PRESS RELEASE

CATTOLICA GROUP 2011-2013 BUSINESS PLAN APPROVED

THE MAIN TARGETS AS AT 2013:

- **CONSOLIDATED PROFIT of € 140 million (€ 70 million in 2010)**
- **Life business profitability up considerably:**
  - **Life business net profit of € 50 million**
  - **Value of new business € 45 million (€ 24 million in 2010)**
- **Non-life business profitability:**
  - **Combined ratio improved at < 95% (from 97.7% in 2010)**
  - **Non-life business net profit of € 90 million**
- **Growth in capital profitability: ROE at 9% (5% in 2010)**
- **Solvency II ratio fully operative target : >130%**

THE MAIN STRATEGIES:

- **Improvement of the life business profitability**
- **Consolidation of the technical excellence and the profitability of the Non-life business with particular attention to the development of the SME-dedicated range**
- **Enhancement of the distribution capacity**
- **Approach to the business choices in a Solvency II sphere**
- **Structural reduction of the costs and seizing of benefits from the IT systems transformation**
- **Strengthening of the professional technical skills of all the Group's human resources**
- **Improvement of the level of communication to the financial markets, shareholders and corporate base so as to make the most of the Cattolica Group**

Milan, Italy, June 23rd, 2011. Gradual and progressive growth of the business, doubling of the consolidated profit and improvement of the stock profitability in a context of maintaining a strong and solid asset base within a Solvency II sphere: these are the aims of the Cattolica Group Business Plan through 2013.
The document was approved last night by Cattolica Assicurazioni's Board of Directors, chaired by Paolo Bedoni, and will be presented today in Milan by the **Managing Director, Giovan Battista Mazzucchelli**, in a meeting to be held with the financial analysts followed by a press conference.
"Over the next three years", **Mazzucchelli** declared, "the Cattolica Group aims to achieve greater and increasing margins of profitability, thanks to the improvement in the profitability of the Life business, the further consolidation of the technical performance of

the Non-life segment, the rationalisation of the cost structure and the development of new ventures for enhancing the Group's distribution capacity".
During the Board meeting, the **Chairman Paolo Bedoni** emphasised how "the choice of defining a three-year plan, albeit in an economic scenario which remains uncertain and difficult, has been possible thanks to the excellent work carried out over the past years which has led to providing stability and autonomy to an insurance company based on a modern co-operative model deeply-rooted within the area, over a wide social base and on a strong network of economic, social and institutional relations. Thus, the conditions for providing strategic respite to a growth project have been created".

"The primary objective of improving the profitability", declared **Mazzucchelli** "will be accompanied by growth in the business and by maintenance of a solid asset base in line with Solvency II, with coverage of the current rating levels and with particular attention paid to the creation of value for shareholders and partners". These are the essential traits of the 2011-2013 Business Plan illustrated by Cattolica Assicurazioni's Managing Director.

2011-2013 Business Plan

The Business Plan envisages the following consolidated targets through 2013:

- **Doubling of the consolidated net profit** to € **140 million,** from € 70 million in 2010, with a sharp improvement especially in the Life business profitability;
- **Group's net profit of € 120 million** (€ 62 million in 2010). Attractive dividend policy (payout of no less than 60%);
- **Further consolidation of the technical profitability** of the **Non-life classes** with an improvement of around 3pp in the **combined ratio**[1] which will be lower at 95%, from 97.7% in 2010;
  - **Non-life premiums written**[2] are expected to increase from 1,594 million in 2010 to 1,790 million in 2013, disclosing annual average growth of around 4%, 2pp more than the market;
  - **Claims to premiums ratio**[3] at 70%, from 71.2% in 2010;
  - **Non-life net profit of €** 90 million, (€ 54[4] million in 2010).
- With regard to **life business,** growth in volumes will be more gradual taking new business with high profitability as the main focus:
  - the **life provisions** will rise from the current € 12.1 billion to € 13.8 billion;
  - the **value of new business** will increase from the current € 24 million to € 45 million in 2013;
  - **Life net profit** of € 50 million (€ 25[5] million in 2010).

[1] Combined ratio of retained business: 1-(Technical balance/net premiums), inclusive of other technical items.
[2] Direct business.
[3] Net charges relating to claims/Net premiums (retained business).
[4] This includes € 2 million classified in the income statement by sector of activities in the 2010 consolidated financial statements under the item "Other".

- **Structural reduction of the costs** with a saving over the plan period of € 25 million.

The increase in the profitability and the growth will be accompanied by strict coverage of the financial solidity within a Solvency II sphere (minimum target in 2013 of 130%) and the maintenance of a category "A" rating.

From a business perspective, the Plan develops along seven lines:

1. **Improvement of the profitability of the Life business**, by means of: optimisation of the operating model, reduction in the costs, development of new products, increase in the profitability of the banking partnerships and run-off of the low profitability provisions.
2. **Consolidation of the technical excellence and the profitability of the Non-life class**, via: a reduction in costs, improvement in claims handling, pricing and underwriting process innovation. Rise in premiums thanks to the projects focused on the SMEs and strengthening of the agency network. Development of new products and insurance services with a view to the central nature of the customer, one of the Group's fundamental values.
3. **Enhancement of the distribution capacity**, by means of further strengthening the agency network, with an increase in the average size per agency (average portfolio passing from 1.6 million in 2010 to 2 million to 2013) and via the requalification of the proprietary networks in terms of technical expertise, relational ability and customer service. Consolidation of the presence within small and medium-sized towns in the Italian provinces.
4. **Approach to the business choice in a Solvency II sphere**: the considerable attention to the protection of a solid asset base and risk management, together with a prudent but at the same time proactive management of the investments, on selected securities based on the fundamentals, are the conditions for a Solvency II ratio target envisaged in 2013 as 130%, accompanied by maintenance of a category "A" rating.
5. **Structural reduction of the costs and seizing of benefits from the IT systems transformation**, with a saving over the period plan of € 25 million, thanks to the reduction in general expenses for € 14 million, the completion of the modernisation of the IT systems started in the last three-year period which will end in 2013, with a consequent decrease in outsourcing costs for € 7 million, and the rationalising/efficiency increasing of the operating processes, organisation and head offices which will make it possible to achieve a saving of € 4 million at Group level.
6. **Strengthening of the professional technical skills** of all the Group's human resources by means of turning to account the mobility/turnover between the

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[5]Gross of non-recurring extraordinary costs amounting to around € 9 million. This includes € 1 million classified in the income statement by sector of activities in the 2010 consolidated financial statements under the item "Other".

various company divisions and the technical training involving around 4,000 man days envisaged for each plan year.

7. **Improvement of the level of communication to the market**.

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The strategic objectives and policies of the Cattolica Group's 2011-2013 Business Plan will be presented to the financial community today, June 23rd, 2011, at the Hotel Principe di Savoia in Milan, Italy (Piazza della Repubblica, 17). It will be possible to attend the event also via conference call. The telephone numbers to ring are: + 39 02 805 88 11 from Italy, + 44 1212 818003 (from other countries). The other technical details for accessing the event and the related presentation are available on the home page of the website www.cattolica.it and in the Investor Relations section.

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