

## PRESS RELEASE – Results at 31 December 2020

### STRONG GROWTH IN OPERATING RESULT (€412M +36.6%) - IMPROVED SOLVENCY RATIO (187%)

- **TOTAL PREMIUM INCOME OF €5.7BN (-18.6%): IN DIRECT BUSINESS, NON-LIFE PREMIUMS ARE IN LINE (-2.5%), LIFE PREMIUMS DECREASE (-26.1%)**
- **IMPROVEMENT IN COMBINED RATIO (86.8%, -7.5 p.p.)**
- **MARKED INCREASE IN ADJUSTED PROFIT TO €192M (+85.9%)**
- **GROUP NET PROFIT OF €36M DUE TO WRITE-DOWNS (GOODWILL -€138M)**
- **IN LINE WITH THE REGULATOR'S GUIDANCE, THE BOARD PROPOSED THE ALLOCATION OF EARNINGS**

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Verona, 25 March 2021. The Board of Directors of Cattolica Assicurazioni, met yesterday in Verona, chaired by Paolo Bedoni, to approve the results at 31 December 2020.

**Paolo Bedoni, Chairman of the Cattolica Assicurazioni Group**, stated: *“With satisfaction, the Board of Directors approved Cattolica's very positive financial statements, achieved in a year characterized by extraordinary events and marked by the pandemic that has put the whole of society and economy in difficulty. The Board of Directors expressed particular appreciation to the management for the results achieved and for the solidity that Cattolica guarantees to its members, shareholders, employees, agents and to all its stakeholders. On the eve of the transformation into a joint stock company and of the renewal of the Board of Directors, Cattolica confirms as a healthy and profitable company, which in this difficult year has been able to live up to its social role, responding to its mission oriented to the protection of people and of business, also through the support, as a Group and as a Catholic Foundation, for those who have suffered the most”.*

**Carlo Ferraresi, General Manager of the Cattolica Assicurazioni Group**, commented: *“The 2020 results confirm the solidity of Cattolica Assicurazioni, a company sound in equity which, considering the unexpected and exceptional events linked to the global pandemic, was able to beat the guidance and achieve an unprecedented operating result of 412 million. The financial stability of the Group is certified by the Solvency II ratio, improving to 187%. The partnership agreement with Assicurazioni Generali has entered, in*

*recent months, its full operational phase in some business areas, while in others the agreements will be implemented at full capacity during the year and will bring added value to our Group. Strengthened by the technical capacity of our management and certain of the contribution of a solid partner, we are ready to face the imminent transformation into a joint-stock company and the challenges of the new Rolling Plan for 2021-2023, confident of our ability to compete on the market in a profitable way and to create value for all shareholders”.*

The economic data and assets and liabilities at 31 December 2020 of Lombardia Vita, the sale of which will take place in April 2021 subject to the relevant authorisations, have been reclassified under the relevant "disposal" items pursuant to IFRS 5. For a better reading of operating performance, the numbers included in this press release include the economic data of Lombardia Vita, fully consolidated until 30 September 2020.

**Total premium income from direct and indirect Non-Life and Life business<sup>1</sup>** decreased by 18.6% to €5,653 million, mainly due to the lockdown. Direct Non-Life business decreased by 2.5% due to Motor. Life premium income decreased by 26.1%.

Total FY2020 premiums without Lombardia Vita amounted to € 4,705m with a change of -15.7% compared to FY2019 without Lombardia Vita (€ 5,579m).

The **combined ratio** improved markedly, reaching 86.8% (-7.5 p.p.) despite the provision made to take account of the voucher for Motor customers, which constitutes 0.7% of earned premiums<sup>2</sup>. The **operating result<sup>3</sup>** increased sharply by 36.6% to €412 million, taking operating RoE<sup>4</sup> to 11%. The FY2020 operating result without Lombardia Vita amounts to € 352m, with a change of + 60.1% compared to FY2019 without Lombardia Vita (€ 220m).

**Adjusted profit<sup>5</sup>** for FY2020 was €192 million, up 85.9% compared with FY2019 despite various write-downs of investment property (-€19 million), equity investments (-€5 million) and AFS shares and funds (-€12 million). **Group net profit<sup>6</sup>** of €36 million (€75 million in FY2019) was down compared with the previous year (-51.5%), mainly due to impairment on goodwill (-€138 million). Lombardia Vita's contribution to the IAS Group profit is € 31 million.

### Non-Life business

**Premium income from direct business** decreased by 2.5% to €2,104 million. The premium income of the **Non-Motor segment** contributed €1,071 million to the

<sup>1</sup> This figure includes the insurance premiums and investment contracts of the Life classes as defined in IFRS 4.

<sup>2</sup> The Cattolica Group decided to give its customers the option of using one twelfth of the Motor Vehicle Liability premium for the renewal or purchase of new Non-Life cover.

<sup>3</sup> See the Glossary

<sup>4</sup> Operating RoE is calculated as the operating result, less the cost of employees, taxes and minority interests, over the Group's average shareholders' equity (excluding the AFS reserve).

<sup>5</sup> Defined as the measure of Group profit minus the amortisation of the VOBA (value of business acquired, net of the related tax effects and for the Group's share) and goodwill impairment, which are relevant to the Group's profit but do not affect the Solvency position.

<sup>6</sup> Net of the minority-interest share.

result, in line with the previous year (+0.5%). The premiums of the **Motor segment** came to €1,033 million, down by 5.4%, mainly due to the decrease during lockdown and the effect of initiatives for policyholders, including vouchers. The Motor TPL policy portfolio contracted by around 113,000 units in 2020, mainly in the first four months of the year.

The **combined ratio**<sup>7</sup> went from 94.3% to 86.8% (-7.5 p.p.), mainly due to the sharp decrease in frequency related to less vehicle traffic and despite the provisions made to cover the voucher for Motor customers (corresponding to 0.7 p.p. seen in the other technical items) and weather events, which had an effect of 6.4 p.p., well above the historical average but in line with the previous year. The claims ratio for retained business decreased to 54.9% (-8.2 p.p.) while the expense ratio stood at 29.1%, down 0.6 p.p., mainly due to lower costs. It should be noted that the claims ratio includes the amount of Covid-19-related claims.

### Life business

In the Life segment, **premium income from direct business** decreased by 26.1% to €3,527 million, also due to the sharp drop during lockdown.

New with-profit Life policies with a minimum guaranteed rate of zero drove a further gradual decline in the Group's average guaranteed minimum reserves to 0.49% (0.58% in FY2019), continuing the reduction envisaged in the strategic guidelines set out in the Business Plan. In addition, the new traditional policies written are characterised by low capital absorption overall due to their limited risk profile.

### Financial management and financial position

**Investment income**<sup>8</sup> was €440 million (€529 million in FY19), with a decrease in the ordinary Non-Life component (-9.4%).

**Investments** amounted to €24,456 million. The **gross technical provisions of the Non-Life classes** amounted to €3,496 million (€3,704 million in FY19) and the **provisions of the Life classes**, including financial liabilities from investment contracts, amounted to €19,123 million (€28,003 million in FY19) mainly due to the exit of Lombardia Vita.

The figures at 31 December 2020 indicate continuing capital solidity, with **consolidated shareholders' equity** of €2,613 million, up compared with 2019.

The Group's **Solvency II ratio** at 31 December 2020 was 187%. The ratio is calculated according to the Standard Formula using the Group Specific Parameters (GSPs) authorised by the supervisory authority. The ratio made a marked recovery compared with the previous quarter (161%), partly due to the capital increase subscribed by Generali last October (€300 million) and despite the repurchase of shares after the exercise of the right of withdrawal (€113 million). This indicator is calculated still including Lombardia Vita in the Solvency Capital Requirement but excluding from the own funds the amount

<sup>7</sup> Combined ratio for retained business:  $1 - (\text{Technical balance} / \text{net premiums})$ , inclusive of the other technical items.

<sup>8</sup> Financial assets, excluding investments whose risk is borne by the policyholders, before tax.

of the subordinated loan of €80 million subscribed by UBI, which will likely be repaid during 2021.

### **Sales network**

At 31 December 2020, the agency network consisted of 1,360 agencies and there were 5,960 bank branches distributing the Group's products.

### **The Parent Company**

The Parent Company's gross premiums written for direct business reached €2,255 million (-4.2%; €2,353 million in FY19), comprising €1,701 million for Non-Life direct business (-1.9%; €1,733 million in FY19) and €554 million for Life direct business (-10.6%; €620 million in FY19). On the basis of Italian GAAP, net profit amounted to €4 million.

### **Shareholder remuneration**

In line with the recommendations of EIOPA and IVASS and having not yet completed the capital transactions requested by the regulator, the Board of Directors of Cattolica has proposed the allocation of earnings.

### **Partnership with Generali**

With regard to the partnership with the Generali Group, activities continue in line with the provisions of the agreements. In detail:

- *Asset Management.* The asset management changeover envisaged was completed within the agreed time frame and the activity has been fully operational since January.
- *Reinsurance.* The management of the reinsurance treaties expiring at the end of 2020 was activated in compliance with the agreed quotas and times. In the coming months, an analysis is planned for the management of some specific business lines not included in the treaties at the end of 2020.
- *IoT.* The new motor connected product has already been activated on about 60 agencies of the Cattolica network with excellent results in terms of sales and service levels; the program is in line with the schedule, and the roll-out on the Cattolica network is expected to be completed by March and the pilot for another network of the Group is expected to start. In the coming months, activities are planned for the migration of the existing motor portfolio and for the activation of the analysis of non motor / property solutions.
- *Health.* Per il cantiere salute, nel mese di marzo è stata attivata la piattaforma di Employee Benefit per i dipendenti del Gruppo Cattolica, mentre la nuova offerta salute verrà resa disponibile alla rete nel mese di aprile; nello stesso mese è previsto anche l'avvio della gestione dei sinistri Infortuni e l'avvio del servizio di Tele-underwriting. The Employee Benefit platform for employees of the Cattolica Group was activated in March, while the new health offer will be made available to the network in April; In the same month, the management of "Accidents and Injury" claims and the start of the Tele-underwriting service are also expected.

### **The Covid-19 emergency**

To address the health and economic crisis caused by the pandemic, business continuity and workforce protection have been ensured through the immediate adoption of smart working for all Group employees. The activities necessary for a safe return to the operational sites were carried out, with a maximum of 25% of staff present at the sites in September, but in early October the Group considered it appropriate to return to full smart working mode due to the resurgence of the infection, while the tools provided in recent months (remote payments, Motor and Life remote sales, Motor vouchers) remain available to cover and protect customers.

With regard to the implications for the Group's business, the following macro-trends were recorded during the year:

- There was a dramatic drop in new business during the generalised lockdown (from about mid-March to early May), in the Non-Life business and especially in the Life business. When traffic circulation and economic activities resumed (the "recovery" period, between early May and the second week of October) there was a process of returning to normal that was faster in the agency channel and less immediate in the bancassurance channel. In the last eight weeks of the year, when a second lockdown took place, there was another slowdown in the Motor business, although the impact was less than half that of the first Lockdown and there was no disruption to Non-Motor and Life trends.
- Alongside the new business performance, Life surrenders also dropped sharply during the months of lockdown (more than -75%), before rising again in the recovery period, although they were not at pre-lockdown levels (-20%); in the new Lockdown there was another material decline in volume (around -50% compared with the first eight weeks of the year).
- Reported claims decreased in almost all classes except for Miscellaneous Financial Loss, particularly in the Motor classes, where in some weeks during the first lockdown they dropped by approximately 80%. Overall, in 2020 there were approximately 22% fewer claims reported in the Non-Life classes, including a drop of 29% in Motor Vehicle Liability alone;
- No particularly significant claims were detected as a result of the pandemic, either in the Non-Life or Life businesses. The only class affected was Miscellaneous Financial Loss, due to business interruptions and income reimbursement.

### **Standard Ethics upgrades Cattolica Assicurazioni's rating from E+ to EE-**

On 8 February 2021, Standard Ethics upgraded Cattolica Assicurazioni's rating from "E+" to "EE-". In its final report, Standard Ethics states that the path taken in recent years by Cattolica Assicurazioni in the area of ESG (Environmental, Social and Governance) issues has been adequately focused on environmental and social aspects and has also concerned non-financial reporting, the management of financial assets and commercial aspects.

### **Guidance for the early months of 2021**

On 28 January, the Board of Directors of Cattolica approved the 2021-2023 rolling plan, which provides for an operating result of between €265 million and €290 million in 2021, with total premium income of around €5.2 billion, comprising Non-Life premiums of around €2.1 billion and Life premiums of around €3.1 billion. The operating result is expected to decrease compared with 2020, partly due to the scheduled exit of Lombarda Vita from the scope of consolidation, although this will have a positive effect on the non-operating component, with a capital gain of close to €100 million. At the current time, no new significant factors have emerged that could result in a change in this guidance, which is therefore confirmed. However, the risks related to the Covid-19 pandemic, which could materialize during the year, such as those related to the volatility of the financial markets, as happened in the first half of 2020, or possible Life and Non Life claims, should be taken into account.

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Pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, Corporate Financial Reporting Manager Atanasio Pantarrotas declares that the accounting information contained in this press release matches the company documents, books and financial records.

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Please be advised that the separate financial statements, the consolidated financial statements, the consolidated non-financial statement at 31 December 2020 and the Report on Corporate Governance and Ownership Structure can be obtained by the general public from the Company's registered office, on its website at [www.cattolica.it](http://www.cattolica.it) and from the "eMarket STORAGE" storage facility authorised by Consob, which is managed by Spafid Connect S.p.A. and can be accessed from the [www.emarketstorage.com](http://www.emarketstorage.com) website in the manner and within the time limits set out in the applicable laws and regulations.

The results at 31 December 2020 will be presented to the financial community at 09:30 hours today, 25 March 2021, in a conference call (with Italian, English and original audio). The numbers to be called 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 in the Investor Relations section of the homepage of the website at [www.cattolica.it](http://www.cattolica.it).

*The reclassified schedules as at 31 December 2020 of the consolidated statement of financial position and the consolidated income statement and of the Parent Company are appended. Please be advised that the relevant documents have not yet been certified by the independent auditors. The same applies to the Solvency II data pursuant to IVASS Regulation no. 42 of 2 August 2018. In the statement of financial position and income schedules, which are attached to this press release, the figures for Lombarda Vita have been reclassified under the relevant "disposal" items pursuant to IFRS 5.*

**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 around 3.5 million customers who rely on the insurance solutions and products it distributes, the Group has total premium income of €5.6 billion (2020). At the Group level, Cattolica has 1,360 agencies throughout Italy, covering both large cities and smaller towns, and a network of 1,851 agents. For further information: [www.cattolica.it/profilo-societario](http://www.cattolica.it/profilo-societario)*

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**Glossary**

Operating result: the operating result does not include the more volatile components (realised gains, write-downs and other one-off items). In detail, the Non-Life operating result is defined as the sum of the technical balance, net of reinsurance, ordinary financial revenues and other non-technical net charges (depreciation, amortisation, impairment of insurance receivables, etc.). The operating result does not include realised and unrealised gains and losses, impairment of other assets, the cost of financial debt (subordinated debt), amortisation of the value of business acquired (VOBA), voluntary redundancy incentives, staff severance indemnity and other one-off items. The Life operating result is defined in a similar way, with the difference that all financial income contributing to the return of securities pertaining to separate accounts and those classified as class D is considered part of the operating result.

Cattolica Group - Consolidated financial statements as at 31 December 2020

(prepared in accordance with international accounting standards)

Reclassified statement of financial position (amounts in millions)	2020	2019	Mandatory scheme items (*)
<b>Assets</b>			
Real estate and securities investments	1.176	1.062	4.1 + 2.1
Equity investments in subsidiaries, associates and joint ventures	174	160	4.2
Loans and receivables	1.194	1.072	4.4
Investments held to maturity	184	212	4.3
Available-for-sale financial assets	17.147	23.823	4.5
Financial assets at fair value through profit or loss	4.221	6.605	4.6
Cash and cash equivalents	360	468	7
<b>Investments</b>	<b>24.456</b>	<b>33.402</b>	
Intangible assets	705	881	1
Reinsurers' share of technical provisions	580	619	3
Other assets net of other liabilities	830	686	(**)
<i>of which assets of disposal groups held for sale</i>	9.363	197	
<i>of which liabilities of disposal groups held for sale</i>	-9.132	-194	
<b>ASSETS</b>	<b>26.571</b>	<b>35.588</b>	
<b>Shareholders' equity and liabilities</b>			
Group capital and reserves	2.104	1.819	
Group result	36	75	1.1.9
<b>Shareholders' equity attributable to the Group</b>	<b>2.140</b>	<b>1.894</b>	<b>1.1</b>
Shareholders' equity attributable to minority interests	473	457	1.2
<b>Consolidated shareholders' equity</b>	<b>2.613</b>	<b>2.351</b>	<b>1</b>
Premium provision	892	880	
Claims provision	2.604	2.824	
<b>Non-Life gross technical provisions</b>	<b>3.496</b>	<b>3.704</b>	<b>3</b>
<b>Life gross technical provisions</b>	<b>18.771</b>	<b>26.509</b>	<b>3</b>
Other Non-Life gross technical provisions	3	3	3
Other Life gross technical provisions	425	676	3
Financial liabilities	1.263	2.345	4
<i>of which deposits to policyholders</i>	352	1.494	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>26.571</b>	<b>35.588</b>	

Reclassified income statement (amounts in millions)	2020	2019	Mandatory scheme items (*)
<b>Revenues and income</b>			
Net premiums	4.405	5.206	1.1
Commission income	2	5	1.2
Income and expenses from financial instruments at fair value through profit or loss	66	242	1.3
<i>Financial income from Class D (***)</i>	69	248	
Income from equity investments in subsidiaries, associates and joint ventures	5	5	1.4
Income from other financial instruments and investment property	618	620	1.5
<i>of which change in other financial liabilities</i>	0	0	
Other revenues	113	124	1.6
<b>Total revenues and income</b>	<b>5.209</b>	<b>6.202</b>	
<b>Costs and expenses</b>			
Net claims-related expenses	-3.618	-4.735	2.1
Commission expense	-4	-5	2.2
Expenses from equity investments in subsidiaries, associates and joint ventures	-18	-3	2.3
Expenses from other financial instruments and investment property	-256	-229	2.4
Operating expenses	-745	-804	2.5
<i>Commissions and other acquisition expenses</i>	-497	-551	
<i>Investment management expenses (****)</i>	-48	-46	
<i>Other administrative expenses</i>	-200	-207	
Other costs	-455	-314	2.6
<b>Total costs and expenses</b>	<b>-5.096</b>	<b>-6.090</b>	
<b>Result for the period before taxes</b>	<b>113</b>	<b>112</b>	
Taxes	-103	-65	3
<b>Result for the period after taxes</b>	<b>10</b>	<b>47</b>	
<b>Result of discontinued operations</b>	<b>61</b>	<b>56</b>	<b>4</b>
<b>CONSOLIDATED RESULT FOR THE PERIOD</b>	<b>71</b>	<b>103</b>	
Result attributable to minority interests	35	28	
<b>RESULT ATTRIBUTABLE TO THE GROUP</b>	<b>36</b>	<b>75</b>	

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

(\*\*) Other receivables, other assets and other tangible assets (statement of financial position asset items = 5 + 6 + 2.2) net of provisions, payables and other liabilities (statement of financial position liability items = 2 + 5 + 6).

(\*\*\*) The Class D results recognised in investment management expenses of €1 million and other revenues of €2 million are also included.

(\*\*\*\*) Class D investment management expenses of €1 million are included.

**Cattolica Assicurazioni Soc. Coop. - Separate financial statements**  
(prepared according to Italian GAAP)

Reclassified statement of financial position (amounts in millions)	2020	2019	Mandatory schedule items
<b>Assets</b>			
Land and buildings	84	89	C.I
Shares and quotas	1.719	1.771	C.II.1 + C.III.1
Bonds and other fixed-income securities	5.781	6.023	C.II.2 + C.III.3
Investment fund units	1.444	1.274	C.III.2
Loans and other investments	68	3	C.II.3 + C.III.4 + C.III.6 + C
Deposits with ceding undertakings	9	10	C.IV
Class D investments	570	1.132	D
Cash and cash equivalents	53	87	F.II
<b>Investments</b>	<b>9.728</b>	<b>10.389</b>	
Intangible assets	111	129	B
Reinsurers' share of technical provisions	438	438	D.bis
Other receivables and other assets net of other payables and other liabilities	-28	14	(1)
<b>ASSETS</b>	<b>10.249</b>	<b>10.970</b>	
<b>Shareholders' equity and liabilities</b>			
Share capital and capital reserves	1.992	1.687	
Result for the year	4	120	
<b>Shareholders' equity</b>	<b>1.996</b>	<b>1.807</b>	<b>A</b>
Non-Life gross technical provisions (premiums and claims)	2.984	3.167	C.I.1 + C.I.2
Life gross technical provisions (mathematical and Class D)	5.107	5.856	C.II.1 + D
Other Non-Life gross technical provisions	16	15	C.I.4 + C.I.5
Other Life gross technical provisions	146	125	(2)
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>10.249</b>	<b>10.970</b>	

Reclassified income statement (amounts in millions)	2020	2019	Mandatory schedule items
Premiums for the Period	2.042	2.145	I.1 + II.1
Claims accrued and change in technical provisions	1.462	1.728	I.4 + II.5 + II.6
Operating expenses	506	504	I.7 + II.8
Other technical items	-56	-26	(3)
Net income from Class C investments	91	320	II.2 - II.9 + III.3 - III.5
Net income from Class D investments	24	65	II.3 - II.10
Other income net of other expenses	-72	-86	III.7 - III.8
<b>RESULT FROM ORDINARY OPERATIONS</b>	<b>61</b>	<b>186</b>	<b>III.9</b>
Result from extraordinary operations	-3	-1	III.12
<b>RESULT FOR THE PERIOD BEFORE TAXES</b>	<b>58</b>	<b>185</b>	<b>III.13</b>
Income tax for the year	54	65	III.14
<b>RESULT FOR THE YEAR</b>	<b>4</b>	<b>120</b>	<b>III.15</b>

(1) Other receivables and other assets (statement of financial position asset items = E + F.I + F.IV + G)

net of other payables and other liabilities (statement of financial position liability items = B + E + F + G + H)

(2) Other Life gross technical provisions (statement of financial position items = C.II.2 + C.II.3 + C.II.4 + C.II.5)

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