. was paid off on May 23rd.

The balance of the item at the end of the previous year came to €11.396 million.

Employee severance indemnities

The employee severance indemnity provision (art. 2427.4 of the Italian Civil Code) disclosed the changes analytically indicated in attachment 15 during the year.

Table 60 - Employee severance indemnities

(€thousands)	01.01.2017	Increases	Decreases	31.12.2017
Employee severance indemnities (item G.VII)	6,659	3,514	4,055	6,118

Other payables

These include payables: for taxes payable by policyholders, for sundry tax liabilities, amounts due to welfare and social security institutions, due to suppliers and due to Group companies, as well as other sundry payables.

Table 61 - Other payables - breakdown

(€thousands)	2017	2016	Changes	
			Amount	%
For taxes payable by policyholders	29,809	29,908	-99	-0.3
For sundry tax charges	79,834	91,561	-11,727	-12.8
Amounts due to social security and welfare institutions	2,776	2,534	242	9.6
Sundry payables	96,463	91,875	4,588	5.0
Total (item G.VIII)	208,882	215,878	-6,996	-3.2

Payables for sundry tax charges

“Payables for sundry tax charges” mainly include € 20.709 million for the current payable deriving from the assessment of the taxation on the mathematical provisions of the life business pertaining to the year, € 27.441 million for the liability for IRES, €6.934 million for IRAP, as well as the payable, for €19.239 million, relating to the liability for IRES of the companies taking part in the tax consolidation.

Sundry payables

The item amounts to €96.463 million. The item mainly includes the amounts payable to Group companies for € 39.416 million, sundry payables to personnel for € 14.154 million, payables to management funds for € 4.328 million, payables to Cassa Previdenza Agenti for € 1.689 million, as well as payables to suppliers for € 30.413 million.

With particular reference to the transfer of tax positions further to compliance with the tax consolidation scheme, the amounts payable to subsidiary and associated companies included € 18.346 million relating to credit positions in relation to tax authorities, transferred to Cattolica by the companies taking part in the Group taxation system.

Other liabilities**Table 62 - Other liabilities - breakdown**

(€thousands)	2017	2016	Changes	
			Amount	%
Commission for premiums being collected	22,154	20,132	2,022	10.0
Sundry liabilities	101,387	81,697	19,690	24.1
Total (item G.IX)	123,541	101,829	21,712	21.3

The item includes sundry liabilities for € 101.387 million and commission for premiums being collected for € 22.154 million.

The item “Sundry liabilities” comprises the balance of the liaison account between the non-life and life sectors for €90.738 million booked as a liability of the non-life business. Furthermore, the item includes the amounts relating to technical items for transactions under settlement to be settled as at the year end date.

SECTION 14 - ACCRUALS AND DEFERRALS

The item amounts to €8.688 million. Deferred income “for interest” includes €6.175 million relating to the portion of the coupons relating to the bonds acquired with reference to the restructuring transaction of the segregated life funds, deferred to subsequent years on the basis of the residual maturity of these securities, greater than 5 years.

The item “Other accruals and deferrals” includes the revenue deferral deriving from the transaction for the conferral of the usufruct right, on 3 property units for third party use, to the “AGRIS” investment fund for a total of € -2.287 million and in relation to which reference is made to the matters illustrated for the item “Land and buildings”.

SECTION 15 - ASSETS AND LIABILITIES RELATING TO GROUP COMPANIES AND OTHER INVESTEEES

Attachment 16 shows the statement of assets and liabilities relating to Group companies and other investees.

SECTION 16 - RECEIVABLES AND PAYABLES

Receivables outstanding, with a maturity beyond December 31st, 2017 and by December 31st, 2021, concern the agent portfolio indemnity recovery for €24.24 million and the receivables for insurance tax advance pursuant to Law No. 265 dated November 22nd of 2002 and subsequent amendments, regarding the taxation of life reserves for €81.512 million.

Receivables outstanding with a maturity of more than five years concern the agent portfolio indemnity recovery for €22.133 million.

Loans on life insurance policies have not been considered since they do not have a pre-established expiry and collection of the same is certain.

There are no payables due beyond twelve months.
As of December 31st, there were no payables with secured guarantees.

Pursuant to art. 2427, paragraph 8, of the Italian Civil Code, it is hereby specified that there are no financial charges booked during the year to the balances recorded under the statement of financial position assets.

With reference to the breakdown of the receivables and payables by geographic area, the positions concerning other EU and non-EU countries are not significant.

SECTION 16 *BIS* - INDIVIDUAL PENSION FUNDS

The Company did not set up any new, individual pension funds during the year pursuant to art. 13, paragraph 1, sub-paragraph a) and b) of Italian Legislative Decree No. 252 dated December 5th, 2005.

SECTION 17 - GUARANTEES, COMMITMENTS, POTENTIAL LIABILITIES AND OTHER MEMORANDUM ACCOUNTS

Table 63 - Guarantees, commitments and other memorandum accounts

(€thousands)	2017	2016	Changes	
			Amount	%
Guarantees given	107,021	90,428	16,593	18.3
Guarantees received	142,734	145,562	-2,828	-1.9
Commitments	145,190	72,651	72,539	99.8
Third party assets	39	61	-22	-36.1
Securities lodged with third parties	10,289,609	9,389,519	900,090	9.6
TOTAL	10,684,593	9,698,221	986,372	10.2

Guarantees given

The item, totalling €107.021 million, includes the sureties issued on our behalf in favour of CONSAP and third parties (the guarantees pertaining to these sureties do not give rise to potential liabilities as of December 31st).

The item also includes, for €564 thousand, the contract entered into with ANIA for compliance with SISCO, relating to the handling of non-life claims with joint-insurance.

Unsecured guarantees include €2.144 million relating to the guarantee given to Cattolica Immobiliare with regard to the possible request for the repayment of the loan granted to Fondo Euripide, together with the property complex located in Milan, further to the transfer of all the units of said fund by Cattolica Immobiliare to the Company.

Guarantees received

The item, amounting to a total of €142.734 million, mainly includes the value, amounting to €127.827 million, of the guarantees pursuant to art. 4 ANA ed. 2003 received from agents enrolled in the Gruppo Aziendale Agenti Cattolica, formerly Duomo, Gruppo Aziendale Agenti Cattolica, formerly UniOne, Gruppi Aziendali Agenti, formerly FATA, Gruppi Aziendali Agenti TUA and Circolo Agenti Cattolica for insurance sureties entered into with COFACE.

It also includes the value of the guarantees (€6.351 million) received from agents not enrolled in either Gruppo Aziendale Agenti or Circolo Agenti but who have complied with the insurance agreement entered into with COFACE directly by Cattolica (€390 thousand) and those deriving from the provision of bank sureties (€5.961 million).

The item also includes the value of the guarantees (€4.353 million), supporting the end of management account, received from the Agents who have had an agency mandate issued by Cattolica during the year, but with whom the relationship has now ended. These guarantees are held by Cattolica and will be returned and released when the relationship ends.

In conclusion, the secured guarantee issued for the loan granted to Opera San Giovanni Bosco in Sicilia has been recorded for €4 million.

Commitments

The item includes the residual commitment toward the private equity funds for €141.616 million.

It also includes €3.574 million for the commitment undertaken in relation to the subsidiary Cattolica Life for the purchase at face value of the tax credit deriving from the payment of the tax on life mathematical provisions, for the portion which can effectively be transferred, pursuant to art. 1, paragraph 2, of Law Decree 209/2002 converted, with amendments, into Law 265/2002.

Third party assets

This comprises the value of the Company's shares owned by the shareholders and deposited at the Company's headquarters.

Securities lodged with third parties

The item includes the amount, corresponding to the book value as of December 31st, of the securities under management or deposited care of banks and asset managers.

The securities relating to Group companies and other investees (class C and class D) lodged with third parties amount to €882.711 million.

There are no commitments or potential liabilities other than those already indicated in the statement of financial position and the income statement.

Part B

Income statement

SECTION 18 - INFORMATION CONCERNING THE TECHNICAL ACCOUNT - NON-LIFE BUSINESS (I)

The technical result of the non-life classes amounts to €98.378 million, of which €91.109 million attributable to direct business and €- 7.269 million to reinsurance activities.

It is characterised by:

- the increase of premiums written from €1,502.281 million to €1,524.263 million;
- the increase in charges relating to claims which rose from €985.1 million to €1,027.179 million, representing 67.4% of premiums written (65.6% as of December 31st, 2016);
- the increase in the incidence of management expenses on premiums written from 26.8% to 27.9%. In detail, acquisition and collection costs amounted to € 295.487 million, representing 19.4% of premiums written (18.8% in 2016). Other administrative expenses rose from €120.972 to €130.344 million, representing 8.6% of premiums written (8.1% in 2016);
- the balance of other technical items (including the change in other technical provisions and the equalisation provision), which increased from a negative balance of €26.707 million to a negative balance of €10.533 million;
- the positive contribution of financial operations, with a portion of profit transferred from the non-technical account for €37.658 million. Specifically, the contribution of financial operations of the non-life business was positive for €61.447 million (€89.523 million in net income as of December 31st, 2016).

As of December 31st, 2016, the technical balance amounted to €144.891 million.

The summary information concerning the non-life business technical account is shown in attachments 19, 25 and 26 to the notes to the accounts.

Table 64 - Reclassified non-life technical account - Italy and foreign portfolio

(€thousands)	Direct	Ceded	Indirect	Retroceded	Total
Gross premiums written and ceded premiums	1,690,611	-191,992	42,715	-3,166	1,538,168
Change in premium provision	1,266	-14,855	-958	642	-13,905
Claims incurred	-1,160,804	155,512	-23,867	1,980	-1,027,179
Change in sundry technical provisions	48	0	4	0	52
Balance of other technical items	-15,556	5,580	-389	0	-10,365
Operating expenses	-461,170	48,533	-14,425	1,231	-425,831
Technical balance	54,395	2,778	3,080	687	60,940
Change in equalisation provisions	-200	0	-20	0	-220
Portion of profit from investments transferred from the non-technical account	36,914	0	744	0	37,658
Result of technical account	91,109	2,778	3,804	687	98,378

Gross premiums written

Gross premiums written amount to €1,733.326 million, of which €1,690.611 million for direct business and €42.715 million for indirect business. The premiums ceded and retroceded came to €195.158 million. In the “Management Report”, table 6 shows the amounts of gross premiums written by class.

The gross premiums of the Company as of December 31st, 2016 came to €1,704.889 million.

Portion of profit transferred from the non-technical account

The portion of profit from investments transferred from the non-technical account to the technical account of the life classes was calculated on the basis of the criteria established by ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.

The amount to be transferred, equal to €37.658 million, was calculated by multiplying the value of the income from investments pertaining to the non-life classes, net of the equity and financial charges recorded in the non-technical account by the percentage obtained from the ratio between the arithmetic average of the technical provisions at the start and end of the year and the same sum increased by the semi-sum of the shareholders’ equity at the start and end of the year.

Other technical income

The other technical income amounted to €30.736 million (€17.169 million as of December 31st, 2016) and includes the use of the provision relating to the writedown of receivables due from policyholders for €10.376 million, cancellations of commission for €5.661 million, cancellations on premiums ceded for €8.786 million, the recovery of legal costs for €1.593 million and other technical items for €4.32 million, relating amongst other things to the final balance of the management fees of the direct compensation agreement.

Claims incurred

The claims incurred amounted in total to €1,027.179 million compared with €985.1 million in the previous year.

Table 65 - Claims settled - direct and indirect business

(€thousands)	2017	2016	Changes	
			Amount	%
Compensation and expenses	1,089,238	1,050,198	39,040	3.7
Settlement costs	93,613	95,747	-2,134	-2.2
Contribution to road accident victim fund	19,279	19,286	-7	-0.0
Gross balance	1,202,130	1,165,231	36,899	3.2

Claims paid relating to the current year amounted to €539.871 million and include compensation and direct costs for €464.576 million, internal and external claims settlement costs for €56.016 million and the contribution in favour of the road accident victim guarantee fund for €19.279 million. The total amount of the item for claims settled relating to previous years came to €662.259 million and concerned compensation and direct costs for €624.662 million and settlement costs for €37.597 million.

The reinsurance amount totalled €173.662 million.

The change in the gross amount of the provision for outstanding claims came to €4.691 million (costs). During the previous year it amounted to €35.735 million (revenue).

The reinsurance amount totalled €16.171 million (cost).

The value of the initial provision for outstanding claims amounted to €2,577.662 million (€2,549.879 million relating to direct business and €27.783 million relating to indirect business); this item at the end of the year amounted to €2,581.69 million, of which €2,550.858 million relating to direct business and €30.832 million to indirect business.

The balance of portfolio changes at the end of the year was €663 thousand (cost).

Repayments and profit-sharing, net of reinsurance

The item, amounting to €389 thousand, includes amounts paid for profit-sharing.

Commissions and profit-sharing received from re-insurers

This item amounts to €49.765 million and mainly includes the commission received from reinsurers for €48.898 million.

Other technical charges

This balance amounts to €40.712 million and mainly includes the writedown of the receivables due from policyholders for the year amounting to €3.464 million, cancellations of prior years' premiums for technical reasons for €11.549 million, and cancellations of premiums due to non-collectability for €14.816 million.

The balance of the item at the end of the previous year came to €43.016 million.

Change in equalisation provisions

The negative change for the year amounting to €220 thousand includes the increase in the equalisation provision for natural calamity risks as per paragraphs 37 *et seq.* of Attachment 15 and paragraph 29 of Attachment 16 to ISVAP regulation No. 22 dated April 4th, 2008, as amended by IVASS provision No. 53 dated December 6th, 2016.

SECTION 19 - INFORMATION CONCERNING THE TECHNICAL ACCOUNT - LIFE BUSINESS (II)

The summary information concerning the life business technical account is shown in attachments 20, 27 and 28.

The technical account closed with a negative result of €21.477 million compared with a negative result of €1.399 million in 2016 and was characterised by:

- the increase in premiums written, which rose from €848.171 million to €961.518 million;
- the decrease in the incidence of management expenses on premiums written from 5.9% to 5.6%: in absolute value these expenses increased from €50.03 million to €53.7 million;
- the increase in other administrative expenses, which rose from €17.727 million to €24.667 million;
- the decrease in acquisition and collection expenses, which fell from €32.303 million to €29.033 million and which as a ratio of premiums written came to around 3% (3.8% in 2016);
- the increase in outstanding claims and the change in the technical provisions, which rose from €946.726 million to €1,072.939 million;
- the lower contribution of the class C financial operations with net income of €139.384 million compared with €157.619 million in 2016; the change with respect to the previous period is mainly attributable to the greater recording of value adjustments on investments which, net of recoveries, rose from €22.975 million to €38.109 million; net profits on the realisation of investments fell from €20.534 million to €4.304 million; income, net of investment management charges, rose from €160.06 million to €173.18 million;
- net income of class D amounted to €19.693 million compared with €11.13 million in the previous year;
- the balance of the other technical items whose result presented a negative balance of €6.187 million, compared with an again negative balance of €5.454 thousand reported in 2016.

Premiums for the year, net of reinsurance

The overall amount of the gross premiums written totals €974.337 million, of which €974.295 million relating to direct business and €42 thousand relating to indirect business. The premiums ceded came to €12.819 million. In the “Management Report”, table 6 shows the amounts of gross premiums written by class.

Gross premiums written at the end of the same period in the previous year came to €861.11 million. Premiums ceded totalled €12.939 million.

Life premiums disclosed an increase of 13.2%.

Income from investments

Attachment 21 provides a breakdown of the income from investments.

Income from class C investments amounts to €211.548 million, of which €11.873 million deriving from shares and holdings (of which €7.83 million from shares and holdings of group companies and other investee companies), €172.916 million from other investments, €12.668 million from writebacks on investments written down in previous years and €14.091 million from profits on the realisation of investments. Income included the €1.493 million dividend received on the Intermonte Sim shares: as already mentioned, during the year, segment and category transfers from class C.II to class C.III, of shares of the same held by the Company, were carried out.

In absolute value, the item therefore reported an increase of €85 thousand: income from other investments increased by €18.014 million and income from writebacks on investments written down in previous years by €388 thousand, while income from shares and equity investments decreased by €3.007 million and profits from investment disposals by €15.31 million.

The balance of the item at the end of the previous year came to €211.463 million.

Income and unrealised capital gains on investments benefiting policyholders who bear the investment risk

A breakdown is provided in attachment 22 to the notes to the accounts.

Class D income amounts to €28.961 million and disclosed a decrease of €3.808 million.

The balance of the item at the end of the previous year came to €32.769 million.

Other technical income

The balance recorded for €5.595 million mainly includes €4.123 million in income paid by mutual fund managers relating to the investment transactions essentially associated with class III and VI policies. The item at the end of the previous year amounted to €4.901 million.

Claims incurred

The item in its entirety comes to €580.311 million and compares with a balance at the end of the previous year of €886.88 million.

The amounts paid for benefits totalled €555.894 million (of which €555.676 million relating to direct business and €218 thousand relating to indirect business). The balance includes settlement costs for the year which amounted to €1.629 million.

With reference to direct business, the repayment for redemptions amounted to €282.5 million, repayments for contracts which have matured amounted to €221.265 million and repayments for claims amounted to €50.281 million.

The reinsurance amount of claims paid came to €12.009 million.

The change in the gross amounts of the outlay provision amounted to €34.441 million (cost) and the reinsurance portion amounted to €1.986 million (cost).

Change in technical provisions

The class C technical provisions amounted to €4,983.997 million (€4,569.125 million at the end of the previous year) and include the mathematical provisions, the premium provision of supplementary insurance and other technical provisions. The class D technical provisions amounted to €1,089.047 million (€982.219 million at the end of the previous year).

The change in technical provisions net of those relating to reinsurers amounted to €492.628 million (cost), of which €385.8 million (cost) concerning the mathematical provisions, premiums provision of supplementary insurance and the other technical provisions and €106.828 million (cost) relating to the technical provisions where the investment risk is borne by the policyholders and those from the management of pension funds.

Equity and financial charges

The overall value, equating to €72.164 million, includes €11.609 million for investment management charges, €50.769 million for value adjustments on investments deriving from the year end valuations (of which €38.257 million relating to investments held in Group companies) and €9.786 million for losses deriving from the realisation of investments.

The balance of the item at the end of the previous year came to €53.844 million.

An analytical statement of the equity and financial charges is provided in attachment 23 to the notes to the accounts.

Equity and financial charges and unrealised capital losses relating to investments benefiting policyholders who bear the risk

The item, as per attachment 24 to the notes to the accounts, includes the equity and financial charges and the capital losses from valuation of assets hedging the index and unit-linked contracts for a total of €9.268 million. The balance of the item at the end of the previous year came to €21.639 million.

Operating expenses

The item overall amounted to €53.7 million and is made up of collection and acquisition commissions, the change in commission to be amortised and other acquisition costs for €30.297 million and other administrative expenses for €24.667 million; commission and profit-sharing received from re-insurers amounted to €1.264 million. The balance of the item at the end of the previous year came to €50.03 million.

Other technical charges

Recorded for €11.724 million, these are mainly attributable to maintenance commission paid to the banking and agency network for a total of € 6.145 million and the provision to the policyholder receivables writedown allowance for €723 thousand.

The item at the end of the previous year amounted to €10.35 million.

Portion of profit transferred to the non-technical account

The portion of profit from investments transferred to the non-technical account from the technical account of the life classes was calculated on the basis of the criteria established by art. 23 of ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.

The amount, equal to €9.246 million, was calculated by multiplying the value of the income from investments, net of the equity and financial charges recorded in the life classes technical account by the percentage obtained from the ratio between the arithmetic average of the shareholders' equity at the start and end of the year plus the subordinated liabilities and the same sum increased by the semi-sum of the technical provisions net of transfers under reinsurance, appropriately reduced in observance of the limit of the amount of the profits from investments acknowledged contractually to the policyholders, until its cancellation.

SECTION 20 - DEVELOPMENT OF THE CLASS TECHNICAL ITEMS

Non-life insurance

The summary of the technical accounts by individual class of the Italian portfolio is shown in attachment 25 and the summary of all the classes is summarised in attachment 26 to the notes to the accounts.

The recognition to the individual class of the items took place on an analytical basis as a rule. The items common to several classes have been divided up using different criteria according to the nature of the cost as illustrated in “Part A - “Accounting principles” in the notes to the accounts.

Life insurance

The summary of the technical accounts by individual class of the Italian portfolio is shown in attachment 27 and the summary of all the classes is summarised in attachment 28 to the notes to the accounts.

Like the Non-life classes, also in the Life classes the recognition to the individual class of the items took place on an analytical basis as a rule. The items common to several classes have been divided up using different criteria according to the nature of the cost as illustrated in “Part A - “Accounting principles” in the notes to the accounts.

SECTION 21 - INFORMATION CONCERNING THE NON-TECHNICAL ACCOUNT (III)

Income from investments

The item amounted in total to €133.993 million.

Income from shares and holdings amounted to €26.228 million and includes €24.436 million from shares and holding of subsidiaries, associated companies and other investees.

Income from other investments amounts to €81.744 million, the writebacks on investments written down in previous years amount to €3.937 million and profits on the realisation of investments amount to €22.084 million.

In absolute value, the item decreased by €36.368 million, attributable to the drop in investment disposals for €29.795 million and the decrease in income from shares and equity investments and from other investments for €10.083 million, offset by the increase in income from other investments of €3.345 million.

The balance of income from investments as of December 31st, 2016 amounted to €170.361 million.

The analytical statement of the income from investments is provided in attachment 21.

Equity and financial charges

The overall value, equating to €72.545 million, includes €10.122 million for investment management charges, €59.499 million for value adjustments deriving from the year end valuations (of which €48.548 million relating to investments held in Group companies and other investments) and €2.924 million for losses deriving from the realisation of investments.

The balance of charges from investments as of December 31st, 2016 amounted to €80.838 million.

An analytical statement of the equity and financial charges is provided in attachment 23.

Other income

The item is made up as follows:

Table 66 - Other income - breakdown

(€thousands)	2017	2016	Changes	
			Amount	%
Exchange gains	69	16	53	n.s.
Recoveries of administrative expenses and charges from third parties	2,147	813	1,334	n.s.
Other income from Group companies	15,012	17,701	-2,689	-15.2
Recoveries from provision for risks and charges and writedowns	26,447	28,670	-2,223	-7.8
Other income	1,128	1,505	-377	-25.0
TOTAL (item III.7)	44,803	48,705	-3,902	-8.0

n.s. = not significant

The item amounts to €44.803 million. This includes the uses of write-down provisions for risks and charges, for € 11.841 million and €14.606 million respectively, for €26.447 million overall.

The item also includes recoveries from Group companies for €15.012 million relating mainly to charges of costs for the provision of services, and intercompany secondments, as well as recovery from third parties of charges and other administrative expenses amounting to €2.147 million. Other income totalling €1.128 million, of which €1.071 million relates to interest on bank deposits.

The balance of the item at the end of the same period in the previous year came to €48.705 million.

Other charges

The item is made up as follows:

Table 67 - Other charges - breakdown

(€thousands)	2017	2016	Changes	
			Amount	%
Exchange losses	18	11	7	63.6
Interest expense	9,955	9,954	1	0.0
Amortisation of deferred charges	26,798	32,549	-5,751	-17.7
Other taxes	3,919	2,694	1,225	45.5
Provisions and allowances for risks and charges and writedown of receivables	26,226	40,477	-14,251	-35.2
Other charges	34,674	35,064	-390	-1.1
TOTAL (item III.8)	101,590	120,749	-19,159	-15.9

The item comes to €101.59 million and compares with a balance as of December 31st, 2016 of €120.749 million. The item includes interest expense relating to the subordinated loans for €9.702 million; goodwill amortisation for €21.363 million, other deferred charges for €938 thousand, start-up and expansion costs for €4.392 million and leasehold improvements for €105 thousand; provisions and allowances for the write-down of risks and charges for €14.045 million and €12.181 million respectively, for an overall total of €26.226 million.

The “Other charges”, which amount to €34.674 million, mainly include costs incurred on behalf of Group companies and charged to the same for €14.771 million, as well as charges consequent to the payment of the amounts due to former employees who joined the Intersectorial solidarity Fund for €1.792 million. Moreover, as described in detail in the press releases of May 23rd and June 13th last, payments (excluding social security contributions and charges) relating to the termination of the former Managing Director and General Manager, included in the item, amounted to €8.83 million.

Extraordinary income

The item shows a balance of €9.074 million and mainly includes €6.193 million relating to taxes from previous years, of which €5.094 million is due to the adjustment of the annual tax declaration amounts for insurance premiums.

Finally, €2.831 million in contingent assets were recognised for income items relating to previous years.

The balance of the item at the end of the same period in the previous year came to €5.838 million.

Extraordinary expense

The item presents a balance of €16.446 million. It includes taxes referring to previous years for €10.567 million. In November the company paid €4.565 million in VAT and interest following the ruling of the Supreme Courts of Cassation against the Company and relating to the treatment of VAT with intercompany services.

The account also includes the amount of €2.231 million to adjust the amounts resulting from the annual tax return for insurance premiums.

As already illustrated previously, further to the agreements signed between the Group companies and the company trade union delegations, recourse to the extraordinary section of the Intersectorial Solidarity Fund for the insurance sector was activated. In 2017, the agreement produced an overall liability of €1.229 million. The liability is recorded with a matching balance in the item “Provision for risks and charges” under the liabilities.

In addition, as already explained, as part of the analysis of the impairment of equity investments in insurance subsidiaries, the write-down of the long-term deferred cost of BCC Assicurazioni deriving from the ICCREA agreement was carried out for an amount of €1.969 million.

In conclusion, contingent losses were recorded for negative components of income pertaining to previous years for €225 thousand.

The balance of the item at the end of the same period in the previous year came to €9.514 million.

Income taxes for the year

Income taxes for the year disclosed a balance of €40.469 million, made up of current taxes (IRES and IRAP) for €34.376 million, prepaid taxes for €8.811 million (cost) and deferred taxes for €2.718 million (revenue).

The prepaid taxes relating to the period have been recorded in observance of the prudent approach on the basis of the reasonable certainty that taxable income will exist, in the years in which they will reverse, which permits recovery of the recognised taxes.

The amount relating to the substitute tax referred to in Law Decree No. 185 dated November 29th, 2008, amounting to €2.961 million, derives from the deferral of the charge for substitute tax paid for the tax recognition of the spin-off deficit of Duomo Uni One Assicurazioni and Cattolica Previdenza and the merger deficit of San Miniato Previdenza.

Table 68 - Income taxes for the year

(€thousands)	IRES (COMPANY EARNINGS TAX)	IRAP (REGIONAL BUSINESS TAX)	Total
Current taxes	27,442	6,934	34,376
Change in prepaid taxes	5,830	20	5,850
Change in deferred taxes	-2,397	-321	-2,718
Substitute tax (Law Decree 185/2008)	2,961	0	2,961
TOTAL	33,836	6,633	40,469

As per art. 2427 of the Italian Civil Code, the following table describes the timing differences which have led to the recognition of prepaid taxes, with indication of the changes with respect to the previous year and the amounts credited and debited to the income statement.

Table 69 - Recognition of prepaid taxes and consequent effects

(€thousands)	Opening balance		Increases		Decreases		Closing balance	
	Taxable amount	Taxation	Taxable amount	Taxation	Taxable amount	Taxation	Taxable amount	Taxation
IRES (COMPANY EARNINGS TAX)								
Change in provision for outstanding claims	91,871	22,049	15,647	3,755	25,209	6,050	82,309	19,754
Provisions and allowances for risks and charges	44,180	10,603	9,083	2,180	12,384	2,972	40,879	9,811
Writedown of receivables from policyholders	164,514	39,483	0	0	13,854	3,326	150,660	36,157
Allowance for writedown of other receivables	27,661	6,639	14,045	3,371	11,841	2,842	29,865	7,168
Valuation capital losses	7,538	1,809	1,032	248	4,813	1,155	3,757	902
Excess amortisation/depreciation	31,016	7,444	6,795	1,631	3,895	935	33,916	8,140
Tax losses	0	0	0	0	0	0	0	0
Professional fees	0	0	0	0	0	0	0	0
Other adjustments	5,466	1,312	5,494	1,319	4,390	1,054	6,570	1,577
Total	372,246	89,339	52,096	12,504	76,386	18,334	347,956	83,509
IRAP (REGIONAL BUSINESS TAX)								
Writedown of receivables from policyholders	37,920	2,586	0	0	3,193	218	34,727	2,368
Excess amortisation/depreciation	31,016	2,115	6,795	463	3,895	265	33,916	2,313
Total	68,936	4,701	6,795	463	7,088	483	68,643	4,681
Other adjustments								
Total prepaid taxes		94,040		12,967		18,817		88,190
Net effect in Income statement						5,850		

Table 70 - Recognition of deferred taxes and consequent effects

(€thousands)	Opening balance		Increases		Decreases		Closing balance	
	Taxable amount	Taxation	Taxable amount	Taxation	Taxable amount	Taxation	Taxable amount	Taxation
IRES (COMPANY EARNINGS TAX)								
Capital gains on fixed assets from FATA merger	3,018	724	0	0	2,180	523	838	201
Capital gains on stocks from FATA merger	28,355	6,806			7,804	1,874	20,551	4,932
Total	31,373	7,530	0	0	9,984	2,397	21,389	5,133
IRAP (REGIONAL BUSINESS TAX)								
Capital gains on stocks from FATA merger	13,832	943			4,714	321	9,118	622
Total	13,832	943	0	0	4,714	321	9,118	622
Total Deferred taxes		8,473				2,718		5,755
Net effect in Income statement						-2,718		

The following table shows the reconciliation between the ordinary rate and the effective rate.

Table 71 - Income taxes for the year - reconciliation between the ordinary rate and the effective rate

(Balances as %)	2017			2016		
	IRES	IRAP	Total	IRES	IRAP	Total
Ordinary rate applicable	24.00%	6.82%	30.82%	27.50%	6.82%	34.32%
Effect of increases (decreases) with respect to the ordinary rate:						
Permanent differences:						
Capital losses subject to the "participation exemption" regime	44.45%			11.12%		
Adjustments due to the provisions on "dividend washing"	0.89%			0.66%		
Interest expense	0.21%			0.09%		
Dividends	-18.98%			-11.50%		
Non-deductible amortisation/depreciation	1.99%			1.44%		
Life provisions change	3.03%			0.90%		
Other non-deductible costs	11.13%	5.27%		3.09%		
Other adjustments	7.19%	2.40%		3.75%	1.35%	
Effective rate	73.91%	14.49%	88.40%	37.05%	8.17%	45.22%

SECTION 22 - SUNDRY INFORMATION RELATING TO THE INCOME STATEMENT

The following statements containing information on the income statement are attached:

- statement relating to transactions with Group companies and other investees (attachment 30);
- summary statement of direct business premiums written (attachment 31);
- statement of charges relating to staff, directors and auditors (attachment 32).

Transactions on derivative contracts

Pursuant to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016, the data and information on investment activities concerning class C and D financial derivatives is presented below.

During the year, the Company maintained a line of conduct aimed at prudence, thus observing the norms established by the ISVAP regulation indicated above and by the outline resolution on financial aspects approved by the board of directors with regard to the use of derivative products.

The derivative transactions did not lead to significant economic results.

Statement 2 - Operations on derivatives - C and D class

(in €)

Description	Nominal amount currency	Nominal (a)	Underlying type	Unit value (b)	Exchange rate (c)	Book value as of 31/12/2017 [(a*b)/100]/c
Class C derivative instruments - warrants and rights						
TOTAL SA-SCRIP	EUR	1,560	OTHER	0.62000	1.00	967
TOTAL SA-SCRIP	EUR	25,400	OTHER	0.62000	1.00	15,748
GPI SPA - CW21	EUR	25,000	INDEX BASKET	0.30000	1.00	7,500
PS EQUITA PEP SPAC SPA-CW22	EUR	6,500	INDEX BASKET	0.00010	1.00	1
PS EQUITA PEP SPAC SPA-CW22	EUR	6,500	INDEX BASKET	0.00010	1.00	1
WARRANT CAPITAL FOR PROGRESS 2	EUR	8,000	INDEX BASKET	0.00000	1.00	0
WARRANT CAPITAL FOR PROGRESS 2	EUR	8,000	INDEX BASKET	0.00000	1.00	0
WARRANT IDEAMI SPA	EUR	20,000	INDEX BASKET	0.00000	1.00	0
Total class C derivative instruments - warrants and rights		100,960				24,217
Class C derivative instruments - options						
OPTION CP FLEX 2020	EUR	160,196	MULTIPLE ASSETS/LIABILITIES	0.96891	1.00	155,215
OPTION CP FLEX 2025	EUR	1,333,832	MULTIPLE ASSETS/LIABILITIES	2.21407	1.00	2,953,197
OPTION CP FLEX 2030	EUR	507,737	MULTIPLE ASSETS/LIABILITIES	2.52261	1.00	1,280,824
OPTION CP FLEX 2035	EUR	230,637	MULTIPLE ASSETS/LIABILITIES	2.90812	1.00	670,719
Total class C derivative instruments - options		2,232,402				5,059,955
TOTAL CLASS C DERIVATIVE INSTRUMENTS						5,084,172

Description	Nominal amount currency	Nominal (a)	Underlying type	Unit value (b)	Exchange rate (c)	Book value as of 31/12/2017 [(a*b)/100]/c
Class D derivative instruments - rights						
TOTAL SA-SCRIP	EUR	34,650	OTHER	0.62000	1.00	21,483
Total class D derivative instruments - rights						21,483
TOTAL CLASS D DERIVATIVE INSTRUMENTS						21,483
TOTAL CLASS C + D DERIVATIVE INSTRUMENTS						5,105,655

Statement 3 - Derivatives valued at fair value - C and D class

(€thousands)

Description	Market value
Class C derivative instruments - options	5,060
Class C derivative instruments - warrants	88
Class C derivative instruments - rights	17
Total class C derivative instruments	5,165
Class D derivative instruments - rights	21
Total class D derivative instruments	21
TOTAL CLASS C+D DERIVATIVE INSTRUMENTS	5,186

It should be noted that at the end of the financial year, 4 option contracts for guarantees given on unit-link products were recorded under “Other assets”.

NOTES TO THE ACCOUNTS

Part C - Other Information

Part C Other information

SHAREHOLDERS' EQUITY

Pursuant to ISVAP Regulation No. 22 dated April 4th, 2008, below is the table with indication - separately for the life classes and non-life classes, - of the amount of each element of the shareholders' equity updated on the basis of the changes which will take place due to the application of the proposal for the allocation of the result for the year as previously illustrated in the Management Report:

Table 72 - Change in shareholders' equity after the end of the year

(€thousands)	Shareholders' equity at the end of the year			Shareholders' equity updated on the basis of the proposal to distribute the profits emerging from the financial statements or other equity elements and changes which have taken place after the end of the year (*)		
	Non-life	Life	Total	Non-life	Life	Total
Share capital	359,482	163,400	522,882	359,482	163,400	522,882
Share premium reserve	559,509	225,981	785,490	559,509	193,433	752,942
Revaluation reserve	37,232	25,267	62,499	37,232	25,267	62,499
Legal reserve	230,203	51,272	281,475	231,265	51,272	282,537
Other reserves	201,135	3,311	204,446	176,927	3,311	180,238
Retained profits (losses)	0	0	0	0	0	0
Profit (loss) for the year	37,857	-32,548	5,309	0	0	0
Negative reserve for own shares in portfolio	-33,439	-13,506	-46,945	-33,439	-13,506	-46,945
TOTAL (item A)	1,391,979	423,177	1,815,156	1,330,976	423,177	1,754,153

(*) gross of the dividend pertaining to own shares

PUBLICATION OF THE FEES FOR THE ACCOUNTS AUDIT AND OTHER SERVICES OTHER THAN THE AUDIT

The following table, prepared according to art. 149-*duodecies* of the CONSOB Issuers' Regulations supplemented by CONSOB Resolution No. 15915 dated May 3rd, 2007, illustrates the fees for 2017 for the accounts audit services, certification and other services provided by the Independent Auditors and bodies belonging to the same network.

The amounts do not include out-of-pocket expenses acknowledged or VAT.

Table 73 - Independent Auditors' fees

(€thousands)

Type of service	Party providing the service	Recipient	Fee
Accounts audit	Deloitte & Touche s.p.a.	Parent Company	1,009
	Deloitte & Touche s.p.a.	Subsidiaries	625
	Deloitte & Touche network	Subsidiaries	59
Certification service ⁽¹⁾	Deloitte & Touche s.p.a.	Parent Company	767
	Deloitte & Touche s.p.a.	Subsidiaries	563
	Deloitte & Touche network	Subsidiaries	30
Other services	Deloitte & Touche s.p.a.	Parent Company	678
	Deloitte & Touche network	Parent Company	250
Total			3,981

(1) Fees for segregated management schemes, internal funds, pension funds, signing of tax declarations and certification of Economic Balance Sheet and Own Funds Solvency II and consolidated "non-financial" statement.

ACTIVITIES CARRIED OUT WITH THE SHAREHOLDERS

After completing the matters illustrated in the management report, you are hereby informed that the premiums written in the year for contracts to which the more favourable conditions envisaged for the shareholders have been applied, or for dedicated products, amounted to €10.924 million for the non-life classes and €58.831 million for the life classes.

As envisaged by the Articles of Association, the shareholders have benefited from more favourable conditions when taking out policies with an economic advantage for the same of €7.294 million.

CONSOLIDATED FINANCIAL STATEMENTS

The Company prepares the Group consolidated financial statements in compliance with the international accounting standards (IAS/IFRS), pursuant to Italian Legislative Decree No. 38 dated February 28th, 2005. The consolidated financial statements have the purpose of providing more complete information on the equity, financial and economic situation of the Group.

DIRECTORS' AND STATUTORY AUDITORS' EMOLUMENTS

CONSOB resolution No. 18049, published on December 23rd, 2011, which implemented the provisions concerning remuneration contained in Article 123-ter of the "Consolidated Finance Act", came into force on December 31st, 2011 and envisages the drawing up and subsequent resolution by the shareholders' meeting of the report on remuneration for the companies, to be made public in accordance with the deadlines as per the formalities envisaged by current legislation, which in Section II includes the analytical indication of the fees paid during the year for any reason by the Parent Company and the subsidiary and associated companies.

Pursuant to art. 2427, paragraph 16, of the Italian Civil Code, the amount of the emoluments payable to the Company's Directors and Statutory Auditors collectively for each category (excluding expenses, VAT and various

contributions) amounted respectively to € 12.248 million for the Directors and € 822 thousand for the Statutory Auditors.

SIGNIFICANT EVENTS DURING THE FIRST FEW MONTHS OF 2018

Pursuant to art. 2427, paragraph 22-*quater*, of the Italian Civil Code, with reference to the nature, description and balance sheet, financial and income statement effect of the significant events after the end of the year, please refer to the specific paragraph of the “Other information” section in the Management Report.

PROPOSAL FOR THE ALLOCATION OF THE RESULT FOR THE YEAR

Pursuant to art. 2427, paragraph 22-*septies*, of the Italian Civil Code, with reference to the proposal for the allocation of the result for the year, please refer to the section at the end of the Management Report.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010, and subsequent amendments and additions, as from January 1st, 2011 the “Procedure for the management of related party transactions” approved by the Board of Directors with last up-date by means of resolution dated December 20th, 2016, applies to the situations envisaged by regulations.

With reference to dealings with the Group companies, pursuant to art. 2497-*bis* and with other related parties pursuant to art. 2427, paragraph 22-*bis*, of the Italian Civil Code, the effects that these activities have had on the business of the company and its results are illustrated.

In this context it is specified that, during the year, the following have been established:

- agreements for the disbursement of general services, for services relating to the management of the investments and to other operational activities;
- insurance/reinsurance dealings which it has been deemed appropriate to maintain with the Group;
- the joint option for tax consolidation.

The calculation of the amounts recharged for the provision of intercompany services has been carried out observing the guidelines and the commitments of a general nature established in the outline agreement in force, approved by the competent bodies, and the procedure for the allocation of the intercompany costs. Agreement on the management procedures and the monitoring of the disbursement of the services has made it possible to make an accurate allocation of the portions of cost relating to the companies using the service. The model used is that involving recharging of costs. The allocation criteria is based on the identification of specific indicators aimed at establishing the portion of cost associated with the activity to be charged to the individual companies which benefit from the same.

Intercompany reinsurance transactions concerned the agreements entered into by the Company with ABC Assicura, BCC Assicurazioni and TUA Assicurazioni.

With regard to all intercompany treaties, with reference to Regulation IVASS No. 30 of October 26th, 2016, (Intercompany Transactions), the Board of Directors authorised the underwriting of agreements that are not proportional (excess of loss) up to a maximum exposure of € 8.5 million, which is sufficient for the reinsurance units in place in 2017 for subsidiary companies. With regard to proportional agreements (quota share), we are

authorised to carry out intercompany reinsurance transactions without a threshold, given the characteristics of the transfer and not knowing in advance the final result of the transaction.

With regard to the main specificities of the transfer programmes for the subsidiaries, note that, in consideration of the sizes of the respective portfolios, the subsidiaries transferred a multi-class basket to the Company, which in turn carried out retrocession to the reinsurance market, via its reinsurance programmes (intercompany acceptance by the Company in the capacity of reinsurer and subsequent transfer of the risks to the reinsurers as retrocession).

Furthermore, for the purpose of further diversifying the risk and guaranteeing the market conditions, the proportional and non-proportional agreements of subsidiaries were transferred for the most part to the Company and the remainder was transferred directly to the reinsurance market.

More specifically, 70% of agreements of the subsidiaries ABC Assicura, BCC Assicurazioni and TUA Assicurazioni are placed with the Company and the remaining 30% with the reinsurance market. Exceptions are the proportional coverage of ABC Assicura and BCC Assicurazioni, whose transfer to the Company is 60%, while 40% is placed with the reinsurance market.

In certain cases, on the basis of the singularities of the business and the type of transfer, the coverage was placed directly on the open market.

It should be noted that the Company purchased, at market value from the subsidiary Berica Vita, for a total value of € 58.125 million, units in mutual funds, private equity and bonds in order to reduce the liquidity risk in the subsidiary.

There were no further extraordinary transactions with related parties during the year.

With regard to transactions with related parties, with reference to the approval procedures described in the Company's Report on Corporate Governance, shareholders are hereby informed that, for reporting purposes, a procedure has been set up for detecting the outstanding transactions, via the prior acquisition of the necessary information in relation to international accounting standards and subsequent extrapolation of the transactions relating to the same.

The table below shows the equity and economic positions deriving from the afore-mentioned transactions of the Company with subsidiary and associated companies; the changes during the year are commented on in the "Significant events during the year" section.

With reference to the statement of financial position dealings, and in particular those relating to the tax consolidation, the item "Other receivables" mainly includes the amounts due from the subsidiaries for the transfer of the current IRES to Cattolica; the item "Other payables" mainly comprises the amounts due to the subsidiaries for the income recognised in the presence of tax losses transferred and amounts due for the transfer of the receivables of the subsidiaries for withholdings, for advance payments and for tax credits on mutual investment funds.

With reference to the income statement dealings, the item "dividends" include those collected from the subsidiaries. Furthermore, the "other revenues" item includes the recharging of costs and services and sundry recoveries of administrative charges. "Other costs" mainly include the amounts charged by subsidiaries for services and sundry administrative charges.

It should be noted that with reference to relations with Banca Popolare di Vicenza, in compulsory administrative liquidation, as already described in detail in the "Significant events during the year" section, from February 10th, 2017, the unilateral withdrawal from the partnership agreements, implemented on August 4th, 2016, took full

effect, and thus the prerequisite for being classified a related party does not exist. In this regard, it should be noted that relations continued under market conditions.

Furthermore, the Cassa di Risparmio di San Miniato Group and its direct and indirect subsidiaries, as already mentioned in the Management Report, represented related parties up to December 21st, 2017. In this regard, it should be noted that during the year income was accrued on bonds held in the portfolio of the issuer Cassa di Risparmio di San Miniato for an amount equal to €2.465 million and that charges accrued with regard to the same Bank for commission payments amounting to €2.286 million.

Table 74 - Equity position and economic transactions with companies subject to management and co-ordination, associated companies and other related parties

Statement of financial position transactions

(€thousands)	Subsidiaries	Associated companies and their subsidiaries	Total 2017
Assets			
Shares	807,535		807,535
Bonds			0
<i>of which subordinated bonds</i>			0
Receivables of the insurance and reinsurance operations	4,652		4,652
Other receivables and other assets	36,768		36,768
Current account transactions			
Total	848,955	0	848,955
Liabilities			
Payables of the insurance and reinsurance operations	269		269
Reinsurance technical provisions	43,828		43,828
Other payables and other liabilities	39,416		39,416
Total	83,513	0	83,513
Economic transactions and relationships			
(€thousands)	Subsidiaries	Associated companies and their subsidiaries	Total 2017
Profits and revenues			
Gross premiums written	2,075		2,075
Revenues from reinsurance transactions	29,060		29,060
Financial and equity revenues	0	0	
Dividends	31,732		31,732
Other revenues	15,012		15,012
Total	77,879	0	77,879
Losses and expenses			
Costs for reinsurance transactions	24,836		24,836
Commissions	6,769	0	6,769
Other costs	132,021		132,021
Total	163,626	0	163,626

Overall, these transactions with other related parties, which are formally acknowledged as having taken place in line with market values, are not considered to be significant for disclosure purposes.

The undersigned declare that these financial statements are true and consistent with the underlying accounting records.
The legal representatives of the company (*)

The Managing Director ALBERTO MINALI (**)

_____ (**)

_____ (**)

(*) For foreign companies, the signature must be that of the general representative for Italy

(**) Indicate the office covered by the signee

CASH FLOW STATEMENT

Cash flow statement

<i>(€thousands)</i>	2017	2016
A. CASH FLOWS DERIVING FROM OPERATING ACTIVITIES		
Profit (loss) for the year	5,309	63,708
Adjustments for non-monetary elements and other adjustments		
Adjustment of reserves:		
Change in non-life premiums provision	17,425	-20,962
Change in provision for outstanding claims and other non-life technical provisions	22,457	-9,836
Change in mathematical provisions and other life technical provisions	529,081	32,631
Amortisation/depreciation	31,130	37,155
Increase in employee severance indemnity and contractual pension fund	3,514	3,629
Net increase in other funds/provisions	-4,839	10,568
Other non-monetary income and charges from financial activities	-18,019	-11,747
Capital gains and losses from valuation deriving from financial activities	88,605	87,746
Writedown of receivables and loans	-5,372	542
(Increase) / decrease in trade receivables and other assets	-65,327	-22,724
Increase / (decrease) in payables and other liabilities	-6,479	-30,650
CASH FLOW FROM OPERATING ACTIVITIES (A)	597,485	140,060
B. CASH FLOW DERIVING FROM INVESTMENT ACTIVITIES		
Intangible fixed assets	-1,180	-1,031
Tangible fixed assets	-1,123	-1,617
Property	-40	-212
Purchases of financial fixed assets and current financial assets	-5,508,086	-5,514,054
Sales of financial fixed assets and current financial assets	4,515,730	5,328,207
Loans to third parties	391	5,973
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	-994,308	-182,734
C. CASH FLOW DERIVING FROM FINANCING ACTIVITIES		
Loan capital		
Increase/(decrease) in short-term payables due to banks	-4,196	1,396
Loans taken out/(repaid)	500,000	0
Own equity		
Changes in shareholders' equity	-7	328
Sale/(purchase) of own shares	-7,038	-12,763
Seniority indemnity disbursed	-4,055	-5,692
Dividends	-58,854	-59,554
CASH FLOW FROM FINANCING ACTIVITIES (C)	425,850	-76,285
INCREASE / (DECREASE) IN CASH AT BANK AND CASH EQUIVALENT (A+B+C)	29,027	-118,959
Cash in bank and cash equivalent as of January 1st	35,277	154,236
Cash in bank and cash equivalent as of December 31st	64,304	35,277
INCREASE / (DECREASE) IN CASH AT BANK AND CASH EQUIVALENT	29,027	-118,959

The undersigned declare that these financial statements are true and consistent with the underlying accounting records.
The legal representatives of the company (*)

The Managing Director ALBERTO MINALI (**)

_____ (**)

_____ (**)

(*) For foreign companies, the signature must be that of the general representative for Italy

(**) Indicate the office covered by the signee

ATTACHMENTS TO
THE NOTES TO THE
ACCOUNTS

Company **CATTOLICA ASSICURAZIONI SOC. COOP.**

Subscribed share capital E. 522,881,778 Paid in E. 522,881,778

Registered offices
in Verona

Court in Verona

**Attachments to the Notes to the
Accounts**

Financial Year 2017

(amounts in thousands of €)

Company CATTOLICA ASSICURAZIONI SOC. COOP.STATEMENT OF FINANCIAL POSITION - NON-LIFE
BUSINESS

ASSETS

Balances for the year

A.	AMOUNTS DUE FROM SHAREHOLDERS PER SUBSCRIBED SHARE CAPITAL NOT PAID IN				1	0
	of which called capital	2	0			
B.	INTANGIBLE ASSETS					
	1. Acquisition commission to amortise	4	0			
	2. Other acquisition costs	6	0			
	3. Start-up and expansion costs	7	5,210			
	4. Goodwill	8	124,450			
	5. Other long-term costs	9	3,649		10	133,309
C.	INVESTMENTS					
I	- Land and buildings					
	1. Property used for business activities	11	61,524			
	2. Property used by third parties	12	36,823			
	3. Other property	13	0			
	4. Other realty rights	14	0			
	5. Property under construction and advance payments	15	0	16	98,347	
II	- Investments in Group companies and other investees					
	1. Company shares and holdings:					
	a) parent companies	17	0			
	b) subsidiaries	18	672,066			
	c) affiliated companies	19	0			
	d) associated companies	20	2			
	e) other companies	21	33,439	22	705,507	
	2. Bonds issued by:					
	a) parent companies	23	0			
	b) subsidiaries	24	0			
	c) affiliated companies	25	0			
	d) associated companies	26	0			
	e) other companies	27	6,975	28	6,975	
	3. Loans to:					
	a) parent companies	29	0			
	b) subsidiaries	30	0			
	c) affiliated companies	31	0			
	d) associated companies	32	0			
	e) other companies	33	0	34	0	
				35	712,482	
					to be carried forward	
						133,309

Financial Year 2017

Balances for the previous year

			181	0
182	0			
184	0			
186	0			
187	7,946			
188	137,073			
189	3,867		190	148,886
191	63,570			
192	37,691			
193	0			
194	0			
195	0	196	101,261	
197	0			
198	703,344			
199	0			
200	558			
201	36,557	202	740,459	
203	0			
204	0			
205	0			
206	6			
207	6,919	208	6,925	
209	0			
210	0			
211	0			
212	0			
213	0	214	0	215
				747,384
	to be carried forward			148,886

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS
ASSETS

				Balances for the year	
			carry forward		133,309
C.	INVESTMENTS (continued)				
III	- Other financial investments				
	1. Shares and holdings				
	a) Listed shares	36	26,673		
	b) Unlisted shares	37	1,782		
	c) Holdings	38	0	39	28,455
	2. Units of mutual investment funds			40	503,138
	3. Bonds and other fixed income securities				
	a) listed	41	2,813,342		
	b) unlisted	42	2,087		
	c) convertible bonds	43	709	44	2,816,138
	4. Loans				
	a) loans with secured guarantee	45	1,698		
	b) loans on policies	46	0		
	c) other loans	47	120	48	1,818
	5. Units in mutual investments			49	0
	6. Deposits with credit institutions			50	0
	7. Sundry financial investments			51	16
IV	- Deposits with ceding companies			52	3,349,565
				53	6,826
				54	4,167,220
D bis.	TECHNICAL PROVISIONS - REINSURANCE AMOUNT				
	I - NON-LIFE CLASSES				
	1. Premium provision			58	94,497
	2. Provision for outstanding claims			59	396,973
	3. Provision for profit-sharing and repayments			60	0
	4. Other technical provisions			61	0
					62
					491,470
					4,791,999
					to be carried forward

Balances for the previous year

	carry forward		148,886
216	22,899		
217	1,440		
218	0	219	24,339
		220	373,862
221	2,535,215		
222	4,817		
223	0	224	2,540,032
225	1,646		
226	0		
227	150	228	1,796
		229	0
		230	0
		231	16
		232	2,940,045
		233	7,149
		234	3,795,839
		238	114,956
		239	415,234
		240	0
		241	0
	to be carried forward	242	530,190
			4,474,915

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS

ASSETS

		Balances for the year	
	carry forward		4,791,999
E.	RECEIVABLES		
I	- Receivables, deriving from direct insurance transactions, due from:		
	1. Policyholders		
	a) for premiums for the year	71 117,329	
	b) for premiums for previous years	72 7,652	73 124,981
	2. Insurance brokers	74 175,219	
	3. Insurance companies - current accounts	75 26,307	
	4. Policyholders and third parties for sums to be recovered	76 32,699	77 359,206
II	- Receivables deriving from re-insurance transactions, due from:		
	1. Insurance and reinsurance companies	78 67,341	
	2. Reinsurance brokers	79 0	80 67,341
III	- Other receivables		81 293,235
			82 719,782
F.	OTHER ASSET ITEMS		
I	- Tangible assets and inventories:		
	1. Furniture, office machines and internal means of transport	83 2,014	
	2. Movable assets recorded in public registers	84 214	
	3. Plant and equipment	85 1,167	
	4. Inventories and miscellaneous assets	86 0	87 3,395
II	- Cash in bank and cash equivalent		
	1. Bank and postal account deposits	88 1,715	
	2. Cheques and cash amounts	89 4	90 1,719
IV	- Other assets		
	1. Transitory reinsurance accounts - receivable	92 0	
	2. Sundry assets	93 29,703	94 29,703
	of which Liaison account with the life business	901 0	95 34,817
G.	ACCRUALS AND DEFERRALS		
	1. For interest		96 15,973
	2. For rental fees		97 0
	3. Other accruals and deferrals		98 489
			99 16,462
	TOTAL ASSETS		100 5,563,060

Balances for the previous year

	carry forward			4.474.915
251	108.092			
252	9.771	253	117.863	
		254	169.982	
		255	24.472	
		256	32.051	257
				344.368
		258	50.688	
		259	0	260
				50.688
				261
				302.546
				262
				697.602
		263	2.023	
		264	295	
		265	1.309	
		266	0	267
				3.627
		268	5.000	
		269	4	270
				5.004
		272	0	
		273	25.246	274
				25.246
		903	0	275
				33.877
				276
				17.315
				277
				5
				278
				317
				279
				17.637
				280
				5.224.031

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
A.	SHAREHOLDERS' EQUITY		
I	- Subscribed share capital or equivalent fund	101	359,482
II	- Share premium reserve	102	559,509
III	- Revaluation reserves	103	37,232
IV	- Legal reserve	104	230,203
V	- Statutory reserves	105	0
VI	- Reserves for shares of the parent company	400	0
VII	- Other reserves	107	201,135
VIII	- Retained profits (losses)	108	0
IX	- Profit (loss) for the year	109	37,857
X	- Negative reserve for own shares in portfolio	401	-33,439
		110	1,391,979
B.	SUBORDINATED LIABILITIES		111
			525,000
C.	TECHNICAL PROVISIONS		
I	- NON-LIFE BUSINESS		
	1. Premium provision	112	680,099
	2. Provision for outstanding claims	113	2,581,690
	3. Provision for profit-sharing and repayments	114	0
	4. Other technical provisions	115	151
	5. Equalisation provisions	116	13,235
		117	3,275,175
	to be carried forward		5,192,154

Balances for the previous year

	281	359,482		
	282	559,482		
	283	37,232		
	284	217,462		
	285	0		
	500	0		
	287	199,742		
	288	0		
	289	73,022		
	501	-28,110	290	1,418,312
			291	140,000
292	683,133			
293	2,577,662			
294	0			
295	203			
296	13,015		297	3,274,013
to be carried forward				4,832,325

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		5,192,154
E.	PROVISIONS FOR RISKS AND CHARGES		
1.	Provision for pensions and similar commitments	128	1,923
2.	Provision for taxation	129	5,755
3.	Other provisions and allowances	130	40,669
		131	48,347
F.	DEPOSITS RECEIVED FROM RE-INSURERS		132
			19,767
G.	PAYABLES AND OTHER LIABILITIES		
I	- Payables, deriving from direct insurance transactions, due to:		
1.	Insurance brokers	133	13,135
2.	Insurance companies - current accounts	134	2,991
3.	Policyholders for guarantee deposits and premiums	135	10,916
4.	Guarantee funds in favour of policyholders	136	50
		137	27,092
II	- Payables, deriving from re-insurance transactions, due to:		
1.	Insurance and reinsurance companies	138	10,391
2.	Reinsurance brokers	139	0
		140	10,391
III	- Bond loans	141	0
IV	- Payables due to banks and financial institutions	142	4,872
V	- Payables with secured guarantee	143	0
VI	- Sundry loans and other financial payables	144	0
VII	- Employee severance indemnities	145	5,760
VIII	- Other payables		
1.	For taxes payable by policyholders	146	28,814
2.	For sundry tax charges	147	39,238
3.	Amounts due to social security and welfare institutions	148	1,630
4.	Sundry payables	149	66,435
		150	136,117
IX	- Other liabilities		
1.	Transitory reinsurance accounts - payable	151	0
2.	Commission for premiums being collected	152	20,370
3.	Sundry liabilities	153	94,767
	of which Liaison account with the life business	154	115,137
		155	299,369
		902	90,738
	to be carried forward		5,559,637

Balances for the previous year

carry forward			4,832,325
	308	2,741	
	309	8,473	
	310	42,394	311 53,608
			312 23,941
313	14,398		
314	3,742		
315	11,884		
316	8	317 30,032	
318	32,358		
319	0	320 32,358	
		321 0	
		322 8,427	
		323 0	
		324 0	
		325 6,311	
326	29,392		
327	52,776		
328	1,672		
329	57,932	330 141,772	
331	0		
332	18,606		
333	73,002	334 91,608	335 310,508
904	70,353		
to be carried forward			5,220,382

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		5,559,637
H.	ACCRUALS AND DEFERRALS		
	1. For interest	156	1,105
	2. For rental fees	157	0
	3. Other accruals and deferrals	158	2,318
		159	3,423
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160
			5,563,060

Balances for the previous year

	carry forward			5,220,382	
		336	319		
		337	0		
		338	3,330	339	3,649
				340	5,224,031

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Balances for the previous year

			181	0
182	0			
183	13,179			
186	0			
187	4,230			
188	40,788			
189	233		190	58,430
191	0			
192	0			
193	0			
194	0			
195	0	196	0	
197	0			
198	164,450			
199	0			
200	0			
201	34,910	202	199,360	
203	0			
204	0			
205	0			
206	45			
207	25,363	208	25,408	
209	0			
210	0			
211	0			
212	0			
213	0	214	0	215
				224,768
	to be carried forward			58,430

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
ASSETS

		Balances for the year	
	carry forward		48,390
C.	INVESTMENTS (continued)		
III	- Other financial investments		
1.	Shares and holdings		
a)	Listed shares	36	19,090
b)	Unlisted shares	37	24,223
c)	Holdings	38	0
		39	43,313
2.	Units of mutual investment funds	40	407,325
3.	Bonds and other fixed income securities:		
a)	listed	41	4,542,813
b)	unlisted	42	2,679
c)	convertible bonds	43	5,245
		44	4,550,737
4.	Loans		
a)	loans with secured guarantee	45	0
b)	loans on policies	46	1,300
c)	other loans	47	0
		48	1,300
5.	Units in mutual investments	49	0
6.	Deposits with credit institutions	50	0
7.	Sundry financial investments	51	8
		52	5,002,683
IV	- Deposits with ceding companies	53	3,471
		54	5,176,133
D.	INVESTMENTS FOR BENEFITS OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS		
I	- Investments relating to benefits associated with investment funds and stock market indices	55	137,347
II	- Investments deriving from the management of pension funds	56	951,700
		57	1,089,047
D bis.	TECHNICAL PROVISIONS - REINSURANCE AMOUNT		
II	- LIFE CLASSES		
1.	Mathematical provisions	63	19,058
2.	Premium provision of supplementary insurance	64	0
3.	Provision for outstanding claims	65	2,300
4.	Provision for profit-sharing and repayments	66	0
5.	Other technical provisions	67	0
6.	Technical provisions for contracts where the investment risk is borne by policyholders and the management of pension funds	68	0
		69	21,358
	to be carried forward		6,334,928

Balances for the previous year

	carry forward		58,430
216	19,041		
217	5,023		
218	0	219	24,064
		220	333,686
221	4,144,502		
222	3,485		
223	131	224	4,148,118
225	0		
226	1,713		
227	0	228	1,713
		229	0
		230	0
		231	8
		232	4,507,589
		233	3,519
		234	4,735,876
		235	109,475
		236	872,744
		237	982,219
		243	24,453
		244	0
		245	4,286
		246	0
		247	0
		248	0
	to be carried forward	249	28,739
			5,805,264

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
ASSETS

		Balances for the year	
		carry forward	6,334,928
E.	RECEIVABLES		
I	- Receivables, deriving from direct insurance transactions, due from:		
	1. Policyholders		
	a) for premiums for the year	71 20,607	
	b) for premiums for previous		
years		72 2,299	
		73 22,906	
	2. Insurance brokers	74 41,251	
	3. Insurance companies - current		
accounts		75 0	
	4. Policyholders and third parties for sums to be recovered	76 0	77 64,157
II	- Receivables deriving from re-insurance transactions, due from:		
	1. Insurance and reinsurance companies	78 6,562	
	2. Reinsurance brokers	79 0	80 6,562
III	- Other receivables		81 154,979
			82 225,698
F.	OTHER ASSET ITEMS		
I	- Tangible assets and inventories:		
	1. Furniture, office machines and internal means of transport	83 299	
	2. Movable assets recorded in public registers	84 26	
	3. Plant and equipment	85 35	
	4. Inventories and miscellaneous		
assets		86 0	87 360
II	- Cash in bank and cash equivalent		
	1. Bank and postal account		
deposits		88 62,582	
	2. Cheques and cash amounts	89 3	90 62,585
IV	- Other assets		
	1. Transitory reinsurance accounts - receivable	92 0	
	2. Sundry assets	93 124,740	94 124,740
	of which Liaison account with the non-life business	901 90,738	95 187,685
G.	ACCRUALS AND DEFERRALS		
	1. For interest		96 40,669
	2. For rental fees		97 0
	3. Other accruals and deferrals		98 96
			99 40,765
	TOTAL ASSETS		100 6,789,076

Balances for the previous year

	carry forward			5,805,264
251	13,051			
252	1,390	253	14,441	
		254	38,371	
		255	-60	
		256	0	257 52,752
		258	6,064	
		259	0	260 6,064
				261 150,451 262 209,267
		263	313	
		264	19	
		265	52	
		266	0	267 384
		268	30,272	
		269	1	270 30,273
		272	0	
		273	96,601	274 96,601 275 127,258
		903	70,353	
				276 40,028
				277 0
				278 71 279 40,099
				280 6,181,888

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
A. SHAREHOLDERS' EQUITY			
I	- Subscribed share capital or equivalent fund	101	163,400
II	- Share premium reserve	102	225,981
III	- Revaluation reserves	103	25,267
IV	- Legal reserve	104	51,272
V	- Statutory reserves	105	0
VI	- Reserves for shares of the parent company	400	0
VII	- Other reserves	107	3,311
VIII	- Retained profits (losses)	108	0
IX	- Profit (loss) for the year	109	-32,548
X	- Negative reserve for own shares in portfolio	401	-13,506
		110	423,177
B. SUBORDINATED LIABILITIES			
		111	155,000
C. TECHNICAL PROVISIONS			
II - LIFE BUSINESS			
1.	Mathematical provisions	118	4,822,699
2.	Premium provision of supplementary insurance	119	571
3.	Provision for outstanding claims	120	129,926
4.	Provision for profit-sharing and repayments	121	44
5.	Other technical provisions	122	30,757
		123	4,983,997
D. TECHNICAL PROVISION FOR CONTRACTS WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND PROVISIONS DERIVING FROM THE MANAGEMENT OF PENSION FUNDS			
I	- Provisions relating to contracts whose benefits are linked to investment funds and stock market indices	125	137,347
II	- Provisions deriving from the management of pension funds	126	951,700
		127	1,089,047
to be carried forward			6,651,221

Balances for the previous year

	281	163,400		
	282	234,828		
	283	25,267		
	284	51,272		
	285	0		
	500	0		
	287	3,779		
	288	0		
	289	-9,314		
	501	-11,798	290	457,434
			291	40,000
298	4,440,909			
299	1,294			
300	95,485			
301	18			
302	31,419		303	4,569,125
	305	109,475		
	306	872,744	307	982,219
to be carried forward				6,048,778

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year			
		carry forward			
				6,651,221	
E.	PROVISIONS FOR RISKS AND CHARGES				
1.	Provision for pensions and similar commitments	128	414		
2.	Provision for taxation	129	0		
3.	Other provisions and allowances	130	12,253	131	12,667
F.	DEPOSITS RECEIVED FROM RE-INSURERS			132	12,888
G.	PAYABLES AND OTHER LIABILITIES				
I	- Payables, deriving from direct insurance transactions, due to:				
1.	Insurance brokers	133	870		
2.	Insurance companies - current accounts	134	0		
3.	Policyholders for guarantee deposits and premiums	135	19,397		
4.	Guarantee funds in favour of policyholders	136	0	137	20,267
II	- Payables, deriving from re-insurance transactions, due to:				
1.	Insurance and reinsurance companies	138	2,914		
2.	Reinsurance brokers	139	0	140	2,914
III	- Bond loans			141	0
IV	- Payables due to banks and financial institutions			142	2,327
V	- Payables with secured guarantee			143	0
VI	- Sundry loans and other financial payables			144	0
VII	- Employee severance indemnities			145	358
VIII	- Other payables				
1.	For taxes payable by policyholders	146	995		
2.	For sundry tax charges	147	40,596		
3.	Amounts due to social security and welfare institutions	148	1,146		
4.	Sundry payables	149	30,028	150	72,765
IX	- Other liabilities				
1.	Transitory reinsurance accounts - payable	151	0		
2.	Commission for premiums being collected	152	1,784		
3.	Sundry liabilities	153	6,620	154	8,404
	of which Liaison account with the non-life business	902	0		
		to be carried forward			
				6,783,811	

Balances for the previous year

carry forward			6.048,778
	308	643	
	309	582	
	310	11.020	311 12.245
			312 18.171
313	1.699		
314	258		
315	6.767		
316	0	317 8.724	
318	658		
319	0	320 658	
		321 0	
		322 2.968	
		323 0	
		324 0	
		325 348	
326	516		
327	38.785		
328	862		
329	33.943	330 74.106	
331	0		
332	1.526		
333	8.695	334 10.221	335 97.025
904	0		
to be carried forward			6.176,219

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		6,783,811
H. ACCRUALS AND DEFERRALS			
1. For interest		156 5,070	
2. For rental fees		157 0	
3. Other accruals and deferrals		158 195	159 5,265
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160 6,789,076

Balances for the previous year

carry forward			6,176,219
	336	5,558	
	337	0	
	338	111	339 5,669
			340 6,181,888

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2017

Statement relating to the breakdown of the result for the year between non-life business and life business

	Non-life business	Life Business	Total
Result of technical account	1 98,378	21 -21,477	41 76,901
Income from investments	+ 2 133,993		42 133,993
Equity and financial charges	- 3 72,545		43 72,545
Portions of profit from investments transferred from the technical account - life business		+ 24 9,246	44 9,246
Portions of profit from investments transferred from the technical account - non-life business	- 5 37,658		45 37,658
Interim operating profit (loss)	6 122,168	26 -12,231	46 109,937
Other income.....	+ 7 34,098	27 10,705	47 44,803
Other charges.....	- 8 75,321	28 26,269	48 101,590
Extraordinary income.....	+ 9 8,027	29 1,047	49 9,074
Extraordinary charges.....	- 10 12,445	30 4,001	50 16,446
Pre-tax profit (loss)	11 76,527	31 -30,749	51 45,778
Income taxes for the year	- 12 38,670	32 1,799	52 40,469
Profit (loss) for the year	13 37,857	33 -32,548	53 5,309

Notes to the Accounts - Attachment 4

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Changes during the year in intangible assets (item B) and land and buildings (item C.I)

		Intangible assets B	Land and buildings C.I
Gross opening balances	+	1 421,090	31 133,961
Increases during the year	+	2 2,752	32 39
for: purchases or increases		3 2,752	33 39
reversal of impairment losses.....		4 0	34 0
Revaluations		5 0	35 0
other changes		6 0	36 0
Decreases during the year	-	7 10,287	37 0
for: sales or decreases		8 0	38 0
permanent writedowns		9 1,969	39 0
other changes		10 8,318	40 0
Gross closing balances (a)		11 413,555	41 134,000
Amortisation/depreciation:			
Opening balances	+	12 213,774	42 32,700
Increases during the year	+	13 26,797	43 2,953
for: depreciation/amortisation charge for the year		14 26,797	44 2,953
other changes		15 0	45 0
Decreases during the year	-	16 8,715	46 0
for: reductions due to disposals		17 0	47 0
other changes		18 8,715	48 0
Closing balances - amortisation/depreciation (b) (*)		19 231,856	49 35,653
Book value (a - b)		20 181,699	50 98,347
Current value.....			51 106,680
Total revaluations		22	52 0
Total writedowns		23 1,969	53 0

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Notes to the Accounts - Attachment 5

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2017

Assets - Changes during the year in investments in Group companies and other investees: shares and holdings (item C.II.1), bonds (item C.II.2) and loans (item C.II.3)

		Shares and holdings C.II.1	Bonds C.II.2	Loans C.II.3
Opening balances	+	1 939,819	21 32,333	41 0
Increases during the year:	+	2 18,876	22 2,719	42 0
for: purchases, subscriptions or disbursements		3 1,991	23 2,594	43 0
reversal of impairment losses		4 0	24 56	44 0
revaluations		5 0		
other changes		6 16,885	26 69	46 0
Decreases during the year:	-	7 106,735	27 4,551	47 0
for: sales or reimbursements		8 0	28 4,500	48 0
writedowns		9 86,004	29 0	49 0
other changes		10 20,731	30 51	50 0
Book value		11 851,960	31 30,501	51 0
Current value		12 840,850	32 32,219	52 0
Total revaluations		13 0		
Total writedowns		14 86,004	34 0	54 0

The item C.II.2 includes:

Listed bonds	61 30,501
Unlisted bonds	62 0
Book value	63 30,501
of which convertible bonds	64 0

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Statement containing information relating to investee companies (*)

Ord. No (**)	Type (1)	Listed or unlisted (2)	Activities carried out (3)	Name and registered offices	Currency
9	b	NL	1	ABC ASSICURA SPA - VERONA	242
81	b	NL	1	AGENZIA GENERALE AGRIFIDES SRL - ROME	242
4	b	NL	1	BCC ASSICURAZIONI SPA - MILAN	242
67	b	NL	1	BCC VITA SPA - MILAN	242
57	b	NL	1	BERICA VITA SPA - VICENZA	242
74	b	NL	4	CATTOLICA AGRICOLA SARL - VERONA	242
75	b	NL	4	CATTOLICA BENI IMMOBILI SRL - VERONA	242
10	b	NL	9	CATTOLICA IMMOBILIARE SPA - VERONA	242
59	b	NL	1	CATTOLICA LIFE DAC - DUBLIN (IRELAND)	242
52	b	NL	9	CATTOLICA SERVICES SCPA - VERONA	242
80	b	NL	9	C.P. SERVIZI CONSULENZIALI SPA - VERONA	242
7	b	NL	1	LOMBARDA VITA SPA - BRESCIA	242
71	b	NL	1	TUA ASSICURAZIONI SPA - MILAN	242
77	d	NL	9	ALL RISKS SOLUTIONS SRL - ROME	242
16	d	NL	3	CASSA DI RISPARMIO DI SAN MINIATO SPA - SAN MINIATO (PISA)	242
83	e	NL	3	BANCA DI CREDITO POPOLARE SCPA - TORRE DEL GRECO (NAPLES)	242
84	e	NL	3	BANCA DI SALERNO CREDITO COOPERATIVO SCPA - SALERNO	242
63	e	NL	3	BANCA POPOLARE DI VICENZA SPA - VICENZA	242
42	e	NL	3	EMIL BANCA CREDITO COOPERATIVO SCPA - BOLOGNA	242
73	e	NL	9	VERONAFIERE SPA - VERONA	242
78	e	L	9	H-FARM SPA - RONCADE (TREVISO)	242
69	e	NL	2	INTERMONTE SIM SPA - MILAN	242
85	e	NL	9	ISTITUTO DI CERTIFICAZIONE ETICA NELLO SPORT SPA - VERONA	242
82	e	NL	9	NUMMUS.INFO SPA - TRENTO	242
62	e	L	3	UBI BANCA SPA - BERGAMO	242
30	e	NL	9	U.C.I. SCARL - MILAN	242
37	e	NL	6	VEGAGEST SGR SPA - MILAN	242
35	e	NL	2	VERFIN SPA - VERONA	242

(*) The Group companies and the other companies in which a holding is directly held also via trust companies or third parties, must be listed.

(**) The order number must be higher than "0"

- | | | |
|---|---|-------------------------------------|
| (1) | (3) Activities carried out | (4) Amounts in original currency |
| a = Parent companies | 1 = Insurance company | |
| b = Subsidiaries | 2 = Finance company | (5) Indicate the total holding held |
| c = Affiliated companies | 3 = Credit institution | |
| d = Associated companies | 4 = Real estate property company | |
| e = Others | 5 = Trust company | |
| | 6 = Mutual investment fund management or distribution company | |
| (2) Indicate L for securities listed on organised and NL for the others | 7 = Consortium | |
| | 8 = Industrial company | |
| | 9 = Other company or body | |

Notes to the Accounts - Attachment 6

Financial Year 2017

Share capital		Shareholders' equity (***) (4)	Profit or Loss for the last year (***) (4)	Holding (5)		
Amount (4)	Number shares			Direct %	Indirect %	Total %
8,925	17,500,000	14,534	-747	60.00		60.00
10	2	45	10	51.00		51.00
14,448	2,889,600	11,200	-868	51.00		51.00
62,000	62,000,000	168,233	9,983	51.00		51.00
31,000	3,100,000	76,231	10,565	60.00		60.00
35,500	1	140,392	3,229	100.00		100.00
7,000	1	46,270	-3,942	100.00		100.00
400	400,000	2,804	-226	100.00		100.00
635	634,850	20,492	-2,929	60.00		60.00
20,954	20,954,083	60,617	13	99.96	0.03	99.99
120	24,000	1,861	-2,971	100.00		100.00
185,300	37,060,000	270,804	19,690	60.00		60.00
23,161	4,632,126	133,273	9,259	99.99		99.99
10	3	63	20	20.00		20.00
20,113	7,795,819			1.01		1.01
1,508	571,258			4.57		4.57
104,470	4,046,098			0.09		0.09
63,265	12			7.11		7.11
8,924	89,241,650			4.49		4.49
270	270,000			3.70		3.70
580	580,000			10.78		10.78
2,843,177	1,144,285,146			0.50		0.50
530	1,039,000			2.18	1.82	4.00
0	0			0		0
6,553	1,270,000			3.94		3.94

(***) To be filled in only for subsidiary and associated companies

Company CATTOLICA ASSICURAZIONI SOC. COOP.Assets - Breakdown of the changes in investments in Group companies and other investees:
shares and holdings

Ord. No	Type	(3)	Name	Increases during the year		
				For purchases		Other increases
				Quantity	Value	
9	b	D	ABC ASSICURA SPA	0	0	0
81	b	D	AGENZIA GENERALE AGRIFIDES SRL	0	0	0
4	b	D	BCC ASSICURAZIONI SPA	0	0	0
67	b	D	BCC VITA SPA	0	0	2,550
67	b	V	BCC VITA SPA	0	0	2,550
57	b	D	BERICA VITA SPA	0	0	0
57	b	V	BERICA VITA SPA	0	0	0
74	b	D	CATTOLICA AGRICOLA SARL	0	0	4,000
75	b	D	CATTOLICA BENI IMMOBILI SRL	0	0	4,900
10	b	D	CATTOLICA IMMOBILIARE SPA	0	0	0
10	b	V	CATTOLICA IMMOBILIARE SPA	0	0	0
59	b	D	CATTOLICA LIFE DAC	0	0	0
59	b	V	CATTOLICA LIFE DAC	0	0	0
52	b	D	CATTOLICA SERVICES SCPA	0	0	0
52	b	V	CATTOLICA SERVICES SCPA	0	0	0
7	b	D	LOMBARDA VITA SPA	0	0	0
7	b	V	LOMBARDA VITA SPA	0	0	0
71	b	D	TUA ASSICURAZIONI SPA	0	0	0
71	b	V	TUA ASSICURAZIONI SPA	0	0	0
80	b	V	C.P. SERVIZI CONSULENZIALI SPA	0	0	2,000
16	d	D	CASSA DI RISPARMIO DI SAN MINIATO SPA	0	0	0
77	d	D	ALL RISKS SOLUTIONS SRL	0	0	0
83	e	V	BANCA DI CREDITO POPOLARE SCPA	0	0	0
84	e	D	BANCA DI SALERNO CREDITO COOPERATIVO SCPA	0	0	0
84	e	V	BANCA DI SALERNO CREDITO COOPERATIVO SCPA	0	0	0
			Total C.II.1			
	a		Parent companies			
	b		Subsidiaries			
	c		Affiliated companies			
	d		Associated companies			
	e		Other			
			Total D.I			
			Total D.II			

(1) Must correspond with that indicated in Attachment 6

(2) Type

- a = Parent companies
- b = Subsidiaries
- c = Affiliated companies
- d = Associated companies
- e = Others

(3) Indicate:

- D for the investments assigned to the non-life business (item C.II.1)
 - V for the investments assigned to the life business (item C.II.1)
 - V1 for the investments assigned to the life business (item D.I)
 - V2 for the investments assigned to the life business (item D.2)
- The investment, even if split, must in any case be assigned the same order number

Notes to the Accounts - Attachment 7
Financial Year 2017

Decreases during the year			Book value (4)		Purchase cost	Current value
For sales		Other decreases	Quantity	Value		
Quantity	Value					
0	0	7,400	10,500,000	8,249	15,649	8,249
0	0	0	1	5	5	5
0	0	600	1,473,696	5,139	10,639	5,139
0	0	8,550	15,810,000	42,904	59,854	42,904
0	0	8,550	15,810,000	42,904	59,854	42,904
0	0	12,450	930,000	32,550	45,000	32,550
0	0	12,450	930,000	32,550	45,000	32,550
0	0	0	1	141,500	141,500	141,500
0	0	4,278	1	49,122	53,400	49,122
0	0	0	313,250	2,366	3,433	2,366
0	0	0	86,750	655	951	655
0	0	9,450	190,455	7,100	16,550	7,100
0	0	9,450	190,455	7,100	16,550	7,100
0	0	0	20,900,369	60,349	65,537	60,349
0	0	0	45,714	132	141	132
0	0	0	19,948,000	214,313	245,712	214,313
0	0	0	2,288,000	24,581	28,183	24,581
0	0	0	3,741,166	108,470	108,470	108,470
0	0	0	890,834	25,828	25,828	25,828
0	0	3,081	24,000	1,718	11,971	1,718
0	0	556	0	0	0	0
0	0	0	1	2	2	2
0	0	1,212	78,521	1,164	2,376	1,164
0	0	0	13,042	41	41	257
0	0	0	13,042	41	41	257

(4) Indicate using (*) if carried at equity (only for Type b and d)

Company CATTOLICA ASSICURAZIONI SOC. COOP.Assets - Breakdown of the changes in investments in Group companies and other investees:
shares and holdings

Ord. No	Type	(3)	Name	Increases during the year		
				For purchases		Other increases
				Quantity	Value	
63	e	D	BANCA POPOLARE DI VICENZA SCPA	0	0	0
42	e	D	EMIL BANCA CREDITO COOPERATIVO SCPA	0	0	0
69	e	V	INTERMONTE SIM SPA	0	0	0
85	e	D	ISTITUTO DI CERTIFICAZIONE ETICA NELLO SPORT SPA	0	0	0
30	e	D	U.C.I. SCARL	0	0	0
62	e	D	UBI BANCA SPA	831,426	1,991	885
37	e	V	VEGAGEST SGR SPA	0	0	0
35	e	D	VERFIN SPA	0	0	0
73	e	V	VERONAFIERE SPA	0	0	0
78	e	V	H-FARM SPA	0	0	0
78	e	D	H-FARM SPA	0	0	0
82	e	D	NUMMUS.INFO SPA	0	0	0
			Total C.II.1		1,991	16,885
	a		Parent companies			
	b		Subsidiaries		0	16,000
	c		Affiliated companies			
	d		Associated companies		0	0
	e		Other		1,991	885
			Total D.I		0	0
			Total D.II		0	0

(1) Must correspond with that indicated in Attachment 6

(2) Type

- a = Parent companies
- b = Subsidiaries
- c = Affiliated companies
- d = Associated companies
- e = Others

(3) Indicate:

- D for the investments assigned to the non-life business (item C.II.1)
 - V for the investments assigned to the life business (item C.II.1)
 - V1 for the investments assigned to the life business (item D.I)
 - V2 for the investments assigned to the life business (item D.2)
- The investment, even if split, must in any case be assigned the same order number

Notes to the Accounts - Attachment 7
Financial Year 2017

Decreases during the year			Book value (4)		Purchase cost	Current value
For sales		Other decreases	Quantity	Value		
Quantity	Value					
0	0	89	0	0	0	0
0	0	115	3,734	202	317	202
0	0	19,200	0	0	0	0
0	0	0	10,000	10	10	10
0	0	0	22,664	0	7	0
0	0	5,714	5,681,426	32,277	38,031	20,704
1,023,844	0	0	0	0	0	0
0	0	0	50,000	429	516	460
0	0	2,996	1	7,152	10,148	7,152
0	0	518	3,475,000	2,627	3,145	2,627
0	0	76	531,111	402	478	402
0	0	0	62,500	78	78	78
	0	106,735		851,960	1,009,417	840,850
	0	76,259		807,535	954,227	807,535
	0	556		2	2	2
	0	29,920		44,423	55,188	33,313
	0	0		0	0	0
	0	0		0	0	0

(4) Indicate using (*) if carried at equity (only for Type b and d)

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Breakdown on the basis of the use of other financial investments: company shares and holdings, units of mutual investment funds, bonds and other fixed income securities, units in mutual investments and sundry financial investments (items C.III.1, 2, 3, 5, 7)

I - Non-life business

	Portfolio for permanent use		Portfolio for non-permanent use		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Company shares and holdings:						
a) listed shares	0	21	28,455	61	28,455	81
b) unlisted shares	0	22	26,673	62	26,673	82
c) holdings	0	23	1,782	63	1,782	83
2. Units of mutual investment funds	0	24	0	64	0	104
3. Bonds and other fixed income securities	0	25	503,138	65	503,138	85
a) listed government securities	741,775	26	803,811	46	2,107,484	86
a2) other listed securities	446,033	27	1,706,053	67	2,152,086	87
b) unlisted government securities	292,946	28	336,266	48	380,839	88
b2) other unlisted securities	0	29	0	69	0	109
c) convertible bonds	2,087	30	2,072	50	2,087	110
5. Units in mutual investments	709	31	782	51	709	111
7. Sundry financial investments	0	32	0	72	0	112
	0	33	16	73	16	113

II - Life Business

	Portfolio for permanent use		Portfolio for non-permanent use		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
1. Company shares and holdings:						
a) listed shares	0	141	43,313	181	43,313	201
b) unlisted shares	0	142	19,089	182	19,089	202
c) holdings	0	143	24,224	183	24,224	203
2. Units of mutual investment funds	0	144	0	184	0	204
3. Bonds and other fixed income securities	0	145	407,325	185	407,325	205
a) listed government securities	1,571,001	146	2,979,736	186	4,550,737	206
a2) other listed securities	1,186,586	147	2,153,874	187	3,340,460	207
b) unlisted government securities	377,961	148	824,391	188	1,202,352	208
b2) other unlisted securities	1,276	149	1,276	189	2,535	209
c) convertible bonds	0	150	0	190	0	210
5. Units in mutual investments	5,178	151	5,713	171	68	211
7. Sundry financial investments	0	152	0	192	0	212
	0	153	8	173	8	213

Notes to the Accounts - Attachment 9

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Changes during the year in other financial investments for permanent use: company shares and holdings, units of mutual investment funds, bonds and other fixed income units in mutual investments and sundry financial investments (items C.III.1, 2, 3, 5, 7)

	Shares and holdings C.III.1	Units of mutual investment funds C.III.2	Bonds and other fixed income securities C.III.3	Units in mutual investments C.III.5	Sundry financial investments C.III.7
Opening balances	1	21	1.533.276	81	101
Increases during the year:	2	22	867.876	82	102
for purchases	3	23	159.732	83	103
reversal of impairment losses	4	24	3.680	84	104
transfers from non-permanent portfolio	5	25	685.316	85	105
other changes	6	26	19.148	86	106
Decreases during the year:	7	27	88.376	87	107
for sales	8	28	84.089	88	108
writedowns	9	29	0	89	109
transfers to non-permanent portfolio	10	30	0	90	110
other changes	11	31	4.287	91	111
Book value	12	32	2.312.776	92	112
Current value	13	33	2.529.501	93	113

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Changes during the year in loans and deposits with credit institutions (items C.III.4, 6)

		Loans C.III.4		Deposits with credit institutions C.III.6
Opening balances	+	1 3,509	21	0
Increases during the year:	+	2 147	22	0
for: disbursements		3 95		
reversal of impairment losses		4 0		
other changes		5 52		
Decreases during the year:	-	6 538	26	0
for: reimbursements.....		7 538		
writedowns		8 0		
other changes		9 0		
Book value		10 3,118	30	0

Notes to the Accounts - Attachment 11

Company **CATTOLICA ASSICURAZIONI SOC. COOP.** Financial Year **2017**

Assets - Statement of assets relating to benefits associated with investment funds and stock market indices (item D.I)

Fund code: 01 Fund description: Index

	Current value		Acquisition cost	
	Financial Year	Previous year	Financial Year	Previous year
I. Land and buildings	0	21	0	61
II. Investments in Group companies and other investees:				
1. Shares and holdings	0	22	0	62
2. Bonds	0	23	0	63
3. Loans	0	24	0	64
III. Units of mutual investment funds	0	25	0	65
IV. Other financial investments:				
1. Shares and holdings	251	26	219	66
2. Bonds and other fixed income securities	0	27	0	67
3. Deposits with credit institutions	0	28	0	68
4. Sundry financial investments	0	29	0	69
V. Other assets	0	30	0	70
VI. Cash in bank and cash equivalent	0	31	0	71
Other liabilities	0	32	0	72
.....	0	33	0	73
Total	251	34	219	74
				7,074

Notes to the Accounts - Attachment 11

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2017

Assets - Statement of assets relating to benefits associated with investment funds and stock market indices (item D.I)

Fund code: 02 Fund description: Unit

	Current value		Acquisition cost	
	Financial Year	Previous year	Financial Year	Previous year
I. Land and buildings	0 21	0 41	0 61	0
II. Investments in Group companies and other investees:				
1. Shares and holdings	0 22	0 42	0 62	0
2. Bonds	0 23	0 43	0 63	0
3. Loans	0 24	0 44	0 64	0
III. Units of mutual investment funds	99,014 25	81,146 45	96,934 65	77,175
IV. Other financial investments:				
1. Shares and holdings	0 26	0 46	0 66	0
2. Bonds and other fixed income securities	36,052 27	26,154 47	37,261 67	26,915
3. Deposits with credit institutions	0 28	0 48	0 68	0
4. Sundry financial investments	0 29	0 49	0 69	0
V. Other assets	2,292 30	1,804 50	2,292 70	1,804
VI. Cash in bank and cash equivalent	793 31	1,160 51	793 71	1,160
Other liabilities	-1,055 32	-1,028 52	-1,055 72	-1,028
Total	137,096 34	109,236 54	136,225 74	106,026

Notes to the Accounts - Attachment 11

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC COOP

Assets - Statement of assets relating to benefits associated with investment funds and stock market indices (item D.I)

Fund code: Fund description: TOTAL

	Current value		Acquisition cost	
	Financial Year	Previous year	Financial Year	Previous year
I. Land and buildings	0	21	0	41
II. Investments in Group companies and other investees:				
1. Shares and holdings	0	22	0	42
2. Bonds	0	23	0	43
3. Loans	0	24	0	44
III. Units of mutual investment funds	99,014	25	81,146	45
IV. Other financial investments:			96,934	65
1. Shares and holdings	251	26	239	46
2. Bonds and other fixed income securities	36,052	27	26,154	47
3. Deposits with credit institutions	0	28	0	48
4. Sundry financial investments	0	29	0	49
V. Other assets	2,292	30	1,804	50
VI. Cash in bank and cash equivalent	793	31	1,160	51
Other liabilities	-1,055	32	-1,028	52
	0	33	0	53
Total	137,347	34	109,475	54
			136,444	74
				113,100

Notes to the Accounts - Attachment 12

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2017

Assets - Statement of assets deriving from the management of pension funds (item D.II)

Code: 01 Pension fund description: Pension Funds

	Current value		Acquisition cost	
	Financial Year	Previous year	Financial Year	Previous year
I. Investments in Group companies and other investees:				
1. Shares and holdings	0,21	0	0,41	0,61
2. Bonds	0,22	0	0,42	0
II. Other financial investments:				
1. Shares and holdings	24,793,23	21,780	43	63
2. Bonds and other fixed income securities	841,930,24	795,531	44	64
3. Units of mutual investment funds	55,957,25	48,391	45	65
4. Deposits with credit institutions	0,26	0	46	66
5. Sundry financial investments	21,27	0	47	67
III. Other assets	2,906,28	1,364	48	68
IV. Cash in bank and cash equivalent	27,940,29	7,135	49	69
Other liabilities	-1,847,30	-1,457	50	70
	0,31	0	51	71
Total	951,700,32	872,744	52	72
				878,870

Notes to the Accounts - Attachment 13

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2017

Liabilities - Changes during the year in the components of the provision for unearned premiums (item C.I.1) and the provision for outstanding claims (item C.I.2) of the non-life classes

Type	Financial Year		Previous year		Change	
Premium provision:						
Provisions for unearned premiums	1	672,091	11	671,881	21	210
Provision for risks in progress	2	8,008	12	11,252	22	-3,244
Book value	3	680,099	13	683,133	23	-3,034
Provision for outstanding claims:						
Provision for compensation and direct expenses	4	2,294,647	14	2,262,990	24	31,657
Provision for settlement costs	5	95,944	15	101,663	25	-5,719
Provision for claims not reported	6	191,099	16	213,009	26	-21,910
Book value	7	2,581,690	17	2,577,662	27	4,028

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2017

Liabilities - Changes during the year in the components of the mathematical provisions (item C.II.1) and the provision for profit-sharing and repayments (item C.II.4)

Type	Financial Year		Previous year		Change	
Mathematical provision for pure premiums	1	4,734,932	11	4,360,410	21	374,522
Premium carry forward.....	2	22,665	12	23,213	22	-548
Provision for mortality risk	3	6,329	13	1,824	23	4,505
Integration provisions	4	58,773	14	55,462	24	3,311
Book value	5	4,822,699	15	4,440,909	25	381,790
Provision for profit-sharing and repayments	6	44	16	18	26	26

Notes to the Accounts - Attachment 15

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Liabilities - Changes during the year in provisions for risks and charges (item E) and employee severance indemnities (item G.VII)

		Provision for pensions and similar commitments	Provision for taxation	Other provisions and allowances	Employee severance indemnities
Opening balances	+	3.384 11	9.055 21	53.414 31	6.650 31
Provisions for the year	+	324 12	0 22	13.554 32	3.514 32
Other increases	+	0 13	0 23	0 33	0 33
Uses for the year	-	1.371 14	3.300 24	14.046 34	3.948 34
Other decreases	-	0 15	0 25	0 35	107 35
Book value		2.337 16	5.755 26	52.922 36	6.118 36

Analytical statement of assets and liabilities relating to group companies and other investees

I: Activities

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Shares and holdings	1 0 2 807,535 3 0 4 2 5 44,423 6 851,960					
Bonds	7 0 8 0 9 0 10 0 11 30,501 12 30,501					
Loans	13 0 14 0 15 0 16 0 17 0 18 0					
Units in mutual investments	19 0 20 0 21 0 22 0 23 0 24 0					
Deposits with credit institutions	25 0 26 0 27 0 28 0 29 0 30 0					
Sundry financial investments	31 0 32 0 33 0 34 0 35 0 36 0					
Deposits with ceding companies	37 0 38 0 39 0 40 0 41 0 42 0					
Investments relating to benefits associated with investment funds and stock market indices	43 0 44 0 45 0 46 0 47 0 48 0					
Investments deriving from the management of pension funds	49 0 50 0 51 0 52 0 53 0 54 0					
Receivables deriving from direct insurance transactions	55 0 56 2,787 57 0 58 0 59 0 60 2,787					
Receivables deriving from reinsurance transactions	61 0 62 1,865 63 0 64 0 65 0 66 1,865					
Other receivables	67 0 68 36,561 69 0 70 0 71 0 72 36,561					
Bank and postal account deposits	73 0 74 0 75 0 76 0 77 1,366 78 1,366					
Sundry assets	79 0 80 207 81 0 82 0 83 0 84 207					
Total	85 0 86 848,955 87 0 88 2 89 76,290 90 925,247					
of which subordinated assets	91 0 92 0 93 0 94 0 95 16,568 96 16,568					

Analytical statement of assets and liabilities relating to group companies and other investees

II: Liabilities

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total						
Subordinated liabilities	97	0	98	0	99	0	100	0	101	80,000	102	80,000
Deposits received from re-insurers	103	0	104	0	105	0	106	0	107	0	108	0
Payables deriving from direct insurance transactions	109	0	110	269	111	0	112	0	113	0	114	269
Payables deriving from reinsurance transactions	115	0	116	0	117	0	118	0	119	0	120	0
Payables due to banks and financial institutions	121	0	122	0	123	0	124	0	125	0	126	0
Payables with secured guarantee	127	0	128	0	129	0	130	0	131	0	132	0
Other loans and other financial payables	133	0	134	0	135	0	136	0	137	0	138	0
Sundry payables	139	0	140	39,416	141	0	142	0	143	0	144	39,416
Sundry liabilities	145	0	146	0	147	0	148	0	149	0	150	0
Total	151	0	152	39,685	153	0	154	0	155	80,000	156	119,685

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2017

Disclosure on “guarantees, commitments and other memorandum accounts”

	Financial Year		Previous year	
I. Guarantees given:				
a) sureties and endorsements given in the interests of parent, subsidiary and affiliated companies	1	0	31	0
b) sureties and endorsements given in the interests of associated and other investee companies	2	0	32	0
c) sureties and endorsements given in the interests of third parties	3	98,132	33	78,154
d) other unsecured guarantees given in the interests of parent, subsidiary and affiliated companies	4	2,144	34	3,160
e) other unsecured guarantees given in the interests of associated and other investee companies	5	0	35	0
f) other unsecured guarantees given in the interests of third parties	6	0	36	0
g) secured guarantees for bonds of parent, subsidiary and affiliated companies	7	0	37	0
h) secured guarantees for bonds of associated and other investee companies	8	0	38	0
i) secured guarantees for bonds of third parties	9	0	39	0
l) guarantees given for bonds of the company	10	6,745	40	9,114
m) assets lodged under deposit for reinsurance transactions	11	0	41	0
Total	12	107,021	42	90,428
II. Guarantees received:				
a) from Group and associated companies and other investees	13	0	43	60
b) from third parties	14	142,734	44	145,502
Total	15	142,734	45	145,562
III. Guarantees given by third parties in the interests of the company:				
a) from Group and associated companies and other investees	16	0	46	0
b) from third parties	17	0	47	0
Total	18	0	48	0
IV. Commitments:				
a) commitments for purchases with obligation to resell	19	0	49	0
b) commitments for sales with obligation to repurchase	20	0	50	0
c) other commitments	21	145,190	51	72,651
Total	22	145,190	52	72,651
V. Assets pertaining to pension funds managed in the name and on behalf of third parties	23	0	53	0
VI. Securities lodged with third parties	24	10,289,609	54	9,389,519
Total	25	10,289,609	55	9,389,519

Statement of commitments for transactions on derivative contracts

Derivative contracts	Financial Year				Previous year				
	Purchase		Sale		Purchase		Sale		
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	
Futures:									
on shares	0	0	0	0	0	0	0	0	0
on bonds	0	0	0	0	0	0	0	0	0
on currency	0	0	0	0	0	0	0	0	0
on rates	0	0	0	0	0	0	0	0	0
other	0	0	0	0	0	0	0	0	0
Options:									
on shares	0	0	0	0	0	0	0	0	0
on bonds	0	0	0	0	0	0	0	0	0
on currency	0	0	0	0	0	0	0	0	0
on rates	0	0	0	0	0	0	0	0	0
other	0	0	0	0	0	0	0	0	0
Swaps:									
on currency	0	0	0	0	0	0	0	0	0
on rates	0	0	0	0	0	0	0	0	0
other	0	0	0	0	0	0	0	0	0
Other transactions	0	0	0	0	0	0	0	0	0
Total	0	5,060	0	5,060	0	5,060	0	5,060	0

Only the transactions on derivative contracts outstanding as of the date the financial statements are drawn up which involve commitments for the company must be inserted. In the event that the contract does not exactly correspond to the figures described or in which characteristic elements of several types converge, said contract must be inserted in the nearest applicable contractual category. Offsetting of items is not permitted unless in relation to purchase/sale transactions referring to the same type of contract (same content, maturity, underlying assets, etc.).

The contracts which envisage the exchange of two currencies must be indicated just once, conventionally making reference to the currency to be purchased. The contracts which envisage both the exchange of interest rates and the exchange of currency are only indicated under the contracts on currency. The derivative contracts which envisage the exchange of interest rates are conventionally classified as "purchases" or as "sales" depending on whether they involve the purchase or sale of the fixed rate for the insurance company.

(1) The settlement price of derivative contracts which involve or may involve the forward exchange of capital is indicated for the same; the face value of the reference capital is indicated in all the other cases.

(2) Indicate the fair value of the derivative contracts.

Notes to the Accounts - Attachment 19

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Summary information concerning the technical account - non-life business

	Gross premiums written	Gross premiums for the year	Gross liability for claims	Operating expenses	Reinsurance balance
Direct insurance:					
Accident, injury and health (classes 1 and 2)	1 239,487	2 232,191	3 108,639	4 71,742	5 -5,187
TPL - Land motor vehicles (class 10)	6 794,820	7 799,519	8 591,600	9 198,539	10 -9,123
Land vehicle hulls (class 3)	11 115,106	12 114,807	13 65,020	14 32,968	15 -2,610
Maritime, aeronautical and transport insurance (classes 4, 5, 6, 7, 11 and 12)	16 11,753	17 11,063	18 5,478	19 2,426	20 -850
Fire and other damage to assets (classes 8 and 9)	21 300,035	22 298,449	23 274,512	24 82,719	25 44,538
TPL - General (class 13)	26 158,649	27 165,403	28 96,181	29 47,397	30 -20,549
Credit and suretyship (classes 14 and 15)	31 13,036	32 15,486	33 6,654	34 6,833	35 531
Sundry financial losses (class 16)	36 14,754	37 12,440	38 887	39 3,229	40 -1,526
Legal protection (class 17)	41 11,745	42 11,685	43 3,458	44 4,617	45 -1,497
Assistance (class 18)	46 31,226	47 30,834	48 8,375	49 10,700	50 -949
Total direct insurance	51 1,690,611	52 1,691,877	53 1,160,804	54 461,170	55 2,778
Indirect insurance	56 29,637	57 28,768	58 15,515	59 9,825	60 688
Total Italian portfolio	61 1,720,248	62 1,720,645	63 1,176,319	64 470,995	65 3,466
Foreign portfolio	66 13,078	67 12,989	68 8,352	69 4,600	70 -1
Grand total	71 1,733,326	72 1,733,634	73 1,184,671	74 475,595	75 3,465

Notes to the Accounts - Attachment 20

Company CATTOLICA ASSICURAZIONI SOC. COOP. Financial Year 2017

Summary information concerning the life classes relating to premiums and the reinsurance balance

	Direct business		Indirect business		Total	
Gross premiums:	1	974.295	11	42	21	974.337
a) 1. for individual contracts	2	682.608	12	42	22	682.650
2. for collective contracts.....	3	291.687	13	0	23	291.687
b) 1. periodic premiums	4	324.609	14	42	24	324.651
2. single premiums	5	649.686	15	0	25	649.686
c) 1. for contracts without profit-sharing	6	35.889	16	0	26	35.889
2. for contracts with profit-sharing	7	769.976	17	42	27	770.018
3. for contracts when the investment risk is borne by the policyholders and pension funds	8	168.430	18	0	28	168.430

Reinsurance balance	9	-6.926	19	0	29	-6.926
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Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2017

Income from investments (item II.2 and III.3)

	Non-life business		Life Business		Total	
Income deriving from shares and holdings:						
Dividends and other income from shares and holdings of group companies and investees	1	24,436	41	7,830	81	32,266
Dividends and other income from shares and holdings of other companies	2	1,792	42	4,043	82	5,835
Total	3	26,228	43	11,873	83	38,101
Income from investments in land and buildings	4	1,518	44	0	84	1,518
Income deriving from other investments:						
Income on bonds of group companies and investees	5	298	45	812	85	1,110
Interest on loans to Group companies and investees	6	0	46	0	86	0
Income deriving from units of mutual investment funds	7	19,658	47	26,276	87	45,934
Income on bonds and other fixed income securities	8	60,206	48	145,625	88	205,831
Interest on loans	9	52	49	55	89	107
Income on units of mutual investments	10	0	50	0	90	0
Interest on deposits with credit institutions	11	0	51	0	91	0
Income on sundry financial investments	12	0	52	0	92	0
Interest on deposits with ceding companies	13	12	53	148	93	160
Total	14	80,226	54	172,916	94	253,142
Reversal of adjustment on investments relating to:						
Land and buildings	15	0	55	0	95	0
Shares and holdings of Group companies and investees	16	0	56	0	96	0
Bonds issued by Group companies and investees	17	56	57	0	97	56
Other shares and holdings	18	199	58	377	98	576
Other bonds	19	1,883	59	5,247	99	7,130
Other financial investments	20	1,799	60	7,044	100	8,843
Total	21	3,937	61	12,668	101	16,605
Profits on realisation of investments:						
Capital gains deriving from the sale of land and buildings	22	0	62	0	102	0
Profits on shares and holdings of Group companies and investees	23	0	63	0	103	0
Profits on bonds issued by Group companies and investees	24	0	64	1	104	1
Profits on other shares and holdings	25	2,774	65	1,411	105	4,185
Profits on other bonds	26	15,329	66	11,672	106	27,001
Profits on other financial investments	27	3,981	67	1,007	107	4,988
Total	28	22,084	68	14,091	108	36,175
GRAND TOTAL	29	133,993	69	211,548	109	345,541

Notes to the Accounts - Attachment 22

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2017

Income and unrealised capital gains on investments for benefits of life - assurance policyholders who bear the investment risk and deriving from the management of pension funds (item II.3)

I. Investments relating to benefits associated with investment funds and stock market indices

	Amounts	
Income deriving from:		
Land and buildings	1	0
Investments in Group companies and investees	2	0
Units of mutual investment funds	3	977
Other financial investments.....	4	1,022
- of which income from bonds	5	1,022
Other assets	6	0
Total	7	1,999
Profits on realisation of investments		
Capital gains deriving from the sale of land and buildings	8	0
Profits on investments in Group companies and investees.....	9	0
Profits on units of mutual investment funds	10	1,051
Profits on other financial investments	11	14
- of which bonds	12	11
Other income	13	0
Total	14	1,065
Unrealised capital gains	15	3,707
GRAND TOTAL	16	6,771

II. Investments deriving from the management of pension funds

	Amounts	
Income deriving from:		
Investments in Group companies and investees	21	0
Other financial investments.....	22	7,145
- of which income from bonds	23	5,273
Other assets	24	98
Total	25	7,243
Profits on realisation of investments		
Profits on investments in Group companies and investees.....	26	0
Profits on other financial investments	27	6,394
- of which bonds	28	3,997
Other income	29	37
Total	30	6,431
Unrealised capital gains	31	8,516
GRAND TOTAL	32	22,190

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2017

Equity and financial charges (items II.9 and III.5)

	Non-life business		Life Business		Total	
Charges for management of investments and other charges						
Charges relating to shares and holdings	1	3,534	31	8,391	61	11,925
Charges relating to investments in land and buildings	2	710	32	122	62	832
Charges relating to bonds	3	5,517	33	2,425	63	7,942
Charges relating to units of mutual investment funds.....	4	0	34	82	64	82
Charges relating to units in mutual investments	5	0	35	0	65	0
Charges relating to sundry financial investments	6	13	36	181	66	194
Interest on deposits received from re-insurers	7	348	37	408	67	756
Total	8	10,122	38	11,609	68	21,731
Adjustment on investments relating to:						
Land and buildings	9	868	39	0	69	868
Shares and holdings of Group companies and investees	10	47,747	40	38,257	70	86,004
Bonds issued by Group companies and investees	11	0	41	0	71	0
Other shares and holdings	12	801	42	231	72	1,032
Other bonds	13	4,871	43	5,116	73	9,987
Other financial investments.....	14	5,212	44	7,165	74	12,377
Total	15	59,499	45	50,769	75	110,268
Losses on realisation of investments						
Capital losses deriving from the sale of land and buildings.....	16	0	46	0	76	0
Losses on shares and holdings	17	813	47	1,552	77	2,365
Losses on bonds.....	18	1,982	48	7,366	78	9,348
Losses on other financial investments	19	129	49	868	79	997
Total	20	2,924	50	9,786	80	12,710
GRAND TOTAL	21	72,545	51	72,164	81	144,709

Notes to the Accounts - Attachment 24

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2017

Equity and financial charges and unrealised capital losses on investments benefiting policyholders who bear the risk and investments deriving from the management of pension funds (item II.10)

I. Investments relating to benefits associated with investment funds and stock market indices

	Amounts	
Operating expenses deriving from:		
Land and buildings	1	0
Investments in Group companies and investees	2	0
Units of mutual investment funds	3	0
Other financial investments	4	31
Other assets	5	120
Total	6	151
Losses on realisation of investments		
Capital losses deriving from the sale of land and buildings	7	0
Losses on investments in Group companies and investees	8	0
Losses on units of mutual investment funds	9	197
Losses on other financial investments	10	79
Other charges	11	0
Total	12	276
Unrealised capital losses	13	1,852
GRAND TOTAL	14	2,279

II. Investments deriving from the management of pension funds

	Amounts	
Operating expenses deriving from:		
Investments in Group companies and investees	21	0
Other financial investments	22	2,011
Other assets	23	2,217
Total	24	4,228
Losses on realisation of investments		
Losses on investments in Group companies and investees	25	0
Losses on other financial investments	26	1,651
Other charges	27	0
Total	28	1,651
Unrealised capital losses	29	1,110
GRAND TOTAL	30	6,989

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Non-life insurance - Summary statement of the technical

	Class code 01		Class code 02	
	Accident and injury		Health	
	(name)		(name)	
Direct business gross of transfers under reinsurance				
Premiums written	+	173,971	1	65,516
Change in premium provision (+ or -)	-	1,669	2	5,627
Claims incurred.....	-	67,114	3	41,525
Change in sundry technical provisions (+ or -) (1)	-	0	4	-48
Balance of other technical items (+ or -).....	+	-2,871	5	-416
Operating expenses	-	60,740	6	11,002
Technical balance of direct business (+ or -)		41,577	7	6,994
Profit (loss) of liability reinsurance transactions (+ or -)		-5,512	8	325
Net result of indirect business (+ or -)		1,797	9	538
Change in equalisation provisions (+ or -)		5	10	0
Portion of profit from investments transferred from the non-technical account		1,763	11	792
Result of technical account (+ or -)		39,620	12	8,649

	Class code 07		Class code 08	
	Goods in transit		Fire & natural forces	
	(name)		(name)	
Direct business gross of transfers under reinsurance				
Premiums written	+	7,073	1	111,305
Change in premium provision (+ or -)	-	497	2	923
Claims incurred.....	-	2,472	3	96,972
Change in sundry technical provisions (+ or -) (1)	-	0	4	0
Balance of other technical items (+ or -).....	+	-439	5	-2,807
Operating expenses	-	1,131	6	34,750
Technical balance of direct business (+ or -)		2,534	7	-24,147
Profit (loss) of liability reinsurance transactions (+ or -)		-1,232	8	16,314
Net result of indirect business (+ or -)		2	9	660
Change in equalisation provisions (+ or -)		0	10	251
Portion of profit from investments transferred from the non-technical account		63	11	1,910
Result of technical account (+ or -)		1,367	12	-5,514

	Class code 13		Class code 14	
	TPL -General		Credit	
	(name)		(name)	
Direct business gross of transfers under reinsurance				
Premiums written	+	158,649	1	158
Change in premium provision (+ or -)	-	-6,754	2	-654
Claims incurred.....	-	96,181	3	-149
Change in sundry technical provisions (+ or -) (1)	-	0	4	0
Balance of other technical items (+ or -).....	+	-2,716	5	-28
Operating expenses	-	47,397	6	598
Technical balance of direct business (+ or -)		19,109	7	335
Profit (loss) of liability reinsurance transactions (+ or -)		-20,549	8	-592
Net result of indirect business (+ or -)		1,062	9	-58
Change in equalisation provisions (+ or -)		0	10	-36
Portion of profit from investments transferred from the non-technical account		10,290	11	39
Result of technical account (+ or -)		9,912	12	-240

(1) This item includes both the change in "Other technical provisions" and the change in the "Provision for profit-sharing and repayments"

Notes to the Accounts - Attachment 25
Financial Year 2017

accounts by individual class - Italian portfolio

Class code 03 Land vehicle hulls (name)		Class code 04 Railway rolling stock (name)		Class code 05 Aircraft hulls (name)		Class code 06 Maritime vessels (name)	
1	115,106	1	375	1	813	1	1,679
2	299	2	5	2	-91	2	-65
3	65,020	3	240	3	351	3	1,915
4	0	4	0	4	0	4	0
5	-228	5	-5	5	-112	5	-35
6	32,968	6	69	6	109	6	281
7	16,591	7	56	7	332	7	-487
8	-2,610	8	23	8	166	8	64
9	550	9	0	9	-1	9	-1
10	0	10	0	10	0	10	0
11	707	11	1	11	2	11	7
12	15,238	12	80	12	499	12	-417

Class code 09 Other damage to assets (name)		Class code 10 TPL - Land motor vehicles (name)		Class code 11 TPL - Aircraft (name)		Class code 12 TPL - Maritime vessels (name)	
1	188,730	1	794,820	1	52	1	1,761
2	663	2	-4,699	2	-22	2	366
3	177,540	3	591,600	3	2	3	498
4	0	4	0	4	0	4	0
5	-2,991	5	-280	5	-26	5	-23
6	47,969	6	198,539	6	4	6	832
7	-40,433	7	9,100	7	42	7	42
8	28,224	8	-9,123	8	-103	8	232
9	568	9	-1,532	9	0	9	1
10	0	10	0	10	0	10	0
11	1,467	11	19,784	11	0	11	52
12	-10,174	12	18,229	12	-61	12	327

Class code 15 Suretyship (name)		Class code 16 Sundry financial losses (name)		Class code 17 Legal protection (name)		Class code 18 Assistance (name)	
1	12,878	1	14,754	1	11,745	1	31,226
2	-1,796	2	2,314	2	60	2	392
3	6,803	3	887	3	3,458	3	8,375
4	0	4	0	4	0	4	0
5	-2,299	5	-96	5	-89	5	-95
6	6,235	6	3,229	6	4,617	6	10,700
7	-663	7	8,228	7	3,521	7	11,664
8	1,123	8	-1,526	8	-1,497	8	-949
9	612	9	-78	9	0	9	0
10	0	10	0	10	0	10	0
11	350	11	163	11	35	11	103
12	1,422	12	6,787	12	2,059	12	10,818

Notes to the Accounts - Attachment 26

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC COOP

Summary statement of the technical account recapitulating all the non-life classes
Italian portfolio

	Direct insurance risks		Indirect insurance risks		Retained risks Total 5 = 1-2+3+4
	Direct risks 1	Risks transferred 2	Undertaken risks 3	Retroceded risks 4	
Premiums written	1.690.611	191.992	29.637	3.166	1.525.090
Change in premium provision (+ or -)	-1.266	-14.855	869	643	13.815
Claims incurred.....	1.160.804	155.512	15.515	1.980	1.018.827
Change in sundry technical provisions (+ or -)	-48	0	-4	0	-52
Balance of other technical items (+ or -)	-15.556	-5.580	0	0	-9.976
Operating expenses	461.170	48.533	9.825	1.231	421.231
Technical balance (+ or -).....	54.395	-2.778	3.432	-688	61.293
Change in equalisation provisions(+ or -)					48
Portion of profit from investments transferred from the non-technical account	36.914		614		37.528
Result of technical account (+ or -).....	91.309	-2.778	4.046	-688	98.601

Life insurance - Summary statement of the technical accounts by individual class - Italian portfolio

	Class code 01 Insurance on the duration of human life (name)	Class code 02 Marriage insurance and birth insurance (name)	Class code 03 Insurance on the duration of human life linked to investment funds (name)
Direct business gross of transfers under reinsurance			
Premiums written	1 577,478	1 0	1 39,832
Claims incurred.....	2 343,138	2 0	2 10,410
Change in mathematical provisions and sundry technical provisions (+ or -)	3 283,793	3 0	3 31,568
Balance of other technical items (+ or -)	4 -8,125	4 0	4 -325
Operating expenses.....	5 47,779	5 0	5 4,626
Income from investments net of the portion transferred to the non-technical account (*)...	6 103,062	6 0	6 4,255
Profits (loss) of direct business gross of transfers under reinsurance (+ or -)	7 2,295	7 0	7 -2,842
Profit (loss) of liability reinsurance transactions (+ or -)	8 -6,056	8 0	8 0
Net result of indirect business (+ or -)	9 -4	9 0	9 0
Result of technical account (+ or -)	10 -8,355	10 0	10 -2,842
(A + B + C)			
Direct business gross of transfers under reinsurance			
Premiums written	1 1,426	1 226,960	1 128,599
Claims incurred.....	2 10	2 171,783	2 64,765
Change in mathematical provisions and sundry technical provisions (+ or -)	3 325	3 86,690	3 84,928
Balance of other technical items (+ or -)	4 5	4 -798	4 3,082
Operating expenses.....	5 155	5 1,599	5 802
Income from investments net of the portion transferred to the non-technical account (*) ..	6 38	6 28,621	6 13,714
Profits (loss) of direct business gross of transfers under reinsurance (+ or -)	7 979	7 -5,289	7 -5,100
Profit (loss) of liability reinsurance transactions (+ or -)	8 -871	8 1	8 0
Net result of indirect business (+ or -)	9 0	9 0	9 0
Result of technical account (+ or -)	10 108	10 -5,288	10 -5,100
(A + B + C)			

(*) Algebraic sum of the items relating to the class and to the Italian portfolio included in items II.2, II.3, II.9, II.10 and II.12 of the income statement

Notes to the Accounts - Attachment 28

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Summary statement of the technical account recapitulating all the life classes
Italian portfolio

	Direct insurance risks		Indirect insurance risks		Retained risks Total 5 = 1 - 2 + 3 - 4
	Direct risks 1	Risks transferred 2	Undertaken risks 3	Retroceded risks 4	
+	974,295	12,819	42	0	961,518
-	590,106	10,024	229	0	580,311
-	487,304	-5,395	-46	0	492,653
+	-6,161	0	0	0	-6,161
-	54,961	1,264	3	0	53,700
+	149,690		140		149,830
	-14,547	6,926	-4	0	-21,477
Result of technical account (+ or -)					

(* Algebraic sum of the items relating to the Italian portfolio included in items II.2, II.3, II.9, II.10 and II.12 of the income statement

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial
Year 2017

Summary statement relating to the non-life and life technical accounts - foreign portfolio

Section I: Non-life insurance

		Total classes	
Direct business gross of transfers under reinsurance			
Premiums written	+	1	0
Change in premium provision (+ or -)	-	2	0
Claims incurred	-	3	0
Change in sundry technical provisions (+ or -)	-	4	0
Balance of other technical items (+ or -)	+	5	0
Operating expenses	-	6	0
Technical balance of direct business (+ or -)	A	7	0
Profit (loss) of liability reinsurance transactions (+ or -)	B	8	0
Net result of indirect business (+ or -)	C	9	-353
Change in equalisation provisions (+ or -)	D	10	0
Portion of profit from investments transferred from the non-technical account	E	11	130
Result of technical account (+ or -)		12	-223
			(A + B + C - D + E)

Section II: Life insurance

		Total classes	
Direct business gross of transfers under reinsurance			
Premiums written	+	1	0
Claims incurred	-	2	0
Change in mathematical provisions and sundry technical provisions (+ or -)	-	3	0
Balance of other technical items (+ or -)	+	4	0
Operating expenses	-	5	0
Income from investments net of the portion transferred to the non-technical account (1) ...	+	6	0
Profits (loss) of direct business gross of transfers under reinsurance (+ or -)	A	7	0
Profit (loss) of liability reinsurance transactions (+ or -)	B	8	0
Net result of indirect business (+ or -)	C	9	0
Result of technical account (+ or -)		10	0
			(A + B + C)

(1) Algebraic sum of the items relating to the foreign portfolio included in items II.2, II.3, II.9, II.10 and II.12 of the income statement

Transactions with Group companies and other investees
I: Income

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Income from investments						
Income from land and buildings	1 0 2 0 3 0 4 0 5 0 6 0					
Dividends and other income from shares and holdings	7 0 8 31,732 9 10 0 11 0 12 32,266					
Income on bonds	13 0 14 0 15 0 16 0 17 0 18 1,110					
Interest on loans	19 0 20 0 21 0 22 0 23 0 24 0					
Income on other financial investments	25 0 26 0 27 0 28 0 29 0 30 0					
Interest on deposits with ceding companies.....	31 0 32 0 33 0 34 0 35 0 36 0					
Total	37 0 38 31,732 39 40 0 41 0 42 33,376					
Income and unrealised capital gains on investments benefiting policyholders who bear the risk and deriving from the management of pension funds	43 0 44 0 45 0 46 0 47 0 48 0					
Interest on receivables						
Interest on receivables	49 0 50 0 51 0 52 0 53 0 54 0					
Recoveries of administrative expenses and charges.....	55 0 56 14,946 57 58 0 59 0 60 14,946					
Other income and recoveries	61 0 62 66 63 64 0 65 0 66 66					
Total	67 0 68 15,012 69 70 0 71 0 72 15,012					
Profits on realisation of investments (*)	73 0 74 0 75 0 76 0 77 0 78 0					
Extraordinary income	79 0 80 0 81 0 82 0 83 0 84 0					
GRAND TOTAL	85 0 86 46,744 87 88 0 89 0 90 48,388					

Transactions with Group companies and other investees
II: Expense

	Parent companies	Subsidiaries	Associated companies	Affiliated companies	Other	Total
Charges for management of investments and interest expense:						
Charges relating to investments	91 0 92	0 93	0 94	0 95	0 96	0
Interest on subordinated liabilities	97 0 98	0 99	0 100	0 101	1.404 102	1.404
Interest on deposits received from re-insurers	103 0 104	0 105	0 106	0 107	0 108	0
Interest on payables deriving from direct insurance transactions	109 0 110	0 111	0 112	0 113	0 114	0
Interest on payables deriving from reinsurance transactions	115 0 116	0 117	0 118	0 119	0 120	0
Interest on payables due to banks and financial institutions	121 0 122	0 123	0 124	0 125	0 126	0
Interest on payables with secured guarantee	127 0 128	0 129	0 130	0 131	0 132	0
Interest on other payables	133 0 134	0 135	0 136	0 137	0 138	0
Losses on receivables	139 0 140	0 141	0 142	0 143	0 144	0
Administrative charges and expenses on behalf of third parties	145 0 146	132.021 147	0 148	0 149	0 150	132.021
Sundry charges	151 0 152	6.769 153	0 154	0 155	0 156	6.769
Total	157 0 158	138.790 159	0 160	0 161	1.404 162	140.194
Charges and unrealised capital losses on investments benefiting policyholders who bear the risk and deriving from the management of pension funds	163 0 164	0 165	0 166	0 167	0 168	0
Losses on realisation of investments (*)	169 0 170	0 171	0 172	0 173	0 174	0
Extraordinary charges	175 0 176	0 177	0 178	0 179	0 180	0
GRAND TOTAL.....	181 0 182	138.790 183	0 184	0 185	1.404 186	140.194

(*) With reference to the counterparty in the transaction

Notes to the Accounts - Attachment 31

Financial Year 2017

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Summary statement of direct business premiums written

	Non-life business		Life Business		Total	
	Establishment	L.P.S.	Establishment	L.P.S.	Establishment	L.P.S.
Premiums written:						
in Italy	1. 1,685,354	5 0	974,123	15 0	2,659,477	25 0
in other European Union countries	2 0	6 958	0	16 0	0	26 958
in third countries.....	3 0	7 4,299	0	17 172	0	27 4,472
Total	4 1,685,354	8 5,257	974,123	18 172	2,659,477	28 5,430

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2017

Statement of charges relating to staff, directors and auditors

I: Personnel costs

	Non-life business		Life Business		Total	
Costs for subordinate work services:						
Italian portfolio:						
- Remuneration	1	42,962	31	8,696	61	51,658
- Social security contributions	2	14,706	32	2,830	62	17,536
- Provision for employee severance indemnities and similar commitments.....	3	0		0	63	3,532
- Miscellaneous costs pertaining to personnel	4	6,684	34	1,116	64	7,800
Total	5	67,314	35	13,212	65	80,526
Foreign portfolio:						
- Remuneration	6	0	36	0	66	0
- Social security contributions	7	0	37	0	67	0
- Miscellaneous costs pertaining to personnel	8	0	38	0	68	0
Total	9	0	39	0	69	0
Grand total	10	67,314	40	13,212	70	80,526
Costs for freelance work services:						
Italian portfolio	11	47,786	41	11	71	47,797
Foreign portfolio	12	0	42	0	72	0
Total	13	47,786	43	11	73	47,797
Total costs for work services	14	115,100	44	13,223	74	128,323

II: Description of the items booked

	Non-life business		Life Business		Total	
Operating expenses relating to investments	15	1,213	45	2,633	75	3,846
Claims incurred	16	48,401	46	-191	76	48,210
Other acquisition costs	17	27,135	47	5,286	77	32,421
Other administrative expenses	18	36,018	48	4,246	78	40,264
Administrative charges and expenses on behalf of third parties	19	2,333	49	1,249	79	3,582
.....	20	0	50	0	80	0
Total	21	115,100	51	13,223	81	128,323

III: Average headcount during the year

	Number	
Executives	91	35
Employees	92	745
Workers	93	0
Other	94	31
Total	95	811

IV: Directors and statutory auditors

	Number		Fees due	
Directors	96	18	98	12,248
Statutory Auditors	97	5	99	822

The undersigned declare that these financial statements are true and consistent with the underlying accounting records.

The legal representatives of the company (*)

The Managing Director ALBERTO MINALI (**)

_____ (**)

_____ (**)

(*) For foreign companies, the signature must be that of the general representative for Italy

(**) Indicate the office covered by the signee

Real Estate Property

(amounts in units of €)

NON-LIFE BUSINESS			Cost as of	Cost as of			Book value
Town or City	Address	Surface area	31.12.2016	31.12.2017	REVALUATIONS	WRITEDOWNS	as of 31.12.2017 (*)
PROPERTY USED BY THIRD PARTIES							
ROME	P. ZA DEI CAVALIERI DEL LAVORO, 5 -15	320	8,186	8,186	712,288	-229,474	491,000
ROME	VIA CURTATONE, 8	2,334	786,128	786,128	6,901,565	-575,510	7,112,183
ROME	VIA CURTATONE, 4	3,190	2,039,059	2,039,059	7,249,365	0	9,288,424
ROME	VIA NAZIONALE, 89 A	2,749	2,210,150	2,210,150	12,309,784	0	14,519,934
ROME	VIA DEL PESCACCIO, 30	10,348	8,530,985	8,530,985	5,340,136	0	13,871,121
TOTAL PROPERTY USED BY THIRD PARTIES		18,941	13,574,508	13,574,508	32,513,138	-804,984	45,282,662
PROPERTY USED DIRECTLY							
VERONA	L.GE CANGRANDE, 16	18,981	31,924,883	32,176,203	26,172,198	-4,476,529	53,871,872
ROME	VIA URBANA, 169 A/171	6,814	8,317,631	8,317,631	26,528,081	0	34,845,712
TOTAL PROPERTY USED DIRECTLY		25,795	40,242,514	40,493,834	52,700,279	-4,476,529	88,717,584
GRAND TOTAL BUILDINGS		44,736	53,817,022	54,068,342	85,213,418	-5,281,513	134,000,247

(*) Gross of accumulated depreciation for properties amounting to €35,653,459 as of December 31st, 2017

Managing Director
(Alberto Minali)

Attestation of the financial statements pursuant to Article 154 *bis*, paragraphs 5 of Italian Legislative Decree No. 58 dated February 24th, 1998 and Article 81 *ter* of Consob Regulation No. 11971 dated May 14th, 1999 and subsequent amendments and additions

1. The undersigned, Alberto Minali, in his capacity as Managing Director, and Enrico Mattioli, in his capacity as Manager in charge of preparing the financial reports of Cattolica Assicurazioni Soc. Coop., hereby certify, taking into account the provisions of Article 154 *bis*, paragraphs 3 and 4 of Italian Legislative Decree No. 58 dated February 24th, 1998:

- The adequacy with respect to the Company's structure and
- the effective application,

of the administrative and accounting procedures in place for preparing the financial statements as of financial year 2017.

2. The adequacy of the administrative and accounting procedures in place for preparing the financial statements as at December 31st, 2017, has been assessed through a process established by Cattolica Assicurazioni Soc. Coop. on a consistent basis with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission which represents the reference framework generally accepted at international level.

3. It is also certified that:

3.1 the financial statements as at December 31st, 2017:

- a) are prepared in compliance with the provisions of the Italian Civil Code, the Italian Legislative Decree No. 173 dated May 26th, 1997, the Italian Legislative Decree No. 209 dated September 7th, 2005 and subsequent amendments and applicable provisions, regulations and circular letters issued by IVASS;
- b) correspond to the related books and accounting records;
- c) provide a true and correct representation of the balance sheet, income statement and financial position of the issuer.

3.2 The management report includes a reliable analysis of the performance and of the management result, as well as of the position of the issuer and all the companies included in the scope of consolidation, together with the description of the main risks and uncertain situations to which they are exposed.

Verona, March 20th, 2018

Alberto Minali

Managing Director

Enrico Mattioli

Manager in charge of preparing
the Company's financial reports

BOARD OF
STATUTORY
AUDITORS' REPORT

Board of Statutory Auditors' Report

Dear Shareholders,

Today's Shareholders' Meeting of Società Cattolica di Assicurazione is called, in an ordinary session, to approve, *inter alia*, the annual financial statements for the year ended December 31st, 2017.

These financial statements show a profit of €5,308,898, which was affected by non-recurring charges of €109 million, of which €92 million is mainly attributable to writedowns of equity investments.

The consolidated financial statements of the Cattolica Group for 2017 are also presented, having closed with a net consolidated profit of €56.065 million, of which €41.108 million pertaining to the same. The Group's consolidated result was affected by non-recurring items totalling €81 million, of which €62 million was for writedowns.

The consolidated financial statements are also accompanied, and in its first edition in accordance with the law, by the Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016, entitled "Sustainability Report", which became mandatory in 2017 pursuant to the above-mentioned law.

The financial statements of the Company, the Group's consolidated financial statements and the Sustainability Report, prepared by the Directors in accordance with the law, have been duly communicated to the Board of Statutory Auditors together with the management reports, of the Company and the Group respectively. The Board also acquired the reports issued by the Independent Auditors and, with regard to the technical provisions, examined the reports produced by the Actuarial Unit, which has taken over the duties of the actuary appointed in accordance with Solvency II Legislation.

The annual financial statements have been drawn up in observance of the current provisions as per Legislative Decree 209/2005, ISVAP Regulation No. 22/2008 and Legislative Decree No. 173/1997.

The accounting standards adopted are those in force in Italy and established by legal provisions, as up-dated during the year.

As far as we are aware, the Directors have not departed from the legal provisions relating to the formation of the annual financial statements.

When drawing up the financial reports, the recommendations contained in the joint Bank of Italy/CONSOB/IVASS Documents and the CONSOB communications regarding the areas deemed to be of greatest relevance indicated by ESMA were taken into consideration.

The 2017 Consolidated Financial Statements have been prepared by Cattolica Assicurazioni, in its capacity as Parent Company, in accordance with art. 154-ter, paragraph 1, of Legislative Decree No. 58/1998 and art. 95 of Legislative Decree No. 209/2005, in observance of the IAS/IFRS international accounting standards, approved by the European Commission by December 31st, last year, and in observance with the instructions laid down in ISVAP Regulation No. 7/2007.

Reporting on the activities carried out, we hereby inform you of the following:

1. The Board of Statutory Auditors oversaw the observance of the law and the Articles of Association, taking into account the standards of conduct for boards of statutory auditors of listed companies, recommended by the Italian Accounting Profession and, if compatible, the indications provided by the CONSOB Communication No. 1025564 dated

April 6th, 2001 and subsequent amendments and additions, as well as pursuant to art. 153 of Legislative Decree No. 58 dated February 24th, 1998 (hereinafter also the Consolidated Finance Law or TUF) and art. 2429 of the Italian Civil Code.

Furthermore, in its capacity as “Internal control and accounts audit committee”, the Board discharged the duties assigned to it by art. 19 of Legislative Decree No. 39 dated January 27th, 2010, as amended by Legislative Decree No. 135/2016, where applicable, in particular by monitoring: (b) the financial disclosure process, (c) the efficacy of the company’s internal quality control, risk management and internal audit systems, (d) the official audit of the annual and consolidated financial statements, (e) the independence of the Independent Auditors, in particular with regard to the provision of services not associated with the audit to the body subject to the official audit of the accounts.

2. During the year, by means of information and data illustrated during the Board Meetings, which the Board of Statutory Auditors always took part in, the Directors reported to the Board of Statutory Auditors, according to the Article of Association formalities and at least quarterly, on the activities carried out as well as the transactions of greatest economic, financial and equity significance carried out by the Company and by the subsidiaries and thus in compliance with the dictates of art. 150, paragraph 1, of Legislative Decree No. 58/1998 and art. 42 of the Articles of Association, among which mention is made in particular of: the dealings with Banca Popolare di Vicenza as a result of the exercise of the right to withdraw from the partnership agreement communicated on August 4th, 2016 and the right to sell (*Put Option*), announced on April 4th, 2017; the bancassurance partnership agreements with Banco BPM; the issue of the subordinated debenture loan of €500 million.

With regard to these transactions and the additional ones of significance, the Board of Directors provides account in its Management Report, in the “Significant events during the year” paragraph. In this context, the measure taken by the Public Prosecutor’s Office of Venice against, among others, persons linked to the Company through employment and collaboration relationships is also reported, a subject on which the Board will provide its opinion later in this report, in response to a complaint made by a shareholder pursuant to art. 2408 of the Italian Civil Code.

Transactions executed after December 31st, 2017 are discussed in the section of this Report entitled “Significant events during the first few months of 2018”. Among these, the launch of the 2018-2020 Business Plan, approved by the Board of Directors on January 28th, 2018, is of particular importance.

In another section of this Report, in accordance with the DEM/6064293 CONSOB Communication of July 28th, 2006, the Directors in relation to significant non-recurring events and transactions that have a material impact on the Group’s financial statements, refer to the issue of a subordinated debenture loan for a total of € 500 million and the communication to the market of July 27th, concerning the writedowns of some Group assets during the 2017 six-monthly period.

With reference to the transactions carried out and described in the Management report, we believe that the same are compliant with the law and the Articles of Association, are not manifestly imprudent, hazardous, in potential conflict of interest or in contrast with the resolutions adopted by the shareholders’ meeting or such that they compromise the integrity of the company assets.

3. The Board of Statutory Auditors did not come across any atypical and/or unusual transactions with third parties, related parties or intercompany.

In this connection, it is hereby disclosed that, pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010 and subsequent amendments, as from January 1st, 2011 the Company put in place and subsequently (last updated 2016) up-dated a specific "Procedure for the handling of Related Party transactions", with the establishment of a dedicated organisational unit and specific procedures for detecting presupposed circumstances, as well as a Committee tasked with the examination of transactions not falling within the cases of exclusion.

Disclosure is provided on the transactions with related parties and/or intercompany ones of an ordinary nature, in specific sections of the Management report (i.e. "Significant events during the year" and "Transactions with related parties") and of the notes to the accounts (i.e. in Part C - Other information, the "Transactions with related parties") section, to which reference is made also for the indications on the characteristics of said transactions, as well as the related conditions agreed. With regard to the transactions with related parties outside the Group, the same are generally placeable within the sphere of market values. With regard to the companies subject to Group management and co-ordination and the other Group companies, the Board refers to the specifications provided in the section "Transactions with related parties" in the notes to the accounts which, in line with the previous year, classify the intercompany transactions in three categories: a) agreements for the disbursement of general services, for services relating to the management of the investments and to other operational activities; b) insurance and reinsurance transactions which it has been appropriately decided to maintain within the Group; c) joint option for tax consolidation. The recharging of intercompany services is carried out according to a specific intercompany procedure and to the guidelines established by a framework agreement, which was updated at the end of 2017 for greater efficiency, cost-effectiveness and quality of services. The notes to the accounts provide appropriate quali-quantitative information on the subject and the related statement of financial position and income statement balances in a specific synoptic table (Table 74). Again within the scope of the transactions in question, as a non-typical and/or unusual extraordinary transaction, emphasis is given to the purchase from Berica Vita of shares in mutual funds for €58.125 million, carried out at market values to reduce the liquidity risk in the subsidiary. The Company has also operated taking into account ISVAP Regulation No. 25 dated May 27th, 2008 concerning the supervision of intercompany transactions, also envisaging the appropriate initiatives for the application of the provisions as per IVASS Regulation No. 30 dated October 26th, 2016, which repealed and replaced the previous legislation. Overall, the Board of Statutory Auditors agrees with the approach adopted by the Company and as far as it is responsible, it believes that all the afore-mentioned transactions are fair and comply with the Company's interests.

4. In the Management Report, the Directors provide adequate disclosure with regard to the intercompany transactions or those with related parties, also via reference to Part C of the notes to the accounts, where it is stated, amongst other things, that no atypical and/or unusual transactions have taken place. With regard to this matter, the Board of Statutory Auditors does not have any particular objections and/or observations.
5. As of today's date, the Independent Auditors Deloitte & Touche S.p.A. issued the reports pursuant to art. 14 of Legislative Decree No. 39/2010, art. 10 of EU Regulation No.

537/2014 and art. 102 of Legislative Decree No. 209/2005, for the Company's Financial Statements and the Group's Consolidated Financial Statements as of December 31st, 2017, which show that the financial statements provide a true and fair view of the balance sheet and financial position at that date, as well as of the economic result for the year, in compliance with the reference standards and regulations. An opinion has also been expressed on the consistency - with the financial statements - of the Management reports and the envisaged information presented in the Report on corporate governance and the ownership structures, as well as on their compliance with the law. Finally, within the meaning of Legislative Decree No. 209/2005, with reference to the annual financial statements, an opinion is expressed on the sufficiency of the technical provisions - art. 102, paragraph 2.

On the same date, Deloitte & Touche issued to the Board of Statutory Auditors, as the internal control and auditing committee, the Additional Report referred to in art. 11 of EU Regulation 537/2014 which does not highlight any significant deficiencies in the internal control system in relation to the financial reporting process and cases of non-compliance, actual or alleged, with laws and regulations or statutory provisions. In turn, the Board of Statutory Auditors shall forward the Report to the Board of Directors, pursuant to art. 19, paragraph 1, sub-paragraph a), of Legislative Decree No. 39/2010, without observations.

6. During the year under review, the Board of Statutory Auditors received a complaint pursuant to art. 2408 of the Italian Civil Code, while a second complaint was received on March 15th of this year.

By registered mail, on June 22nd, 2017, received by Cattolica Assicurazioni on 28 June, the shareholder LA WAGNERIANA S.p.A., with registered office in Milan, through the Sole Director Sabrina Cova Minotti, filed a complaint pursuant to art. 2408 of the Italian Civil Code to this Board of Statutory Auditors. The subject of the complaint is 'the facts reported in the Corriere del Veneto on 17th and 18th, (ed. June) concerning the bribery of tax officials in order to obtain a discount on penalties relating to an audit of a Group company, from €6.8 million to €2.6 million'.

In particular, the Shareholder provides a series of questions to the Board of Statutory Auditors, which are acknowledged as mandatory in this meeting, in accordance with the above mentioned law, including giving priority to some useful information to illustrate the process followed in ascertaining the facts as per the following conclusions.

With the notification of the orders issued by the Public Prosecutor's Office of Venice to an executive and an official of the Company, the Board of Directors promptly launched an internal investigation, specifically assigning the task to a legal firm and independent consultants of primary standing, and entrusting its supervision to the Control and Risks Committee, in liaison with the Supervisory Body pursuant to Legislative Decree No. 231/2001. Insofar as it is concerned, the Board of Statutory Auditors worked alongside the same Committee and carried out independent analyses by carrying out further direct controls of its own.

That said, the results of the complex assessment process carried out, which were also communicated to the competent supervisory authority, did not reveal any irregularities in relation to the facts referred to, which therefore remain confined to personal areas of the parties that were the subject of investigation, regarding which it is not considered necessary to discuss and which, to date, have not had any effect on the Company.

Therefore, in the absence of evidence of acts of the same, even of a documentary nature, specific indications of the Member's requests cannot be processed.

The latter, however, appears to have adopted the measures considered most appropriate in light of the evidence that emerged against the subjects under investigation by the judiciary.

In light of the above, no profiles of reprehensible nature were found with regard to the facts referred to by the representative or to the position of the Company.

No previous cases of corruption in which the Company had any responsibility are recorded in the Company's records.

Finally, we confirm that in the course of its investigations, the Board of Statutory Auditors was constantly informed by the corporate bodies and consultants of the elements and circumstances relating to the alleged facts, in order to allow it to carry out its supervisory activities.

By registered letter sent by PEC on March 15th, the Board of Statutory Auditors received another complaint pursuant to art. 2408 of the Italian Civil Code, signed by Claudia Romele, who spoke on behalf of the shareholder, Tavernini Silvestro.

With this act, the complainant draws the attention of the Board of Statutory Auditors to several facts on which it is invited to carry out "appropriate further investigation", to "report to the Shareholders' Meeting", to "adopt the measures necessary to protect the interests of the Company itself, including from possible legal action".

The facts of which the Shareholder has become aware date back to 2014 and concern the management of the activity of recovering receivables from policyholders (rectius: for unpaid premiums) by Company facilities with particular regard to the portfolio pertaining to the Agenzia Generale di Manerbio (BS).

In particular, the complainant cites grievances made known at the time by the holder of the latter against the *pro-tempore* manager of the administrative division, referring to "a series of incomprehensible and unjustifiable delays and defaults in the activities of recovery of debts", which allegedly resulted in "very large shortfalls". The issue was the subject of correspondence between these parties, transmitted to senior management of the Company for their information.

They also note the reconstruction carried out at the time by the Agency pursuant to which *maladministration* would, of course, have caused damage in terms of missed collections, and at the same time projected at national level, estimated at approximately €50 million, therefore translatable into a lower theoretical profit for the Company and, as a result, with a lower potential dividend for all shareholders.

Having taken note of the above, the Board of Statutory Auditors has begun the necessary internal investigation which, taking into account the short period of time before the date of preparation and filing of this report, is currently in progress.

Nevertheless, in order to provide a timely, though not definitive, response to the Shareholder's complaint, the first considerations are reported, deferring to the Meeting for a final response.

First of all, the Board of Statutory Auditors acknowledges that the Cattolica Group avails itself of an agency network throughout Italy for the supply and underwriting of its policies. On the basis of economic/operating assessments, the Group has for some time decided to outsource the recovery of certain types of loans. In 2014, the service was entrusted to two specialised entities for the recovery of unpaid premiums and/or excesses on settled claims.

With regard to the matter in question, and the state of play of the investigation thus far, the following is noted.

- The “unpaid premiums”, quantified by the Agent as a total of € 103 thousand and taken by the same to support the above-mentioned national projection of the estimated loss of collections, as a result of the recovery actions undertaken, were subsequently collected at a rate of over 60%, while the remaining forty percent is equally divided between premiums effectively not collected (approx. 20%) and not collectable due to the status of the counterparties (bankruptcy, insolvency, etc.) or because of unusual agency practices.
- Starting in 2015, the Group began a coordinated series of measures to improve the debt recovery process, including following the recommendations made by the internal audit department.
- Losses on receivables from policyholders recorded in the years 2014 - 2017 had the following percentage incidence on premiums, to be considered in line with those found in the sector market: 2014, 0.62%; 2015, 1.10%; 2016, 0.60; 2017, 0.88%.
- Due to some critical issues with potential negative impact on customers, the relationship with one of the suppliers entrusted with the debt recovery service was terminated at the end of 2015, and the responsibility transferred to another operator.
- In July 2017, Agenzia di Manerbio unilaterally terminated the mandate for alleged misconduct, a reason contested by the Company.

In May 2017, as part of its supervisory activities, the Board of Statutory Auditors met with the managers responsible for the management of policyholder receivables, acknowledging the improvements achieved, including the gradual implementation of the recommendations made by the internal audit function, in accordance with a detailed process to be completed by the end of July of this year. With regard to the information received, the Board of Statutory Auditors did not find any anomalous circumstances, or evidence of situations that could give rise to particular criticisms.

The independent auditors did not consider the management of the losses in question to be among the fundamental issues to be submitted to the Board of Statutory Auditors, in its capacity as an internal control and accounts audit committee.

As things stand, the Board of Statutory Auditors has not found any evidence of profiles of reprehensible nature in the management of amounts due from policyholders in order to proceed with initiatives such as those described in the above report, without prejudice to the control activities still in progress. However, it reserves the right to report to the Meeting on the occasion of its celebration, once controls have been completed and a final judgement has been reached on the items on the agenda.

7. The Board of Statutory Auditors did not receive any petitions during the year under review.
8. The Company granted the Independent Auditors Deloitte & Touche S.p.A. a number of appointments other than the accounts audit, whose costs, excluding out-of-pocket expenses and VAT, are indicated below:
 - a. examination of the “annual pension funds management report”, €12,328;
 - b. examination of the “annual internal funds management report”, €177,651;
 - c. certification of the annual rate of return for segregated management schemes, € 112,474;
 - d. certification of Economic Balance Sheet and Own Funds Solvency II, €375,000;
 - e. consolidated non-financial statement pursuant to Legislative Decree 254/16, €72,000;
 - f. check on Unico and 770 form, €17,428;
 - g. other responsibilities: €5,550 for the audit of the consolidated financial statements in

English, €5,630 for the audit of the consolidated interim report in English, €15,000 for the audit of the individual financial statements in English, €12,000 for the audit of the report on Solvency and Financial Condition in English, €200,000 for the opinion on the Subordinated Debenture Loan, €400,000 for Due Diligence activities and €40,000 for consultancy on the Sustainability Report.

It is also hereby specified that, within the sphere of other companies included in the consolidation area and subject to audit activities, the value of non-audit appointments assigned to said independent auditing firm Deloitte & Touche S.p.A., for checking the Unico 2017 form and the 770 form, the certification of the annual rate of return for segregated management schemes and the appointments for the examination of the “annual internal funds management report”, the certification of Economic Balance Sheet and Own Funds Solvency II came to €562,864 (excluding out-of-pocket expenses and VAT).

As the role of internal control and accounts audit committee, the Board of Statutory Auditors examined in advance the proposals for services other than statutory auditing offered by the Independent Auditors and by the Companies belonging to the relevant network, assessing their compatibility with the limits set forth in art. 5 of EU Regulation 37/2014 and the absence of potential risks to the independence of the statutory audit.

The Board of Statutory Auditors acquired the letter of the Independent Auditors Deloitte & Touche S.p.A. for the annual confirmation of independence as per art. 6, paragraph 2, sub-paragraph a) of EU Regulation 537/2014 and pursuant to paragraph 17 of ISA Italia 260.

This having been stated, the Board of Statutory Auditors believes that no critical aspects have emerged with regard to the independence of the Independent Auditors.

9. In order to ascertain the possible granting of appointments to parties linked by on-going relations with the Independent Auditors and the related costs, a specific request was made to Deloitte & Touche S.p.A. with regard to the parties linked to the same by these types of relationship.

By means of note dated January 22nd, 2018 sent to the Company, with reference to its “network” as defined in accordance with art. 149-bis, paragraph 2 of the Issuers’ Regulations (limited to the countries in which Cattolica Assicurazioni Group entities are present), the Independent Auditors disclosed:

- that the operating entities with registered offices in Italy are: Deloitte Central Mediterranean S.r.l., Deloitte Consulting S.r.l., Deloitte eXtended Business Services S.r.l., Deloitte Finance Process Solutions S.p.A., Deloitte Financial Advisory S.r.l., Deloitte Italy S.p.A., Deloitte Risk Advisory S.r.l., Deloitte Touche Tohmatsu Tax Services S.r.l. a socio unico, Intellium Italia S.r.l. a socio unico, Quantum Leape S.r.l., Qualitekna S.r.l. a socio unico, Telnext S.r.l. a socio unico, Aprile Consulting a socio unico, Studio Legale Associato, Studio Tributario e Societario e Consorzio Deloitte Consulting and Fondazione Deloitte;
- that the operating entities that have their registered office in Ireland are: all entities that have the term “Deloitte” in their corporate name, Emblem Brands Limited and DT Tech Solution UK Limited.

The assessments carried out show that the Company appointed Deloitte Consulting S.r.l. for €250,000 in relation to support in carrying out assessment activities in the Markets and Distribution Channels area.

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- 10.** During the year under review, where required the Board of Statutory Auditors provided the opinions and observations envisaged by the law. The resolutions subsequently adopted by the Board of Directors did not emerge as in contrast with the content of these opinions.
- 11.** The activities of the Board of Statutory Auditors carried out in 2017 involved a total of 43 meetings. Furthermore, the Board of Statutory Auditors took part in the general shareholders' meeting last year, was always present during the Board meetings which numbered 28, as well as the meetings of the Executive Committee which numbered 19. The Board of Statutory Auditors formally acknowledges that the meetings of the Audit and Risks Committee numbered 21. The entire Board of Statutory Auditors usually takes part in this Committee within the sphere of its supervisory activities, as well as for the purposes of a more effective co-ordination of the control functions. It also formally acknowledged the following meetings of the other Committee within the Board of Directors: Remuneration Committee, 8 meetings; Investments Committee, 5 meetings; Corporate governance Committee, 5 meetings; the Related Parties Committee, 2 meetings. The Chairman of the Board of Statutory Auditors, or in the event of his impediment, a statutory auditor appointed for this purpose, usually assists during the meetings of these committees.

In conclusion, the members of Cattolica's control body also cover the role of Auditor in the main Group companies, for the purpose of ensuring, pursuant to CONSOB DAC/RM/97001574 communication of February 20th 1997, the acquisition of information necessary for fulfilling the related functions as well as more fully ensuring the co-ordination of the supervisory activities, in accordance with current legislation and in particular art. 151, paragraph 2, of Italian Legislative Decree No. 58/98 was maintained. Meetings were held during the year with the members of the Group's Boards of Statutory Auditors so as to encourage in-depth analysis into certain aspects of mutual interest with regard to anti-money laundering safeguards.

- 12.** When carrying out its appointment, the Board of Statutory Auditors acquired knowledge of and supervised, in as far as it is responsible, the observance of the principles of correct administration, by means of direct observation, collecting information from the heads of the administration division and the heads of the specific corporate areas, as well as via meetings with the Independent Auditors Deloitte & Touche S.p.A. and thus for the purpose of a reciprocal exchange of significant data and information. On conclusion of the activities carried out, the Board of Statutory Auditors confirmed the observance of the correct principles of administration.
- 13.** The Board of Statutory Auditors acquired awareness of and oversaw the adequacy of the organisational structure of the Company and the Group, required to deal with the commitments laid down by operational needs and a legislation portfolio undergoing constant change, as well as monitoring progress, not least as a result of the changes during the year of the Managing Director and of some managers in positions of responsibility. This process entailed an extensive reorganisation of competencies and responsibilities in which, in addition to strengthening and rationalising of the structure, including in view of the implementation of the lines of the 2018-2020 Plan, emphasis was placed on new hierarchical relationships and on the principle of separation of duties between different operational functions (Segregation of duties), avoiding the concentration of powers with a single individual.

In this context, we should highlight, among other things, the reorganisation of the CFO, Operations and IT areas, as well as the “Anti-Money Laundering Operational Office” function, which has been merged into the Anti-Money Laundering Function to improve the effectiveness and efficiency of controls.

During the year, the Company continued the process of modernising and strengthening its information systems, in which they played an important role in carrying out interventions on anti-fraud systems to support the Claims Department and to strengthen IT security, as well as to monitor cyber risk.

The Company has begun the process to up-date the internal norms, concerning policies, regulations and procedures, required by the periodic audits, by the organisational changes implemented and/or in anticipation of specific rules, including - in particular - those contained in the IVASS Draft Regulation, the subject of Document No. 2/2017 in consultation, concerning provisions on the corporate governance system.

However, the Company, in its capacity as parent company, has for some time adopted Group Regulations for the purpose of identifying a system of principles and rules for the organisation of dealings with the subsidiaries, which its management and co-ordination action must also be brought in line with.

In conclusion, it is formally acknowledged that the Company has continued with the Group training activities with the implementation of training plans pertaining to the main operational areas of the organisation and aimed at the employees and the agency networks and the Welfare and pension product advisors, as well as the distribution network of the banking intermediaries. As part of the training process, a series of meetings was also organised and open to directors and managers of all Group companies.

The Board of Statutory Auditors deems that the organisational structure is essentially adequate, having taken into account the above.

- 14.** The Board of Statutory Auditors has overseen the adequacy and functioning of the internal control system. The action unfolded jointly with the Control and Risk Committee, through participation in its meetings, during which the Board acquired awareness of the activities carried out by the control units, as well as via the direct collation of information from the respective managers. In particular, it examined the periodic reports, etc. issued by the Internal Audit Division and by the Risk Management, Compliance, Actuarial and Anti-money Laundering Units, monitoring the outcomes and the consistency of the checks with the annual Plans submitted to the Board of Directors. Both at the time of the joint meetings with the Control and Risks Committee and during separate meetings, the Board of Statutory Auditors engaged with the Executive appointed to prepare the corporate accounting documents, as controlling role in the handling of the risks pertaining to the financial disclosure as per art. 154-*bis* of the TUF, and with the Supervisory Body pursuant to Italian Legislative Decree No. 231/2001, examining the periodic reports and receiving information on the activities carried out. In particular, it observed the process of updating the Organisational, Management and Control Model in order to incorporate the latest offences included in catalogue 231.

Via its presence during the meetings of the Chairman or his appointee, the control body also took part in the activities of the internal board committees (Related parties committee, Investments committee, Remuneration committee, Corporate governance committee) in relation to which the preliminary and support activities for the decisions of the management body in accordance with the respective duties, were ascertained. In particular, with regard to the Remuneration Committee, it is acknowledged that for

decisions relating to the assignment of remuneration and economic benefits to members of administrative bodies and to managers with strategic responsibilities, other than those resolved by the Shareholders' Meeting, it has expressed the prior opinion referred to in art. 7 of CONSOB Regulations, relevant to the procedure for managing transactions with related parties.

Within the sphere of the activities and the controls inherent in the internal control system, the Board of Statutory Auditors formally acknowledges that the Company is endowed with the regulatory, procedural and organisational safeguards required by legislation specific to: Market abuse, internal dealing, prevention and countering of fraud, security and protection of personal data (Privacy Code), divulgation of privileged information, in relation to which the related register has been established.

With reference to the activities and functions of greatest importance, during the year the Statutory Auditors monitored the activities and the controls for the observance of the Solvency II Legislation and, together with the Boards of Statutory Auditors of the other Group companies concerned, for the improvement of the action for preventing and countering money laundering and the funding of terrorism, following the process for adaptation to the indications formulated by the Supervisory Authority.

It is hereby disclosed that the Group has taken steps to internally assess the Own Risk and Solvency Assessment – ORSA on a consistent basis with the 2015-2017 Business Plan and the foreseeable evolutionary dynamics, forwarding the results to IVASS on July 14th, 2017, subject to the approval of the Company's Board of Directors.

In conclusion, we hereby formally acknowledge that in the course of the year, the Company satisfied the fulfilments required by the Delegated Regulation (EU) 2015/35 of the European Commission dated October 10th, 2014 and by the Eiopa Guidelines with regard to disclosure for the purpose of financial stability, sending the Supervisory Body the relating reports.

In light of the above, on the basis of the analysis performed, the elements acquired and the improvement processes underway, no elements emerged which lead this Board of Statutory Auditors to consider the Cattolica Assicurazioni internal control and risk management system as inadequate, essentially complying in its entirety with the efficiency and effectiveness requirements in the supervision of the risks and the observance of the procedures and the internal and external legislation.

- 15.** The adequacy of the administrative-accounting system has been evaluated by the Board of Statutory Auditors with particular reference to the reliability of the structures and the ability of the same to correctly represent the operating events, of the Company and the Group. The action involved obtaining information from the heads of the respective divisions, the examination of the company documents and periodic reciprocal exchanges of data and information with the Independent Auditors, during which no problematic elements emerged, also with regard to the consolidation processes. The review of the Company's and Group's results was carried out on the basis of a Plan drawn up for the purpose by the Independent Auditors and submitted for the examination of the Board of Statutory Auditors which discussed the contents, checking the adequacy of the planned checks and controls.

Also for the purpose of acquitting the supervisory duties on the financial disclosure process pursuant to art. 19, paragraph 1, sub-paragraph b) of Legislative Decree No. 39/2010, the activities included consultation with the Executive appointed to prepare the corporate accounting documents on specific aspects pertaining to such disclosure, with

regard to the procedures for the monitoring of the significant processes for the purpose of Law No. 262/05. In this connection, the Board of Statutory Auditors formally acknowledges that the Company has established a specific risk management and internal control system correlated to the financial disclosure process pursuant to art. 123-*bis*, paragraph 2, sub-paragraph b) of the TUF (consolidated finance law), in relation to which sets of periodic controls are envisaged on the company processes concerned, subject to mapping.

The Managing Director and the Executive appointed to prepare the corporate accounting documents have issued the declarations envisaged by art. 154-*bis*, paragraph 5 of Legislative Decree No. 58/1998.

The Board of Statutory Auditors deems that the administrative-accounting system is essentially adequate, having taken into account the above.

- 16.** In the performance of its duties, the Board of Statutory Auditors monitored compliance with the provisions governing the preparation and publication of the Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016. The activity was also carried out through a meeting with the head of the relevant department and the independent auditors Deloitte & Touche, who were appointed to certify the conformity of the statement in question pursuant to art. 3, paragraph 10, of the aforementioned decree. It also involved verifying the adequacy of the organisational structure, which was updated in November 2017 with the creation of the Communication and Institutional Relations Department, both with regard to the pursuit of the Group's sustainability objectives and with regard to its measurement and representation. The company Deloitte & Touche issued its certification report without any comments. With regard to this matter, the Board does not have any particular observations.
- 17.** In accordance with the matters envisaged by art. 114, paragraph 2, of Italian Legislative Decree 58/1998, Cattolica di Assicurazione, in its capacity as issuer, imparted instructions to the subsidiaries necessary for ensuring the acquittal of the communication obligations envisaged by the law. The presence of members of Senior Management and the Board of Directors of the Company in the Boards of Directors of said companies contributes towards such observance. The management and co-ordination activities were carried out with regard also to Articles 2497-2497-*septies* of the Italian Civil Code.
In conclusion, it is revealed that the Directors and the Statutory Auditors of the subsidiaries have also been invited to take part in the training programme for the Parent Company Directors, for the purpose of encouraging the divulgation of mutual know-how.
- 18.** During the meetings held with the auditors for the exchange of information as per art. 150, paragraph 3, of Legislative Decree No. 58/98, no significant aspects emerged, as well as further to the periodic check as per art. 14, paragraph 1, sub-paragraph b) of Legislative Decree No. 39/2010. The Board of Statutory Auditors also oversaw the official audit of the annual accounts and the consolidated accounts, in pursuance of art. 19, paragraph 1, sub-paragraph d) of Italian Legislative Decree 39/2010, by means of specific meetings with the Independent Auditors during which the significant aspects of the audit plan and the audit action planned or implemented were reviewed.

19. Società Cattolica Assicurazioni has complied with the “Borsa Italiana S.p.A. Code of Conduct” of the Italian Committee for Corporate Governance of listed companies, updated in 2015. The Board of Directors has concretely implemented this with the establishment of the following internal committees: the “Audit and Risks Committee”, the “Remuneration Committee” the “Related Parties Committee”, the “Corporate Governance Committee” and the “Investments Committee”, approving the respective regulations. Over time, it did not deem it necessary to set up the “Appointments Committee”. The Report on Corporate Governance and the Ownership Structures, to which reference is made, contains the envisaged reasons for the choice.

As specified herein, during the year the Board of Statutory Auditors took part in the work of the Committees in question, as represented by the Chairman or an appointee of the same.

In February 2018, in observance of the Borsa Italiana Code of Conduct and ISVAP Regulation No. 20/2008, the Board of Directors concluded the annual process for the self-assessment of its size, composition and functioning of the Board and of the internal committees, with which the verification of the independence requirement of some Directors was assessed. The process was carried out in a manner substantially similar to previous editions. The related conclusions did not present elements of note and are precisely indicated in the Report on corporate governance and the ownership structures. With specific regard to the criteria and assessment procedures used by the Board to assess the independence of its own members, the Board of Statutory Auditors does not have any particular observations. On conclusion of the afore-mentioned process, the management body therefore took steps to up-date the document containing the stances the qualitative and quantitative composition of the Board, which was then made available to the public on March 24th.

As communicated to the Board of Directors by note dated February 27th, 2018, the Board of Statutory Auditors ascertained the independence of its members, in light of the same criteria as well as art. 148, paragraph 3, sub-paragraphs b and c of Italian Legislative Decree 58/98.

It is also formally acknowledged that the Board of Directors in its resolution of May 8th, 2013, subsequently confirmed in similar resolutions, provided for the non-application also for the Directors, of the independence requirement envisaged by point 3.C.1 e) of the Code of Conduct [loss of the requisite if one has been a Director of the Company for more than nine years in the last 12 years] in compliance with the recognised need to show preference with regard to an essential valuation. A similar amendment was also confirmed for the Statutory Auditors, on December 12th, 2012, at the time of adoption of the 2011 edition of the Code of Conduct, in relation to point 8.C.1. In any case, none of the Auditors in office fall within the case in question. The individual members of the Board of Statutory Auditors therefore certify observance of the limits to the accumulation of the appointments as per art. 148-*bis*, paragraph 1 of Italian Legislative Decree 58/98.

The Board of Statutory Auditors reveals that the Board of Directors on March 20th, 2018 approved the “Report on remuneration policies for 2018” pursuant to art. 123-*ter* of the TUF, to be submitted to the Shareholders’ Meeting in observance of both CONSOB resolution No. 18049 dated December 23rd, 2011 and ISVAP Regulation No. 39 dated June 9th, 2011. In observance of current legislation, the Policies in question were examined by the management body once the regulatory procedure had been observed which envisaged the drafting by the Human Resources and Organisational Development Unit and the involvement of the Remuneration Committee and the Audit and Risks

Committee for preliminary validation.

Finally, we acknowledge that the letter dated December 13th, 2017, sent by the Chairman of the Italian Committee for Corporate Governance to the Chairmen of the administrative bodies, to the Managing Directors and to the Chairmen of the control bodies of listed companies, together with the 5th Report on the application of the Corporate Governance Code, was brought to the attention of the Corporate Governance Committee and the Board of Directors of the Company. The related considerations are reported in a specific chapter of the Report on corporate governance and governance structures.

With regard to the matters stated above, the Board of Statutory Auditors has no particular observations to make.

20. On the basis of the afore-mentioned, the Board of Statutory Auditors can certify that during the supervisory and audit activities no significant facts emerged which would require being reported to the Supervisory bodies or a mention in this report, other than the matters stated above.
21. In relation to the proposals to be presented to the shareholders' meeting as per art. 153.2 of Italian Legislative Decree 58/98, please see the matters which will be indicated further on in relation to certain specific considerations, including those of the insurance and co-operation sector.

We therefore believe that it is necessary to state that:

- a. the Board of Statutory Auditors has carried out, where applicable, additional specific checks, also via the use of samples deemed suitable for the cases taken into consideration, in compliance with the IVASS circulars and provisions currently applicable, in light of current provisions. In terms of the control of assets assigned to cover the technical provisions, the Board of Statutory Auditors has periodically checked the full availability and absence of restrictions and charges on these assets and observance by the Company of the admissibility requisites and the investment limits laid down by regulations, as well as the updating of insurance registers;
- b. the company's solvency margin, calculated on the basis of the metric laid down by Solvency II Legislation, emerges as adequate, remaining as such throughout the year;
- c. with regard to the classification and valuation of the securities portfolio, the Company has provided appropriate information in the notes to the accounts and the Management report. During the year, the Company operated in accordance with the policies resolved by the Board of Directors. The Board of Statutory Auditors took steps to carry out the checks as per art. 7 of ISVAP Regulation No. 36 dated January 31st, 2011, as well as art. 12 of IVASS Regulation No. 24 dated June 6th, 2016, in force as from October 1st, 2016, and has found no irregularities in this connection. Furthermore, the compliance of the operations with the guidelines indicated in the related outline resolution concerning investments, also in terms of determination of the related strategic policy and composition of the medium/long-term portfolio, is monitored by means of periodic reports, accompanied by specific stress tests, produced by the Finance Division to the Board of Directors, together with the Risk Management Unit and subject to joint review by the Audit and Risks Committee and the Board of Statutory Auditors, insofar as they are respectively competent;

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- d. transactions on financial derivatives and those on complex assets, carried out during 2017, were limited in volume and were established in line with directives imparted by the Board of Directors and marked by prudence. The Company made the related periodic communications to IVASS. The Board of Statutory Auditors also certifies the coherence of these transactions according to art. 7, paragraph 1, sub-paragraph b) of Regulation No. 36 and art. 12, paragraph 1, sub-paragraph b) of IVASS Regulation No. 24, as indicated above;
 - e. account has been provided in the Management Report that the Company has seen to the management and registration of the complaints, as per ISVAP Regulation No. 24 dated May 19th, 2008, amended by means of IVASS Provision No. 46 dated May 3rd, 2016;
 - f. the Board of Directors has also reported, in the specific sections of the paragraph of its Report entitled “Significant events during the year”, on the inspections, disputes and certain facts, relating to the most significant dealings with CONSOB, IVASS and UIF, as well as with the Italian Internal Revenue Agency, in relation to which it kept the Board of Statutory Auditors informed;
 - g. with regard to the pension funds set up by Società Cattolica Assicurazioni, the appointed Independent Auditors issued, in its own reports, the statements of account on the accumulation phase of the various segments of the “Fondo Pensione Aperto Cattolica Gestione Previdenza - a Contribuzione Definita” and of the “Fondo Pensione Aperto Risparmio & Previdenza - a Contribuzione Definita”, providing a true and fair view of the financial position as of December 31st, 2017 and of the change in net assets allocated to services for the year thus ended, in compliance with the provisions governing the criteria for their preparation. The annual report of the Manager of the afore-mentioned Pension Funds, intended for COVIP, also concluded without irregularities. Equally, the corresponding report pertaining to the Individual Pension Plans set up care of the Company also lacked irregularities;
 - h. In 2017, the Council, whose members were confirmed until 2018, met once, while the activities of the Ethics and Disciplinary Board involved three meetings;
 - i. pursuant to art. 2545 of the Italian Civil Code, with reference to the corporate management for the pursuit of the mutual purpose, reference is made to the matters specified by the Directors in the Management Report in the specific section, “Shareholders” - “Mutual purpose”. On a consistent basis with the related Articles of Association provision, the Company permits the shareholders to take out insurance policies under favourable conditions. The entity of the premiums of the shareholders and the amount of the benefits enjoyed are specified in the notes to the accounts, in the “Activities carried out with the shareholders” section.

Dear Shareholders,

in view of the above, the Board of Statutory Auditors does not find any reasons which would prevent the approval of the financial statements as of December 31st, 2017, as drawn up by the Board of Directors, and expresses a favourable opinion with regard to the proposal to allocate the profit for the year. The Board of Statutory Auditors also has no objections to the proposal to distribute a further dividend from the extraordinary reserve, taking into account its overall amount and taking into account the fact that the solvency ratios of the Company and the Group remain absolutely solid, even after the distribution has been made.

At the end of its three-year appointment, the Board of statutory auditors wishes to thank the shareholders for the confidence shown in them and the entire Company for the attention paid and collaboration that they always receive in the performance of their duties.

Verona, April 4th, 2018

THE BOARD OF STATUTORY
AUDITORS

Giovanni Glisenti - Chairman

Luigi de Anna - Statutory Auditor

Federica Bonato - Statutory Auditor

Cesare Brena - Statutory Auditor

Andrea Rossi - Statutory Auditor

INDEPENDENT AUDITORS' REPORT

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010,
ARTICLE 10 OF THE EU REGULATION N. 537/2014
AND ARTICLE 102 OF LEGISLATIVE DECREE No. 209 OF SEPTEMBER 7, 2005**

**To the Shareholders of
Società Cattolica di Assicurazione - Società Cooperativa**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Società Cattolica di Assicurazione - Società Cooperativa (the Company), which comprise the balance sheet as at December 31, 2017, the income statement for the year then ended and the explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2017 and of its financial performance for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the recoverability of investments in subsidiaries

Description of the key audit matter

In the financial statements for the year ended December 31, 2017 the Company recorded, in the item C.II "Investments in Group companies and in other investees", investments in subsidiaries for Euro 807.5 million.

Investments in subsidiaries, existing a long-term connection, are classified in the long-term use portfolio and recorded at purchase cost net of any identified impairment losses.

In order to verify the possible existence of permanent losses in the value of investments in subsidiaries recorded in the financial statements, the Company carried out specific analytical evaluations, determining the recoverable amount of these investments in the meaning of "value in use", that is based on the ability to generate future cash flows.

As indicated by the Directors in the "Part A - Accounting principles" of the notes, the analyses aimed at identifying permanent impairment losses for equity investments classified in the long-term portfolio involve a high use of discretionary valuations, assumptions, estimates and hypothesis whose variation could cause deviations in relation to those figures.

In particular, the evaluation process adopted by the Company is based on assumptions concerning, among others, the expected cash flow forecast of the companies subject to assessment based on the guidelines and the main objectives of the 2018-2020 Business Plan, the determination of the cost of capital and of the long-term growth rate, the definition of the Solvency Ratio level, the identification of the combined ratio for equity investments in the "non-life" business and the new business for investments in the "life" business.

In the "Part B - Information on the Statement of financial position and Income statement" of the notes, in the section on investments in subsidiaries, the disclosure on the aspects above described is provided, as well as the amount of the adjustments recognized by the Company following the analytical assessments performed during the year.

In consideration of the subjectivity of the estimates relating to the determination of expected cash flows relating to individual companies and the key variables used in the valuations, we considered the assessment of the recoverability of investments in subsidiaries a key audit matter of the financial statements as at December 31, 2017 of the Company.

Audit procedures as a response to key audit aspects

The audit procedures, carried out also with the support of experts belonging to the Deloitte network, have included, among others, the following:

- examination of the methods used to determine the recoverable amount of investments in subsidiaries, analyzing methods and assumptions adopted in order to develop the evaluation models;
- understanding and recognition of the relevant controls carried out by the Company on the process for determining the recoverable amount;
- analysis of the reasonableness of the main assumptions adopted for the formulation of expected cash flow forecasts, also by analyzing available sector data and obtaining information from the management;
- analysis of the reasonableness of the variables used, such as the cost of capital and the long-term growth rate, the Solvency Ratio, the combined ratio for companies operating in the "non-life" business and the new business for companies operating in the "life" business;
- verification of the mathematical accuracy of the calculations made to determine the recoverable amount of investments in subsidiaries;
- verification of the correct calculation of the carrying value of investments in subsidiaries and of the related adjustments for permanent impairment losses;
- examination of the information provided by the Company in accordance with the applicable regulations.

Valuation of unlisted financial instruments and financial instruments listed on non-active markets*Description of the key audit matters*

The financial statements of the Company as at December 31, 2017 includes, in the item C.III "Other financial investments", unlisted financial instruments and financial instruments listed on non-active markets (hereinafter "financial instruments not listed on active markets") for a total amount of Euro 1,763.0 million, of which Euro 26.0 million relating to Shares and holdings, Euro 881.7 million related to Units of mutual investment funds and Euro 855.3 million relating to Bonds and other fixed income securities.

As noted by the Directors in the "Part A - Accounting principles" of the notes, the identification of the fair value of financial instruments, if not directly observable on an active market, involves a high recourse to discretionary evaluations, assumptions, estimates and hypotheses, whose variation could cause deviations in relation to those figures.

The Company describes, in "Part A - Accounting principles" of the notes, the criteria used to determine the market value of the financial assets, the main evaluation techniques applied and the methods for defining the market value for the different kinds of financial instruments held in the portfolio.

In consideration of the relevance of the amount of financial instruments not listed on active markets, of the degree of subjectivity inherent in the valuation of these financial instruments, also taking into account the uncertainties related to the correct and complete identification of the same, we considered the valuation of the financial instruments not listed on active markets a key audit matter of the Company's financial statements for the year ended December 31, 2017.

Audit procedures as a response to key audit aspects

We have preliminarily acquired a knowledge of the investment process followed by the Company, which included the understanding of operational and strategic guidelines. In this context, the audit procedures included the detection and understanding of the relevant controls implemented by the Company and the performance of procedures regarding compliance with corporate guidelines and investment policies.

With reference to financial instruments not listed on active markets, we have carried out, among others, also with the support of experts belonging to the Deloitte network, the following procedures:

- understanding and recognition of the controls carried out by the Company in identifying these financial instruments;
- understanding and recognition of the controls carried out by the Company in the process of determining the fair value of these financial instruments;
- verification, on a selection of these financial instruments, of the correct identification by the management of the kind of financial instruments;
- understanding of the valuation models and related input data used by the Company for the determination of the fair value of financial instruments not listed on active markets and analysis of their reasonableness, also considering the market standards or market best practices;
- analysis of the sources used and verification of the reliability of the main inputs included in the evaluation model, by comparison with the main info providers;
- recalculation of the market value on a selection of these financial instruments;

- verification of the consistency of the valuation of a selection of financial instruments with the documentary evidences provided by third parties;
- examination of the information provided by the Company in accordance with the applicable regulations.

Valuation of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes

Description of the key audit matters

At December 31, 2017 the Company recorded, in the item C.I " Technical provisions – Non life business", provisions for outstanding claims for a total amount of Euro 2,581.7 million, of which Euro 1,242.6 million related to the Ministerial class 10 TPL – Land motor vehicles (Euro 1,234.5 related to direct business and Euro 8.1 million for indirect business) and Euro 925.0 million related to Ministerial class 13 TPL – General (Euro 915.9 pertaining to direct business and Euro 9.1 million for indirect business) (hereinafter the "provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes").

As reported in the "Part A – Accounting principles" of the notes, the provisions for outstanding claims are calculated according to the provisions of Attachment 15 of ISVAP regulation no. 22 of April 4, 2008.

In particular, in the definition of the provision for outstanding claims reference was made to the concept of the ultimate cost, which consists in the separate assessment of each claim (inventory method), based on the analysis of the documentation relating to each individual damage case implemented by the staff assigned to settle the claims; with regard to the classes characterized by slow settlement processes or for which the analytical valuation does not make it possible to take into account all possible charges, the valuation based on the inventory method is supported by an additional valuation, which requires the use of methodologies and statistical-actuarial calculation models.

As noted by the Directors in the "Part A - Accounting principles" of the notes, the valuation process of the provisions for outstanding claims involves an articulated estimate activity by the Company's management, which presumes the formulation of subjective hypotheses, the variation of which could impact on the final result. In particular, the main assumptions used in the application of the statistical-actuarial methodologies concern the technical variables, including the time for deferring payments and the trend in the cost of claims, linked to the length of payment, as well as the prospective assessments of the economic scenario.

The notes in "Part A - Accounting principles" highlight the criteria followed in estimating the provisions for outstanding claims and the statistical-actuarial methodologies applied to verify the adequacy of the ultimate cost.

In consideration of the relevance of the amount of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes recorded in the financial statement, of the peculiarity of these classes, of the complexity of the valuation models, that also require the use of statistical and actuarial techniques and calculations, of the uncertainty connected to the definition of the assumptions and hypotheses on the effects deriving from future events, we considered the valuation process of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes a key audit matter of the Company's financial statements for the year ended December 31, 2017.

Audit procedures as a response to key audit aspects

The audit procedures, carried out also with the support of experts belonging to the Deloitte network, have included, among others, the following:

- understanding of the process of formation of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes which included the knowledge of corporate and settlement guidelines and any possible changes in the legal and regulatory framework of the sector;
- recognition and verification of the relevant controls performed by the Company on the estimating process of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes;
- performing procedures on the completeness and adequacy of the portfolios and the used key data;
- reading and analyzing the Actuarial Function report;
- performing comparative analyses through the recalculation of relevant indices observed in historical series and an examination of their correlation with other significant indicators. In particular we analyzed appropriate technical indicators an relevant figures, comparing them with comparable data and information relating to previous periods and available sector data;
- comparison between the estimate of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes performed in previous periods and what subsequently took place, with an analysis of the nature of the run-off;
- verification, on a selection of claims, of the coherence of the estimate of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes with the corporate documentary evidences and with the results of written confirmations obtained from external lawyers;
- analysis of the reasonableness of the methodologies and the main technical and evolutionary assumptions used to estimate the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes, also by checking their coherence with those used in previous years and considering the applicable regulations;
- identification of a range of reasonable outcomes and verification that the estimated provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes fell into that range;
- examination of the information provided by the Company in accordance with the applicable regulations.

Valuation of mathematical provisions

Description of the key audit matters

At December 31, 2017, the Company recorded in the financial statements in the item C.II "Technical provision - Life business" mathematical provisions for a total amount of Euro 4,822.7 million.

As reported in the "Part A - Accounting principles" of the notes, the mathematical provisions of private life insurance have been evaluated on the basis of the actuarial principles provided in Attachment 14 of ISVAP regulation no. 22 of April 4, 2008.

As noted by the Directors, in the "Part A - Accounting principles" of the notes, the process of formation of the mathematical provisions is based, moreover, on data flows deriving from the main characteristic processes and, by its nature, is affected by risks typical of an insurance company, linked to the financial management of investments and the complexity and variety of the insurance portfolio.

The process of formation of the mathematical provisions also includes the determination of additional provisions, provided to cover mortality or other risks, such as guaranteed benefits on maturity or guaranteed redemption values. The definition of the mathematical provisions therefore entails a high use of discretionary evaluations, assumptions, estimates and hypotheses, the modification of which could lead to a change in the final result of the amounts recorded in the financial statements.

The Company reports in the "Part A - Accounting principles" of the notes the followed criteria and the methodologies applied in determining the mathematical provisions.

In consideration of the significance of the amount of the mathematical provisions recorded in the financial statements and the existence of the discretionary component inherent in the estimation of certain additional provisions, we considered the process of evaluating the mathematical provisions a key audit matter of the financial statements of the Company as of December 31, 2017.

Audit procedures as a response to key audit aspects

The audit procedures, carried out also with the support of experts belonging to the Deloitte network, have included, among others, the following:

- understanding of the process of formation of the mathematical provisions which included the knowledge of management, underwriting guidelines and any possible changes in the legal and regulatory framework of the sector;
- recognition and verification of the relevant controls performed by the Company on the process of preparing financial information in the area of mathematical provisions;
- performing verification procedures on the completeness and appropriateness of the portfolios and the used key data;
- reading and analyzing the actuarial reports prepared by the competent corporate departments;
- verification of the calculation of the mathematical provisions through the application of simplified methods (so-called "recurring accounting method") in order to assess the reasonableness of the provision determined by the management;
- recalculating, for a selection of insurance contracts, of the value of the mathematical provision component as at December 31, 2017, using the calculation formulas contained in the technical documentation and analyzing the compliance of the calculation with the company procedures and the applicable legislation;
- analysis of the reasonableness of the methods and of the main technical and evolutionary hypotheses on which the estimates of the additional reserves included in the mathematical provisions were based, in accordance with the applicable regulations;
- examination of the information provided by the Company in accordance with the applicable regulations.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Cattolica di Assicurazione - Società Cooperativa has appointed us on April 21, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Società Cattolica di Assicurazione - Società Cooperativa are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structures as at December 31, 2017, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the financial statements of Società Cattolica di Assicurazione - Società Cooperativa as at December 31, 2017 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the financial statements of Società Cattolica di Assicurazione - Società Cooperativa as at December 31, 2017 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

Opinion in accordance with the art. 102, no. 2, of the Legislative Decree no. 209 of September 7, 2005, relating to the non-life technical reserves

In carrying out the engagement appointed by Società Cattolica di Assicurazione - Società Cooperativa, in accordance with the art. 102, no. 2, of the Legislative Decree no. 209/2005, we have audited the items relating to the non-life insurance technical reserves, included in the liabilities of the financial statements of Società Cattolica di Assicurazione - Società Cooperativa for the year ended December 31, 2017. The Company's Directors are responsible to establish technical reserves to the extent necessary to guarantee the insurance and reinsurance obligations. On the basis of the procedures performed in accordance with the

art. 102, no. 2, of the Legislative Decree no. 209/2005, with the ISVAP Regulation n. 22/2008, and the related guidelines included in the application document published by IVASS on January 31, 2017 on its website, the above mentioned technical reserves included in the liabilities of the financial statements of Società Cattolica di Assicurazione - Società Cooperativa for the year ended December 31, 2017 are sufficient in accordance with the applicable law and regulations and correct actuarial techniques, in compliance with the principles set out in the ISVAP Regulation 22/2008.

Opinion in accordance with the art. 102, no. 2, of the Legislative Decree no. 209 of September 7, 2005, relating to life technical reserves

In carrying out the engagement appointed by Società Cattolica di Assicurazione - Società Cooperativa, in accordance with the art. 102, no. 2, of the Legislative Decree no. 209/2005, we have audited the items relating to the life insurance technical reserves, included in the liabilities of the financial statements of Società Cattolica di Assicurazione - Società Cooperativa for the year ended December 31, 2017. The Company's Directors are responsible to establish technical reserves to the extent necessary to guarantee the insurance and reinsurance obligations. On the basis of the procedures performed in accordance with the art. 102, no. 2, of the Legislative Decree no. 209/2005, with the ISVAP Regulation n. 22/2008, and the related guidelines included in the application document published by IVASS on January 31, 2017 on its website, the above mentioned technical reserves included in the liabilities of the financial statements of Società Cattolica di Assicurazione - Società Cooperativa for the year ended December 31, 2017 are sufficient in accordance with the applicable law and regulations and correct actuarial techniques, in compliance with the principles set out in the ISVAP Regulation 22/2008.

Other Matter

The determination of the technical reserves is a complex estimation process that includes many subjective variables whose change may involve a significant variation in the final result. Therefore, we have developed a range of values considered reasonable, to take into account the level of the uncertainty embedded into these variables. In order to evaluate the sufficiency of the technical reserves, we have also verified that such reserves are within this range.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Milan, Italy
April 4, 2018

This report has been translated into the English language solely for the convenience of international readers.

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