

PRESS RELEASE

CATTOLICA ASSICURAZIONI GROUP'S RESULTS AT 31 DECEMBER 2019

2019 ENDS WITH TOTAL PREMIUMS UP BY +19,9% AT 7 BILLION OPERATING RESULT INCREASING BY +3,1%

- **TOTAL PREMIUM INCOME AT ABOUT €7BLN (+19.9%): GROWTH OF BOTH LIFE (+30.0%) AND NON-LIFE (+2.5%) DIRECT PREMIUMS**
- **COMBINED RATIO AT GOOD LEVEL 94.3% (+0.9 p.p.), DESPITE THE HIGHER INCIDENCE OF WEATHER-RELATED CLAIMS (+2.2 p.p.)**
- **OPERATING RESULT AT €302M (+3.1%) DESPITE THE INCIDENCE OF THE ABOVE-MENTIONED CLAIMS (+€42M YEAR ON YEAR)**
- **GROUP NET PROFIT DECREASING TO €75M (-29.7%) DUE TO SOME EXTRAORDINARY NEGATIVE ITEMS. PARENT COMPANY NET RESULT AT €120M**
- **CAPITAL STRENGTH CONFIRMED WITH SOLVENCY II RATIO AT 175% (169% 9M2019)**

Verona, 19 March 2020. The Board of Directors of Cattolica Assicurazioni, chaired by Paolo Bedoni, met yesterday in Verona and approved the results at 31 December 2019.

Paolo Bedoni, Chairman of Cattolica Assicurazioni Group, stated: *"We have ended a positive year, characterised by many challenges that we were able to face with courage and determination. In an increasingly competitive context, our Group's results confirm once again the growth registered in the past years and the solidity of our Company. Thanks to the precious work of employees, agents and of the distribution networks, led by the management team and the Board of Directors, Cattolica Assicurazioni continues to be an economic reference player for the different territories and for the country, despite the non-optimal scenarios with respect to the macroeconomic framework and the insurance sector. The health emergency that we are experiencing in recent weeks is putting a strain on the economic and financial system of the whole country, but we have the strength and competence to overcome it, as it has already been in the long history of our society, with the help of each of us and of the national and European institutions. Cattolica is also called to make its contribution and, as always, will do everything to guarantee security and development to the territories and communities in which it operates".*

Carlo Ferraresi, General Manager of the Cattolica Assicurazioni Group, commented: *"At the end of 2019, the Cattolica Assicurazioni Group's profile is that of a solid company with a growing business. We recorded a total premium income strongly increasing to €7 billion and good levels of technical and capital ratios, despite a very*

marked competitive environment and lower than expected interest rates. The year ends with an operating result growing to €302 million, showing the Group's management and industrial skills”.

In the face of the breakout of the Covid-19 pandemic, Cattolica Assicurazioni has undertaken several initiatives to help its customers, its agents and the entire Italian population, particularly in the areas where the company is most deeply rooted. To date, these actions can be quantified in over €6m of contributions, divided into disbursements in favor of numerous customers to cope with the interruptions of their economic activities, as well as multiple interventions in favor of hospital structures, especially in the most affected provinces.

Total premium income from direct and indirect Life and Non-Life business¹ is up sharply by 19.9% at €6,944m (increasing by 13.1% like-for-like). Non-Life direct premiums are up by 2.5%. The growth of Life premiums is equal to 30.0% with an increasing incidence of the unit-linked products (30.5% on total premiums) and of the traditional products with a low risk profile. The increase in weather-related claims (€42m of higher costs, net of reinsurance, in FY2019 vs. FY2018) has driven an increase of the combined ratio of +2.2 p.p that stands at 94.3% (+0.9 p.p. compared to FY18). This has an impact also on the operating result² which is, nevertheless, growing by 3.1% at €302m.

The operating RoE³ stands at 7.9%, growing by 0.4 p.p. compared to 2018.

The **Group's net result**⁴ at €75m (€107m FY2018), decreased by 29.7% compared with the previous year, was affected by some extraordinary negative items, such as the impairment of goodwill (€13m), the loss generated by the sale of Cattolica Life (€7m), write-downs of property (€10m) and other residual items amounting to €16m.

For the purpose of increasing transparency on the Group's ability to create value, a new KPI, the Adjusted result⁵, was introduced by subtracting from the Group's net result the amortization of the VOBA (value of business acquired) and the impairment of the goodwill; this KPI aims at showing the Group's result net of such accounting items which do not affect the shareholders' remuneration capacity. It is worth noting, in fact, that both the VOBA and the goodwill have already been deducted from the calculation of the Own Funds within the Solvency 2 framework. The Group has therefore decided to use, among other metrics, this KPI, instead of the Group's net result, to determine its payout ratio.

The Adjusted result in 2019 is equal to €103m decreasing by 13.2% compared to FY2018.

Non-Life Business

Direct premium income is up by +2.5% at €2,157m (+1.6% like-for-like). This figure includes €1,065m attributable to the **Non-Motor segment**, up sharply by 7.3% (+5.4% like-for-like) due to the many initiatives envisaged in the Business Plan to rebalance the Non-Life business mix in favour of the Non-Motor segment. The **Motor segment** stands

¹ Includes insurance premiums and life insurance contracts as defined by IFRS 4.

² See the Glossary.

³ The operational ROE is the ratio between the sum of the net operating result of the cost of subordinated debt, taxes and minority interests and the average of the Group's net equity (excluding the AFS reserve).

⁴ Net of minority interests.

⁵ It is defined as the Group's net profit minus the amortisation of the VOBA (value of business acquired, net of the related tax effects and of the share pertaining to the Group) and the impairment of goodwill, which have relevance on the Group profit but do not affect the Solvency position.

at €1,092m, down by 1.7% (-1.9% like-for-like) due to measures to recover profitability through an increase in the average premium and some specific pruning initiatives.

The **combined ratio**⁶ increases from 93.4% in FY2018 to 94.3% in FY2019 (+0.9 p.p.), as the consequence of the incidence of weather-related claims, up 2.2 p.p. compared to the previous year, to 6.4% on net earned premiums. The net claims ratio stands at 63.1% (-0.1 p.p.) whereas the expense ratio stands at 29.7%, up by 0.5 p.p., due to the business mix effect, which has an impact on the acquisition ratio (+0.5 p.p.); the G&A expense ratio is in line with the previous year and takes into account the industrial plan investments.

Life Business

In the Life segment, **direct premium income** is up by 30.0% at €4,772m (+19.7% like-for-like). Premium income is driven by a very positive increase in unit-linked products (+91.2%), in line with the actions outlined in the Plan; such products accelerated sharply from the second quarter mainly thanks to the contribution of the bancassurance partnership with Banco BPM.

The new with-profit Life contracts with zero guaranteed rate have helped to further lower the average minimum guaranteed of the Group's reserves, which now stands at 0.58% (0.78% FY2018), continuing the reduction targeted in the Business Plan. Furthermore, all new traditional insurance contracts are characterised by a low capital absorption thanks to their technical features that enable a low risk profile.

Financial management and balance sheet position

The **result of investments**⁷ increases to €529m (€484m FY18), with an increasing Non-Life ordinary component (+0,5%) thanks to an improved Group's strategic asset allocation.

Investments amount to €33,402m. The **gross technical reserves of the Non-Life business** amount to €3,704m (€3,748m FY18) whereas the **reserves of the Life business**, including financial liabilities associated with investment contracts, amount to €28,003m (€26,503m FY18).

The figures as at 31 December 2019 confirm the Group's capital strength, with a **net consolidated shareholders' equity** equal to €2,351m, growing compared to 2018.

The Group's **Solvency II ratio** is equal to 175% despite the decrease of the risk-free interest rates. The ratio is calculated according to the Standard Formula using the Undertaking Specific Parameters (USPs) authorised by the supervisory authority.

Sales network

At 31 December 2019 the agency network was made up of 1,395 agencies and the Bank branches distributing Group products stood at 6,075.

The Parent Company

The Parent Company's gross direct and indirect premiums written reached €2,353m (-7.8%; €2,551m FY18), of which €1,733m of Non-Life direct premiums (+0.4%; €1,726m FY18) and €620m of Life premiums (-24.8%; €825m FY18). The net result, according to national accounting standards, amounts to €120m.

⁶ Combined ratio of retained business: 1-(Technical balance/net premiums), inclusive of all other technical items.

⁷ Financial assets, excluding investments whose risk is borne by the policyholders, gross of the tax effects.

Shareholders' remuneration

Following the decree "Cura Italia", approved yesterday, which in article 106 postpones the last date for the convening of the general meeting one hundred and eighty days after the end of the financial year, the Cattolica Assicurazioni Board of Directors has deemed it appropriate to postpone the decision on the distribution of dividends.

This choice is linked to the extreme volatility of the financial markets following the spread of the Covid-19 pandemic. Despite the awareness of the Group's solid solvency position (S-II ratio at 175% at the end of 2019), it was considered correct to postpone the decision so as to hopefully have a better picture to make such decision.

The Company's Board of Directors will communicate the destination of profits within the timeframe allowed by the new decree.

Indications for the first months of 2020

As already communicated on 6 February 2020, the Board of Directors of Cattolica has taken note that the financial and insurance scenarios for the current year are more unfavorable than those assumed in the drafting of the 2018-20 Business Plan, in particular due to the persistence of a highly competitive situation and interest rates that are lower than expected leading to an erosion of financial returns. The Board has therefore approved new projections for the year 2020 which are slightly lower than those previously communicated to the financial markets during the presentation of the 2018-20 Business Plan: the Operating Result is expected in a range between €350 and €375 million. There is therefore a difference of -6% between the two average values as compared to the previously disclosed range (€375-400 million).

As of today, it is premature to make a forecast of the impact of the pandemic on the Group's business. In preliminary terms, in a context of uncertainty and increased volatility in the financial markets, it is expected to have a negative impact on premium income while it should not lead to an increase in the number of claims.

The Corporate Financial Reporting Manager, Enrico Mattioli, states pursuant to paragraph 2 of Article 154bis of the Consolidated Law on Finance that the accounts information contained in this press release matches the results of the documents, books and financial records.

The Board of Directors has verified the independence requirements of the Directors, based on the provisions of the Code of Conduct, qualifying as independents the non-executive directors Piergiuseppe Caldana, Bettina Campedelli, Luigi Castelletti, Chiara de' Stefani, Rosella Giacometti, Pierantonio Riello, Anna Strazzerà and Eugenio Vanda, as well as the Directors part of the Management Control Committee, Giovanni Glisenti, Federica Bonato e Cesare Brena.

The Board of Directors after taking note of the art.106 of the decree no.18 of 17 March 2020 and of the well-known emergency health situation at the basis of the same, considering in the interest of members and of the Company to exclude for the time being forms of telematic meeting or the presence of only one members' representative designated by the Company, resolved to postpone the calling of the Company's ordinary and extraordinary General Meeting, already scheduled for 24 and 25 April 2020, to a date subsequent to 30 April, as soon as the general circumstances allow it. The fixing of the agenda is therefore also postponed to the date of the convocation, together with

the related formal compliance, including the proposals to be presented at the General Meeting, among which the proposal for the allocation of profits. The Board of Directors is confident that the General Meeting will be held as soon as possible and in any case within 180 days from the end of the fiscal year.

The Company informs that the Financial Statements, the Consolidated Financial Statements, the Consolidated Statement of a non-financial nature as at 31 December 2019 and the Report on Corporate Governance and Ownership Structures will be available to the public at the registered office and on the company's website at www.cattolica.it and on the storage mechanism authorized by Consob termed "eMarket STORAGE", managed by Spafid Connect S.p.a. that can be accessed from the site www.emarketstorage.com, in the manner and within the terms established by the current provisions of law and regulations.

The results at 31 December 2019 will be presented to the financial community at 11:30 CET today, 19 March 2020, in a conference call (with Italian, English and original audio). The numbers to dial are: + 39 02 805 88 11 from Italy, + 44 1 212818003 from the United Kingdom and +1 718 7058794 from the United States. Journalists may follow the event by calling +39 02 805 88 27 (listen-only mode). The results presentation will be available on the homepage of the site www.cattolica.it in the Investor Relations section.

The reclassified statements as at 31 December 2019 of the consolidated and Parent Company's Balance Sheet and Income Statement are attached, with indication that the annual and consolidated financial statements and the related documentation have not yet been certified by the independent auditing firm, as well as the Solvency II figures pursuant to Ivass regulation 2 August 2018, no. 42.

SOCIETÀ CATTOLICA DI ASSICURAZIONE

Cattolica Assicurazioni is one of the main players on the Italian insurance market and the only cooperative company in its industry to be listed on the Milan Stock Exchange, where it has been present since November 2000. With nearly 3.5 million customers who rely on the insurance solutions and products it distributes, the Group has total premiums of nearly €7 billion (2019). At the Group level, Cattolica has 1,395 agencies spread throughout Italy, covering both large cities and smaller towns, and a network of 1,887 agents. For further information: www.cattolica.it/profilo-societario

CONTACTS

Investor Relations Officer

Atanasio Pantarrotas, CFA

Tel. +39 045 8391738

investor.relations@cattolicaassicurazioni.it

Media Relations Office

Erminia Frigerio – Media Relations

erminia.frigerio@cattolicaassicurazioni.it

Tel +39 337 1165255

Angelo Cipriani – Local media

Tel. +39 347 5074052

angelo.cipriani@cattolicaassicurazioni.it

Comin & Partners

Gianluca Comin (329 8603580 – 06 89169407)

Presidente e Founder

gianluca.comin@cominandpartners.com

Comin & Partners

Lelio Alfonso (334 6054090 – 02 87042400)

Managing Partner Milano

lelio.alfonso@cominandpartners.com

Glossary

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

Gruppo Cattolica - Consolidated Financial Statements at 31 DICEMBER 2019

(drawn up based on international accounting standards)

Reclassified Balance Sheet (amounts in millions)	2019	2018	Mandatory entries
Assets			
Investment property and real estate	1.062	957	4.1 + 2.1
Investments in subsidiaries, associates and joint ventures	160	119	4.2
Loans and receivables	1.072	865	4.4
Investments held until maturity	212	225	4.3
Available-for-sale financial assets	23.823	23.120	4.5
Financial assets at fair value with a corresponding asset item in the income statement	6.605	5.810	4.6
Cash and cash equivalents	468	406	7
Investments	33.402	31.502	
Intangible assets	881	911	1
Technical reserves for reinsurers	619	702	3
Other assets net of other liabilities	686	705	(**)
<i>of which assets of disposal group classified as held for sale</i>	197	0	
<i>of which liabilities of disposal group classified as held for sale</i>	-194	0	
ASSETS	35.588	33.820	
Net assets and liabilities			
Group Capital and reserves	1.819	1.673	
Group result	75	107	1.1.9
Net Group assets	1.894	1.780	1.1
Net minority assets	457	475	1.2
Net consolidated assets	2.351	2.255	1
Premiums reserve	880	854	
Claims reserve	2.824	2.894	
Non-life gross technical reserves	3.704	3.748	3
Life gross technical reserves	26.509	24.693	3
Other non-life gross technical reserves	3	2	3
Other life gross technical reserves	676	521	3
Financial liabilities	2.345	2.601	4
<i>of which deposits to policyholders</i>	1.494	1.810	
NET ASSETS AND LIABILITIES	35.588	33.820	

Reclassified Income Statement (amounts in millions)	2019	2018	Compulsory items (*)
Income and revenues			
Net premiums	6.544	5.355	1.1
Commission income	5	7	1.2
Revenues and fees deriving from financial instruments at fair value recognised in the income statement	366	-162	1.3
<i>D class financial management result (***)</i>	373	-164	
Revenues deriving from shares held in subsidiaries, associate companies and joint ventures	5	3	1.4
Revenues deriving from other financial instruments and real estate investments	822	764	1.5
<i>of which variation of other financial liabilities</i>	0	0	
Other income	143	140	1.6
Total income and revenues	7.885	6.107	
Costs and fees			
Net fees relating to claims	-6.257	-4.568	2.1
Commission expense	-6	-7	2.2
Fees deriving from shares held in subsidiaries, associate companies and joint ventures	-3	-1	2.3
Fees deriving from other financial instruments and real estate investments	-244	-242	2.4
Management expenses	-830	-779	2.5
<i>Commission and other acquisition expenses</i>	-570	-517	
<i>Management expenses for investments (****)</i>	-51	-43	
<i>Other administration expenses</i>	-209	-219	
Other costs	-356	-279	2.6
Total costs and fees	-7.696	-5.876	
Result for the period before taxes	189	231	
Taxes	-86	-94	3
Result for the period net of taxes	103	137	
Result of ceased operating activities	0	0	4
CONSOLIDATED RESULT FOR THE PERIOD	103	137	
Result pertaining to third parties	28	30	
RESULT PERTAINING TO THE GROUP	75	107	

(*) The items of the consolidated financial statement are shown pursuant to ISVAP Regulation No. 7 of 13 July 2007.

(**) Sundry credits, other assets or other tangible assets (items of financial position assets = 5 + 6 + 2.2) net of provisions, payables and other liabilities (items of financial position liabilities = 2 + 5 + 6).

(***) Also included are the class D results recognised in the management expenses for investments equal to 1 million and other revenues equal to 8 million.

(****) Included are management expenses for class D investments equal to 1 million.

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

Reclassified balance sheet (amounts in millions)	2019	2018	Compulsory items
Assets			
Land and buildings	89	95	C.I
Shares and interests	1.771	1.705	C.II.1 + C.III.1
Obligations and other fixed revenue securities	6.023	6.373	C.II.2 + C.III.3
Shares in mutual investments funds	1.274	1.114	C.III.2
Loans and other investments	3	3	C.II.3 + C.III.4 + C.III.6 + C.
Deposits with ceding undertakings	10	10	C.IV
Class D investments	1.132	957	D
Cash and liquidity	87	67	F.II
Investments	10.389	10.324	
Intangible assets	129	154	B
Technical provisions charged to reinsurers	438	486	D.bis
Other receivables and other assets net of other payables and other liabilities	14	-25	(1)
ASSETS	10.970	10.939	
Equity and liabilities			
Share Capital and capital reserves	1.687	1.754	
Net income (loss)	120	3	
Shareholders' equity	1.807	1.757	A
Gross P&C technical provisions (premiums and accidents)	3.167	3.247	C.I.1 + C.I.2
Gross life technical provisions (mathematical and class D)	5.856	5.701	C.II.1 + D
Other gross technical P&C provisions	15	14	C.I.4 + C.I.5
Other gross technical life provisions	125	220	(2)
EQUITY AND LIABILITIES	10.970	10.939	

Reclassified income statement (amounts in millions)	2019	2018	Compulsory items
Earned premiums	2.145	2.361	I.1 + II.1
Incurred claims and variations of technical provisions	1.728	1.886	I.4 + II.5 + II.6
Management costs	504	505	I.7 + II.8
Other technical items	-26	-20	(3)
Net income from Class C investments	320	159	II.2 - II.9 + III.3 - III.5
Net income from Class D investments	65	-18	II.3 - II.10
Other income net of other costs	-86	-71	III.7 - III.8
RESULTS FROM ORDINARY ACTIVITIES	186	20	III.9
Results from non-recurring items	-1	-1	III.12
RESULTS BEFORE TAX	185	19	III.13
Income taxes for the year	65	16	III.14
NET INCOME (LOSS)	120	3	III.15

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

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

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