



COURAGE
TO DO AND
TO LEARN

2018

ANNUAL REPORT AND
FINANCIAL STATEMENTS

CATTOLICA
ASSICURAZIONI
DAL 1896

READY FOR LIFE

Grow up, renew yourself, evolve

Living means transforming oneself and the world with new ideas and projects and acquire a higher self-awareness.

The pictorial sign follows the evolution of Cattolica Insurance and the circular form unveils the shape of the angel, symbol par excellence of the Company, which protects life in all its moments.

Life itself is change and transformation, in a circularity that is completed and enriched over time: to be "ready for life" is to seize every day the richness of existence to realize one's nature, to face the challenges of the world without fear, being able to change while remaining true to one's more authentic essence and sticking to its values.

*Please note that the original Report is in Italian.
In case of doubt the Italian version prevails.*

CONSOLIDATED
FINANCIAL STATEMENTS

READY FOR LIFE

SUSTAINABILITY
REPORT

FOCUS ON
RESULTS

INTEGRITY

MERITORY

COURAGE
TO DO AND
TO LEARN

COHESION

REPORT ON
REMUNERATION

REPORT ON
CORPORATE GOVERNANCE AND
THE OWNERSHIP STRUCTURES

2018 ANNUAL REPORT AND FINANCIAL STATEMENTS

SHAREHOLDERS' MEETING
ON APRIL 13th, 2019

123rd FINANCIAL YEAR

LETTER FROM THE CHAIRMAN



The Cattolica Assicurazioni Group ended 2018 with a positive result, in line with the objectives of the 2018-2020 Business Plan. In an increasingly competitive and complex scenario, from an economic and financial perspective, our Company has been able to carve out a leading role in the national insurance sector, making a series of strategic decisions from which we are beginning to reap the benefits.

Significant investments have been made in various business areas, in order to respond in an increasingly prompt and specific manner, to the demands of our customers and all stakeholders.

The transformation project in progress enables us to further develop our range of action, by expanding growth opportunities and creating well-being for the communities in which we operate.

Cattolica has been able to keep its identity intact, whilst adapting to the times of a rapidly changing economy: it has maintained its cooperative business model, reformed its governance, by adopting the one-tier model and has opened up capital to Shareholders.

It is the only European cooperative company to have chosen this management and administrative structure, always safeguarding its relationship with the reference territory, partly due to the activity of its Foundation, which is committed to supporting the initiatives in terms of solidarity, voluntary work and subsidiarity.

For Cattolica, corporate social responsibility is an original vocation, which accompanies the company's development process.

Paolo Bedoni

LETTER FROM THE MANAGING DIRECTOR



At the end of the first year of the Business Plan, the Cattolica Assicurazioni Group is a solid and profitable company, with a total funding up to almost €6 billion, an operating profit that shows strong growth of 42.2%, a confirmed technical excellence and Solvency II index equal to 1.72 times the regulatory minimum. Net profit recorded a marked increase, making it the best of the last decade, at €107 million.

These are results that make us proud and that make us look to the future with optimism, given that they demonstrate the good start of the Business Plan and, partly in light of the numerous actions undertaken during 2018, they draw up a positive path for the Group. We have worked hard to achieve these results, inspired by the founding principles of our Company and guided by a charter of values that is common to all Group employees: integrity, cohesion, courage to do and learn, results-orientation and meritocracy.

It is on these solid foundations and with the awareness of wanting to be an excellence amongst the key market players that we renew our commitment to reach the targets of the Plan: we will do so by continuing the Company's industrial and cultural transformation, with the aim of generating value in the interest of all members, shareholders and stakeholders.

Alberto Minali

CONTENTS

Group Structure	13	Appointments of senior management of the Company	104
Calling of the Ordinary Shareholders' Meeting	18	Significant events during the first few months of 2019	104
Corporate Bodies	23	Atypical or unusual transactions and non-recurrent significant operations and events	105
2018 Significant events	25	Transactions with related parties	105
Reference Scenario	29	Management and coordination activities pursuant to Article 2497 et seq. of the Italian Civil Code	105
Macroeconomic Scenario	30	Tax consolidation	106
Insurance industry	33	Shareholders	106
Sector regulations	35	Own shares	106
Tax measures	38	Newly issued shares	107
Management Report	43	Outlook for business activities	107
The Company in 2018	45	Information on the investee companies	109
Highlights	46	Investments in subsidiaries	110
2018-2020 Business Plan	52	Investments in associated companies	112
Significant events during the year	55	Other significant investments	113
Insurance business	61	Indirect investments in subsidiaries	113
Premiums by sector of acquisition	62	Proposal for the allocation of the result for the year	115
Non-life business	63		
Claims settlement	70	Statement of financial position and Income Statement	117
Life business	72	Notes to the Accounts	145
Claims paid	74	Forward	146
Research and development activities - new products	75	Part A - Accounting Principles	149
Reinsurance	76	Part B - Information on the Statement of financial position and Income statement	161
Freedom to Provide Activities	78	Statement of financial position - Assets	162
Financial and asset management	81	Statement of Financial Position - Liabilities and Shareholders' equity	179
Real estate investments	82	Income statement	195
Securities investments	84	Part C - Other Information	207
Unrealised capital gains and losses	84	Cash flow statement	215
Financial income and expenses	84	Attachments to the Notes to the Accounts	219
Solvency II Ratio	86	Certification of the Executive appointed to draw up the corporate accounting	289
Analysis of the financial risks	87	Board of Statutory Auditors' Report	291
Headcount and sales network	91	Independent Auditors' Report	303
Human resources	92		
Sales network	97		
Other information	101		
Corporate governance and internal control system	102		
Preventing and countering fraud	102		
Complaints management	102		
Information systems	103		

SUMMARY INDEX OF TABLES AND CHARTS

TABLES

Table 1 - Summary of the premiums for the year	47	Table 24 - Intangible assets	162
Table 2 - Reclassified income statement	48	Table 25 - Intangible assets - gross amortisation amounts	162
Table 3 - Key life and non-life indicators	49	Table 26 - Intangible assets – accumulated amortisation	162
Table 4 - Reclassified statement of financial position	50	Table 27 - Land and buildings	164
Table 5 - Headcount and sales network	51	Table 28 - Land and buildings - gross depreciation amounts	164
Table 6 - Premiums for the year	62	Table 29 - Land and buildings – accumulated depreciation	164
Table 7 - Accident and injury class - direct business	64	Table 30 - Investments - summary of values	165
Table 8 - Health class - direct business	64	Table 31 - Summary data of subsidiaries	167
Table 9 - Land vehicle hulls class - direct business	65	Table 32 - Summary data of associated companies	168
Table 10 - Goods in transit class - direct business	65	Table 33 - Summary data of the other investments	169
Table 11 - Fire & natural forces class - direct business	66	Table 34 - Other financial investments - breakdown	170
Table 12 - Other damage to assets class - direct business	66	Table 35 – Exposure in government debt securities issued or guaranteed by PIGS countries (Portugal, Ireland, Greece and Spain)	171
Table 13 - TPL Land motor vehicles class - direct business	67	Table 36 - C.III.3 class bonds - main issuer Groups	171
Table 14 - TPL General class - direct business	67	Table 37 - Investments for benefits of life assurance policyholders who bear the investment risk and deriving from the management of pension funds - breakdown	172
Table 15 - Suretyship class - direct business	68	Table 38 Technical provisions - reinsurance amount	173
Table 16 - Sundry financial class - direct business	68	Table 39 - Receivables	173
Table 17 - Legal protection class - direct business	69	Table 40 - Other receivables - breakdown	174
Table 18 - Assistance class - direct business	69	Table 41 - Tangible assets and inventories	175
Table 19 - Claims' settlement velocity	71	Table 42 - Tangible assets and inventories - gross depreciation amounts	175
Table 20 - Breakdown of claims paid by class and type	74	Table 43 - Tangible assets and inventories – accumulated depreciation	176
Table 21 - Investments - breakdown	82	Table 44 - Accruals and deferrals	176
Table 22 - Net financial income and expenses	85	Table 45 - Shareholders' equity	179
Table 23 - Solvency II Ratio	86		

Table 46 - Shareholders' equity - origin, possibility of use and distribution, as well as use in previous years	180
Table 47 - Shareholders' equity - transactions during the year	181
Table 48 - Breakdown of technical provisions	182
Table 49 - Provisions for unearned premium - direct business	183
Table 50 - Provisions for unearned premium - indirect business	183
Table 51 - Provision for outstanding claims - direct business	184
Table 52 - Provision for outstanding claims - indirect business	185
Table 53 - Cattolica Gestione Previdenza open-end pension fund - net asset value by segment	187
Table 54 - Risparmio & Previdenza open-end pension fund - net asset value by segment	187
Table 55 - Open-end pension funds of the Company - Investments, provisions and gross premiums written	187
Table 56 - Other pension funds - Investments, provisions and gross premiums written	188
Table 57 - Other pension funds - Type and extent of the guarantee provided	188
Table 58 - Provisions for risks and charges	188
Table 59 - Payables deriving from insurance and reinsurance transactions	190
Table 60 Employee severance indemnities	191
Table 61 - Other payables - breakdown	191
Table 62 - Other liabilities - breakdown	192
Table 63 - Guarantees, commitments and other memorandum accounts	193

Table 64 - Reclassified non-life technical account - Italy and foreign portfolio	195
Table 65 - Claims settled - direct and indirect business	196
Table 66 - Other income - breakdown	200
Table 67 - Other charges - breakdown	200
Table 68 - Income taxes for the year	201
Table 69 - Recognition of prepaid taxes and consequent effects	202
Table 70 - Recognition of deferred taxes and consequent effects	202
Table 71 - Income taxes for the year - reconciliation between the ordinary rate and the effective rate	203
Table 72 - Changes in shareholders' equity after the end of the year	208
Table 73 - Independent Auditors' fees	209
Table 74 - Equity position and economic transactions with companies subject to management and coordination, associated companies and other related parties	211

STATEMENTS

Statement 1 - Subordinated assets	177
Statement 2 - Operations on derivatives - C and D class	204
Statement 3 - Derivatives valued at fair value - C and D class	205

SIGNIFICANT GROUP DATA

Total premiums written

5,793.1

€ mln (+15.7%)

Operating result

292.4

€ mln (+42.2%)

Operating ROE

7.5%

(+1.3 pp)

Solvency II Ratio ¹

172%

Consolidated profit

136.6

€ mln (+80.6 mln)

Cattolica net profit

3.5

€ mln (-1.8 mln)

Proposed dividend
per share

0.40

€ (+14.3%)

Total dividend
proposed

69.7

€ mln (+14.3%)

Our people

1,692

(+7.2%)

687 (+8.8%)

WOMEN

1,005 (+6.1%)

MEN

Our customers ²

3,580,000

(-0.6%)

¹ Net of proposed dividend.

² The figure on the number of customers does not include the companies of the Vera brand.



NON-LIFE SEGMENT

Gross premium
written direct
non-life business

2,103.9

€ mln (+4.4%)

Operating
result

168.6

€ mln (+20.1%)

Combined ratio
for retained
business

93.4%

(-1.3 pp)



LIFE SEGMENT

Gross premium
written direct life
business

3,671.7

€ mln (+23.2%)

Operating
result

127.3

€ mln (+86.2%)

Our distributors

1,929 (-1.9%)

AGENTS

1,444 (-3.3%)

AGENCIES

6,054 (+19.5%)

COUNTERS

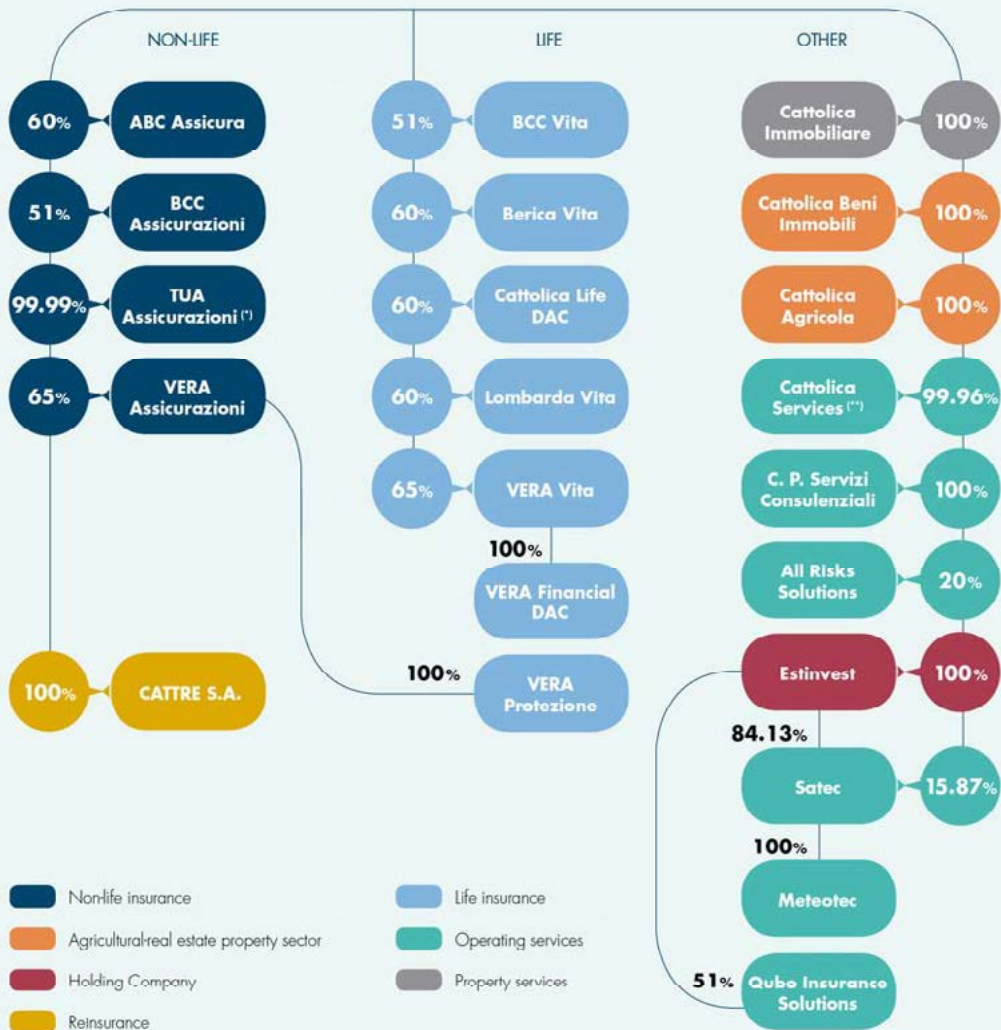


13 Life/non-life
insurance
companies

9 Non-insurance
companies

GROUP STRUCTURE

GROUP STRUCTURE



(*) TUA Assicurazioni wholly owns TUA Retail.

(**) 0.005% of the share capital is held individually by ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita, Lombarda Vita and C.P. Servizi Consulenziali, and 0.01% is held by TUA Assicurazioni.

As at December 31st, 2018



**CALLING OF THE
SHAREHOLDERS'
MEETING AND
CORPORATE BODIES**

CALLING OF THE ORDINARY SHAREHOLDERS' MEETING

Shareholders are called to the Ordinary Shareholders' Meeting at the registered office in Verona, Lungadige Cangrande no. 16, at 08:30 on Friday April 12th, 2019 or, in second call, if a quorum is not reached on that date, at 09:00 on Saturday April 13th, 2019, in Verona, Via Germania no. 33, to negotiate and resolve upon the following agenda:

- Approval of the 2018 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 the members of the Board of Directors and Management Control Committee for financial years 2019 - 2021.
- Determination, for financial years 2019 - 2021, of the remuneration of the members of the Board of Directors and Management Control Committee, as well as the relative attendance allowance.
- Appointment of the Board of Arbitrators.

In compliance with the provisions of Article 30 of the Articles of Association, as provisionally referred to in paragraph 60.3, 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 13th, 2019, 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 set for the Shareholders' Meeting in first call and, therefore, by March 22nd, 2019, the Financial Report and other documents referred to in Article 154-ter of Legislative Decree no. 58/1998, the Remuneration Report and the Report on the Authorisation Proposals for the Purchase and Sale of Own Shares. By the same deadline, the Report on Corporate Governance and Ownership Structures, containing the information referred to in Article 123-bis of Legislative Decree no. 58/1998 shall also be made available.

The shareholders have the rights to examine the aforementioned 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 of at least 90 days prior to the Shareholders' Meeting in first call may attend in the Meeting provided that the aforementioned 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 24,685.

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.

Please note that the subscribed and fully paid-up share capital amounts, as at March 7th, 2019, to €522,881,778.00 and is represented by 174,293,926 shares. As at the date of this notice of calling, the Company holds 7,036,907 own shares.

*

It should be noted that, as regards the obligations and resolutions relating to the appointment of the members of the Board of Directors and Management Control Committee, we shall proceed on the basis of the provisions contained in Article 29, 30, 31, 32 and 33 of the Articles of Association, in the text approved by the Shareholders' Meeting of April 28th, 2018 (available on

the Company's "Corporate" website <http://www.cattolica.it/home-corporate>, in the "Governance" section).

The Directors are elected on the basis of lists drawn up in accordance with the current legislation and Articles of Association, which can be presented by the Board of Directors or by the Shareholders.

Regarding to this, it should be noted that, for the purposes of the election of the Board of Directors, the list presented by Shareholders must comprise no less than 3 candidates, in accordance with the provisions relating to the composition of the Board of Directors referred to in the current legislation and in the Articles of Association.

The list must be divided into two sections, in each of which the candidates must be ordered in consecutive number. The first section of the list indicates the candidates for the office of Director who are not candidates for the office of member of the Management Control Committee. The second section of the list indicates the candidates for the office of Director who are also candidates for the office of member of the Management Control Committee. The candidates of the second section of the list must meet the requirements specified in paragraph 31.1 of the Articles of Association. At least one candidate from the second section of the list must be a statutory auditor registered in the relevant Register.

It should also be noted that, pursuant to the Articles of Association, at least 10 Directors must meet the independence requirements set out for statutory auditors by Article 148, paragraph 3, of Legislative Decree no. 58/1998 and subsequent amendments, notwithstanding the additional independence requisites required for the Directors for the purposes of the application of the self-regulatory or Supervisory legislation. At least 3 Directors must be registered in the Register of Statutory Auditors.

The Board of Directors must also be composed in accordance with the balance between genders, pursuant to Law no. 120/2011 and the Articles of Association.

The Board of Directors, in accordance with the statutory provisions, shall present its own list, which shall be filed at the Company's offices by the twenty-fifth day prior to the date set for the Shareholders' Meeting in first call and, therefore, by March 18th, 2019.

As regards the presentation of candidacies, on the basis of lists, by the Shareholders, it should be noted that, pursuant to Article 32.4 of the Articles of Association, these may be presented by at least 1/80 of the Shareholders with voting rights, regardless of the percentage of share capital held in total or by a

number of Shareholders with voting rights who, either alone or together with other Shareholders with voting rights, hold shares that, in total, represent 1/40 of the share capital.

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 non-existence 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 candidacies must be accompanied by exhaustive information on the personal and professional characteristics of the candidate, including the possible existence of the requisites of independence provided for by the combined provisions of Article 147-ter, paragraph 4 and Article 148, paragraph 3, of Legislative Decree no. 58/1998, and by the Corporate Governance Code for listed companies.

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 March 18th, 2019, by certified e-mail to the address serviziosoci@pec.gruppocattolica.it or by filing it with the Shareholders' Department.

According to the Articles of Association, if only one list for the appointment of the Board of Statutory Auditors has been submitted by the deadline of March 18th, 2019, regardless of its composition of expression, lists may be submitted up to the third calendar day following that date; in this case, the thresholds indicated above for the submission of applications shall be reduced by half.

*

With reference to the appointment of the Board of Arbitrator, without prejudice to the legislative provisions, you are hereby reminded that, pursuant to Article 52, the Board of Arbitrators, to also be appointed by means of list voting as per the Articles of Association,

shall have to be made up of 3 statutory members and 2 alternate members.

As regards the presentation of lists by the Shareholders, it should be noted that, pursuant to the combined provisions of Articles 52 and 32.4 of the Articles of Association, these may be presented by at least 1/80 of the Shareholders with voting rights, regardless of the percentage of share capital held in total or by a number of Shareholders with voting rights who, either alone or together with other Shareholders with voting rights, hold shares that, in total, represent 1/40 of the share capital.

The lists, which, in accordance with the Articles of Association, must clearly indicate - by means of consecutive number - the candidates for the office of Arbitrator in a number equal to that to be elected, distinguishing between Regular Arbitrators and Alternate Arbitrators, 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 March 18th, 2019, by certified e-mail to the address serviziosoci@pec.gruppocattolica.it or by filing with the Shareholders' Department.

Together with each list, by the deadline for filing the latter, declarations must be filed at the registered office, through which the individual candidates accept their candidacy. The Board of Directors, in accordance with the statutory provisions, may submit a list for the appointment of the Board of Arbitrators.

*

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 aforementioned 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, according to both the legal and regulatory provisions and in accordance with the Company's statutory regulations.

*

In accordance with the formalities and within the limits established by the current legislation, 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 18 and 59 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 (i.e., by March 18th, 2019), 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.

This notice of call is published on the Company's website on March 18th, 2019 and on Borsa Italiana S.p.A., as well as on the storage mechanism authorised by CONSOB, entitled "eMarket-Storage" and, in extract, in the newspaper "Italia Oggi".

Verona, March 7th, 2019.

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 Federica Bonato
Cesare Brena

Substitute Auditors Massimo Babbi
Carlo Alberto Murari

GENERAL MANAGEMENT

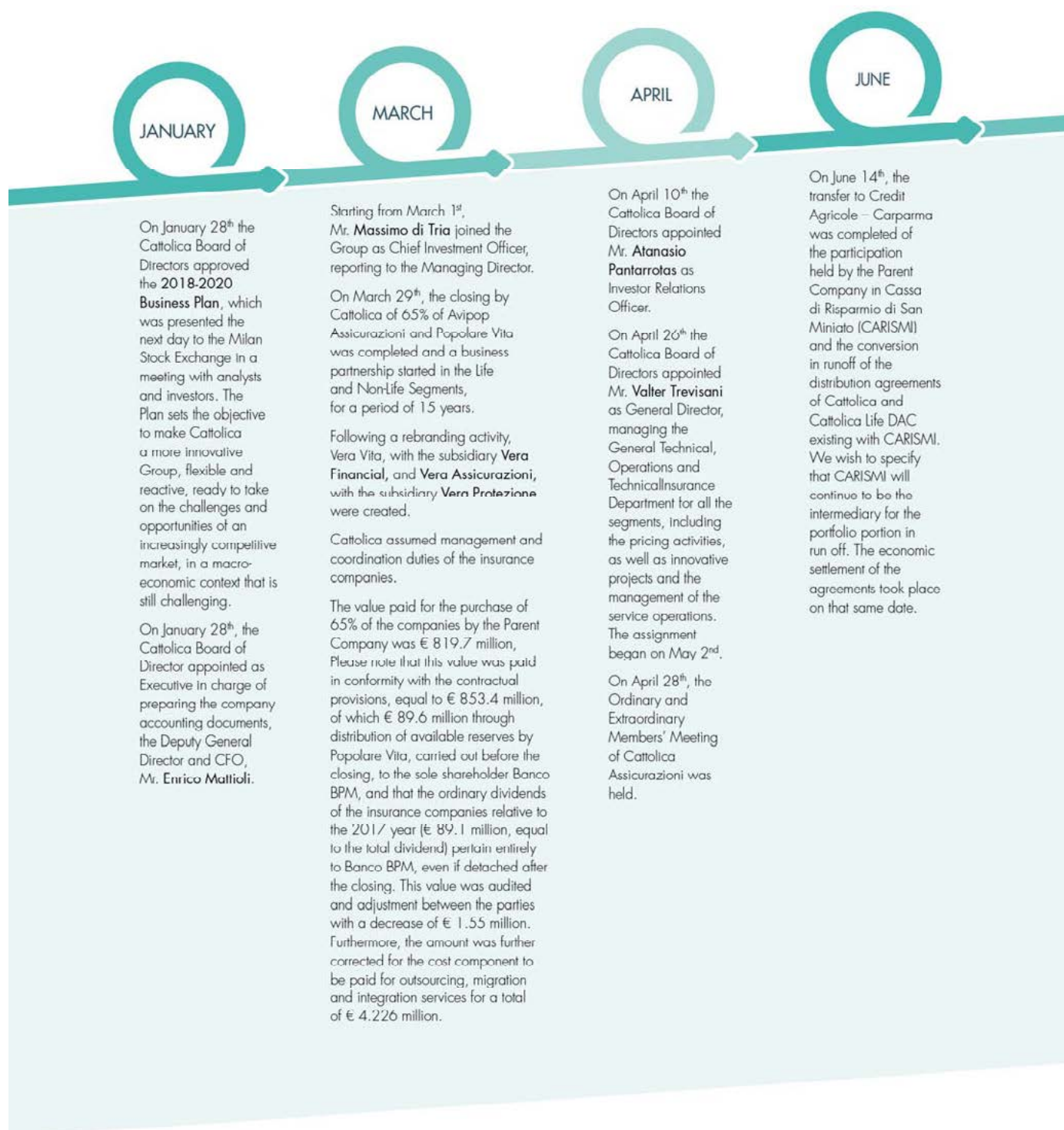
General Managers Carlo Ferraresi
Valter Trevisani

Deputy General Managers Nazzareno Cerni
Enrico Mattioli

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

2018 SIGNIFICANT EVENTS

2018 SIGNIFICANT EVENTS



OCTOBER

On October 3rd, having obtained the necessary authorization, Cattolica acquired for € 25.4 million, from Groupe des Assurances du Credit Mutuel S.A. 100% of CPBK Reinsurance S.A., reinsurance company established under Luxembourg law, renamed at the same time "CattKe S.A.".

On October 17th the Parent Company completed the acquisition of the participations in the following companies:

- **Estinvest S.r.l.**, 100% held directly and **Satec S.r.l.**, held directly with a quota of 15.87% of the share capital and indirectly for the remaining 84.13% of the share capital through the subsidiary Estinvest S.r.l. for a total of € 7.6 million and
- **Meteotec S.r.l.**, held indirectly through Satec S.r.l. which owns 100% of the share capital.

NOVEMBER

On November 9th the acquisition of a 51% investment in the share capital of **Qubo Insurance Solutions S.r.l.**, insurance brokerage company based in Milan, was completed. The additional 49% of the capital is still held by the original single member, Nelson Servizi S.p.A. The investment in the share capital of Qubo was acquired by Estinvest S.r.l., following designation by Cattolica.

On November 20th, following the stipulation of a new framework agreement of cooperation with **Coldiretti**, the deed of transfer to that company of the participation held by Cattolica in the share capital of Agenzia Generale Agrifides S.r.l., equal to 51%, was completed.

DECEMBER

In December, Cattolica and the French Group, **Inter Mutuelles Assistance** signed a framework agreement for the acquisition of 35% of the share capital of IMA Italia Assistance S.p.A. and a 10% quota of IMA Servizi S.c.a.r.l.. The agreement anticipates, among other things, specific mechanisms of call and put options, which may lead to an increase up to 51% of the participation held by Cattolica in IMA Italia. The operation is conditional on obtaining the necessary authorisations.



Market share

6.4%
non-life

3.5%
life

0.1%

REFERENCE SCENARIO

MACROECONOMIC SCENARIO

2018 was characterised by particularly lively and solid growth in the first six months, followed by a deceleration that was evident in the main economic areas of the globe.

With an annual growth forecast of around +3%, the United States is starting to record one of the longest expansionary cycles in its history, partly due to the support of tax policies implemented by the Trump administration.

Consistent with this scenario, the labour market is particularly vigorous, with unemployment at historically low levels, below 4% and a workforce participation rate that has reached peaks of 63%.

The confidence indicators of the manufacturing and service sectors, after having recorded particularly high levels in the first month of the year, whilst remaining in a decidedly expansive field, began to fall back, partly in relation to a decline in global trade.

In this regard, there are some elements of uncertainty of a geo-political nature, which have negatively affected the sustainability of growth, especially in the second half of the year: above all, the willingness of the current American administration to undertake a comparison with the other economic areas of the world that leads to a rebalancing of trade flows in favour of the United States, partly through conflicting acts, such as the imposition of duties on a series of goods from abroad.

The revision of the NAFTA treaties, until the provocation relating to the breezed exit from the world trade organisation, passing through a series of restrictive measures against goods and services from China and the European Union, constitute a sequence of unilaterally hostile actions which signal, on the one hand, the search for consensus in public opinion by President Trump during the mid-term elections and, on the other hand, the attempt to stem the rapid evolution of the Chinese giant in a strategic sector such as technological research.

The Federal Reserve took measures in this complex context in which all indicators, including core inflation and wages, posted tonic levels but on which, at the same time, elements of particular uncertainty weighed heavily. Jerome Powell's taking over of the reins from Janet Yellen of the American Central Bank in any case guaranteed continuity of approach, and the path to gradually standardise rates continues to be followed. During the year, there were four 25 basis point hikes coinciding with the March, June, September and December meetings, which brought back the key interest rate to the 2.5% level.

The European growth dynamics, following the peak at the beginning of the year, recorded a gradual but inexorable decline, with aggregate GDP in the third quarter falling to +1.6% and a more limited overall forecast for the year compared with the hope given by the figures for the first half of the years.

The success in terms of industrial production, investments and consumption that led to the close of the previous year with a surprisingly positive growth rate (2.8%), cooled down over the year, with manufacturing and services confidence indicators, whilst remaining in an expansive territory and far from a recession, have been gradually decreasing. Political uncertainty, both internally and internationally, impacted on the blocking of the single currency: fears of a slowdown in commercial dynamics due to a more bilateral and less coordinated approach by the United States are among these.

Added to this are some internal issues that have shifted the focus of political risk on Europe again during the year. Also, in the background, there are still negotiations for Brexit, which are still slow and conflicting, with the end of March 2019 looming over the parties involved.

The European Central Bank continued to provide support to the Eurozone's economy in this setting of overall cooling of growth with an extremely gradual exit from the programme to purchase certificated instruments on the market. During the June meeting, Mario Draghi announced the ECB's intention to further reduce these purchases as of October and then reset them to the end of the year. The Frankfurt Institute monitored inflation dynamics with great attention and showed a decline during the first few months of the year, followed by a recovery in May, linked, above all, to a much stronger rise in the price of oil compared with the forecasts. The upward pressure on wages only materialised as at the second quarter but did not have any particular impact on core inflation, unrelated to the more volatile elements, such as food and energy, which remained at around 1%.

The trend of the main Italian economic indicators did not differ from that described for the rest of the Eurozone, with a figure showing a growth trend for 2018, held back by a practically stagnant third quarter, which was lower overall than the +1.6% achieved in 2017.

What weighed on the country was the definition of a government agreement based on the convergence of the two leading populist parties, Lega Nord and Movimento 5 Stelle, after two months of basic stalemate. The prospects of economic policies that might imply a rise

in indebtedness levels, beyond the restrictions set with the other block partners, and a broader re-discussion of the framework of European institutions, brought about a brusque increase in premiums to the risk of both public debt and that of the leading national banks. The uncertainty regarding the perspective management of public finances weakened a context all in all stable, in which the financial conditions for the private sector remained definitely expansive for much of the year and consumption and employment underwent a revival in the early months of the year.

The Japanese economy is still following a recovery path despite being checked in the early months of the year, which was a drop not seen since 2015. The figure for zero growth in the third quarter suggests a final result that is not particularly brilliant for 2018. However, a positive contribution to growth came from domestic demand, both public and private, with retail sales also rising in the third quarter, whilst the unknown factor of a protectionist escalation impacted on the foreign channel. To counter this factor, the gradual weakening recorded by the yen against the dollar certainly supported export dynamics.

The Bank of Japan incessantly continues in its monetary stimulus action, in a framework in which inflation fails to tend towards the 2% target and interest rates remain in negative territory until the ten-year maturity.

Albeit in a heterogeneous context, the economic surprise indicators of the Emerging Countries have also shown an increasing weakness over the months. The uncertainty tied to the risks of a trade war on a global scale negatively affected the faith of companies in many countries, just as recovery of raw materials, whose positive thrusts deriving from the demand and supply basics were dampened by the geo-political risks.

The Chinese GDP also remained strong in 2018, with the survey at the end of September, which, at +6,5%, suggests a moderation of growth carefully controlled by Xi Jinping's government.

Bond Markets

Following a somewhat accentuated rally in the early months of the year based on particularly brilliant macro data, the base rates afterwards recorded a fall due to a number of factors. The disappointing inflation dynamics and the risks associated with rhetoric aimed at protectionism by the United States led to the German rates falling back, being perceived as a safe investment in a phase of growing uncertainty. Undoubtedly contributing to this move was the political impasse following the Italian elections, then resulting in the formation of a government that aggregated the leading populist forces of the country. It was precisely this event that marked the central

part of 2018, with a rise in volatility on the spreads of the peripheral countries and another reduction in core rates. The disappointing macroeconomic figures and the growing uncertainty linked to the outcome of the Brexit negotiations compressed the German and American rates towards the end of the year.

At the end of 2018, 10-year US government securities recorded a return of 2.68% (+27 basis points from the start of the year), while 2-year securities closed at 2.49% (+61 basis points from the start of the year). Corresponding German stocks disclosed returns of 0.24% on 10-year stocks and -0.61% on 2-year stocks, with a decrease of 19 and an increase of 3 basis points respectively. The Italian 10-year government rate posted 2.74% at the end of the year (+72 basis points since the start of the year), while the 2-year rate closed the year at 0.47%, up 72 points compared to the end of the previous year.

Stock markets

Stock markets performed negatively on average at a global level. Following an initial positive phase, profit taking led most of the world's indices into negative territory. Afterwards, the stock market prices moved in a mostly independent manner in connection with peculiar geo-political and economic events. In the final quarter, the stock markets were affected by a general downward revision of growth estimates, especially for developed countries.

The positive effects on US stock exchanges of Trump-based tax reforms soon ran out, leaving room for fears over the introduction of tariffs during the year, especially towards China. Between accelerations a backward step, the trade war between the top two world economic powers kept the market in suspense in the first part of the year, with an aggravation in the last month that brought the American lists to corrections of around 20% compared with the maximums for the year. The rebound of the final days of the years, due to more accommodating positions by the Federal Reserve on the rate hike path, was not enough to revive one of the worst Decembers ever.

The European stock exchanges, albeit with a lower degree of volatility, had a similar trend, with the first part of the year ending at around the same and a decidedly negative second half-year.

After the rally following the Italian political elections, the Milan stock exchange recorded one of the best performances, not only amongst the European markets, but also globally. After the government was formed, the uncertainty surrounding the economic policies and budget, along with the heavy broadening of the spread of domestic government securities, weighed heavily on the FTSE MIB index, and particularly on the banking

segment, taking it below parity. The German stock market, which is that most exposed to exports, suffered more than other global trade tensions, making it the worst at the end of year.

Emerging markets experienced a particularly negative 2018, during which half of the excellent performance recorded in the previous year was eroded. The hike in US interest rates made investing in those countries less expedient, favouring an outflow of capital.

Looking at individual countries, however, an extremely varied picture emerges: most emerging markets closed at around parity, whilst the negative performance of the index representing them mainly results from China and Mexico, the two countries most involved in the trade war with the USA.

Annual performances, gross of dividends, were as follows: in the United States, the S&P 500 index reported a performance of -4.4% and the Nasdaq of -2.8%; in Europe, the Eurostoxx 50, the Dax and FtseMib reported a downward trend of 11.3%, 18.3% and 13.6%, respectively; in Japan, the Nikkei index decreased by 10.4%. The MSCI index of emerging countries closed at -14.8%, with Shanghai at -22.7% and Hong Kong at -10.6%.

Foreign exchange markets

Following a phase of initial weakness, in the wake of the previous year's trend, the US dollar regained strength against the leading world currencies in the second quarter of the year.

The switch from Yellen to Powell at the chair of the Federal Reserve indeed involved greater determination in the course of raising the interest rates. Despite of the fears for the trade policies President Trump introduced, the US

economy also continued to appear strong, reaching its peak in the middle of the year. The monetary policy of the People's Bank of China, aimed at weakening the local currency, also contributed to the strength of the dollar. The Yen, on the other hand, strengthened against the dollar, especially in the second half of the year: faced with uncertainties regarding the Chinese economy, it particularly benefited from its status in a safe haven.

The dollar ended the year at 1.145 against the Euro, while on the same date 109.7 Yen was required to purchase a single dollar.

Real estate market

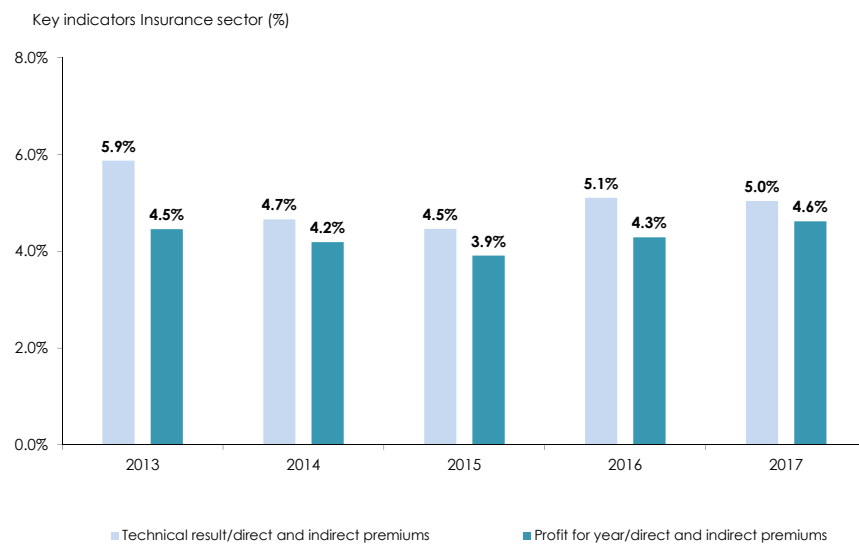
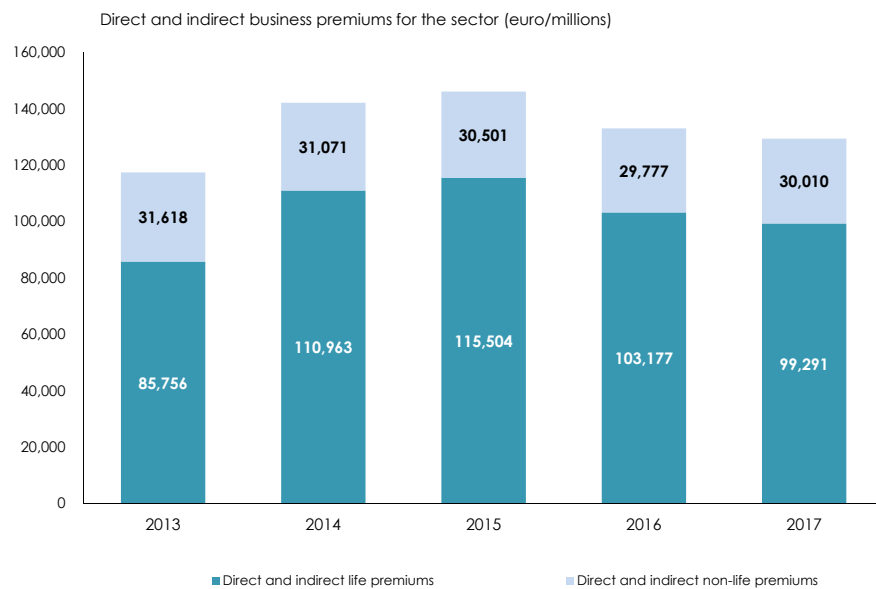
The turnover of the real estate market in 2018 amounted to €8.9 billion, an average of the volumes reached between 2015 and 2016, down 22% from 2017 (absolute record year). The decline was affected by the period of political uncertainty that characterised most of last year and generated an increase in the spread, causing a slowdown in loan disbursements, preventing or delaying some real estate transactions.

Italy still suffers from lack of product. The transaction engine continues to be represented by international investors, who do not stop expressing their willingness to operate in our country; however, there is still a shortage of Italian investors.

Retail is confirmed as one of the most interesting sectors, with almost no decline (-6%) compared with 2017. The office is down (-17%) but remains stable in Rome. For 2019, forecasts in Italy are of a stable market, in strong growth in the hotel sector.

INSURANCE INDUSTRY

The graphs below show certain summary figures published by ANIA¹ for the insurance industry for the period 2013-2017.



¹ Source ANIA - L'assicurazione italiana 2017-2018, publication dated July 2018.

According to ANIA, in 2018, total premiums written (life and non-life) for the Italian direct portfolio should come close to € 137 billion, up 5% with respect to 2017. In this way, the total insurance business would go back to increasing after the fall of the previous two-year period (-2.4% in 2017 and -8.8% in 2016). Contributing to the 2018 result would be both the positive development of the non-life business premiums (+1.7%) and the good growth performance of the life business premiums (+5.5%). Overall premiums as a percentage of GDP would rise, from 7.6% in 2017 to 7.8% in 2018.

Premiums written for the Italian direct portfolio of non-life business in 2018 would come close to € 33 billion, up 1.7% over 2017, in this way confirming and consolidating the positive trend already recorded in 2017 (+1.2%). This would depend on both the interrupted fall of the TPL motor class premiums and additional growth in all the other non-life classes differing from TPL motor (+2.9%).

After watching six years in a row of reduced premiums in the TPL motor class (the total drop from 2011 to 2017 was almost -26% without considering the inflation effects), the technical margins, already at very low levels in 2017 (same as those of 2016), might further drop in 2018. Although there is a high level of competition between companies, the trend of reduced average premiums witnessed in the previous six years should stop and the volume of the premiums written in 2018 (€ 13.2 billion) would remain the same as that of 2017. The weight of the TPL motor class premiums on total non-life premiums written would continue to drop (40.3%, 40.9% in 2017 and 42.3% in 2016). The expansive and growth phase of all non-life classes is expected to be confirmed, other than the motor civil liability class which, besides benefiting from the positive trend of the general economic

cycle is expected to reflect the efforts made by insurance companies to offer innovative insurance products of greater interest to families and companies. Further growth in premiums written of +2.9% is in fact estimated for 2018 (for a volume of € 19.7 billion), about one percentage point less than growth in 2017 (+3.7% and € 19.1 billion).

The slowdown in growth in premiums in 2018 compared to 2017 would be due to less development, above all in the land vehicle hulls class (namely in vehicle fire/theft and collision guarantees) which owing to a less marked increase in the number of new vehicle registration during the current year (+1% from January to May 2018 compared to +8.3% in the same period of 2017) would see premiums increase at year-end 2018 by 3% (less than half of what was recorded in 2017: +6.3%) for a volume that should be close to € 2.9 billion.

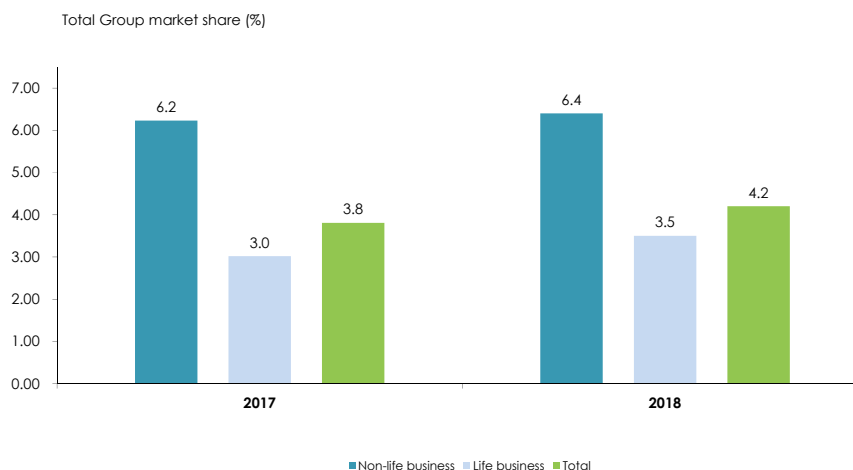
In 2018, non-life premiums as a percentage of GDP should remain unaltered (1.9%).

There would be a significant trend reversal in 2018 in the life business: after a two-year downturn (-3.6% in 2017 and -11% in 2016), life premiums would return to 5.5% growth for a volume of over € 104 billion.

Overall, the incidence of the volume of premiums written in the life sector with respect to GDP would rise from 5.7% in 2017 to 5.9% in 2018.

On the basis of the market figures for gross premiums written as at September 30th, 2018, of Italian companies and non-EU representative agencies, (Ania Trends, No. 10, December 2018) total life and non-life premiums were up 5.2%, the non-life classes were up 2.1% and the life classes up 6.1%.

The non-life classes rose 1.1% in the motor classes and 3.3% in the non-motor classes.



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 Provision No. 68 dated February 14th, 2018

The provision carries the amendments to ISVAP regulation no. 14 of February 18th, 2008, to ISVAP regulation no. 22 of April 4th, 2008 and to ISVAP regulation no. 38 of June 3rd, 2011 (for this latter in particular with reference to the new provisions to determine the average rate of yield of the segregated fund). The provision became effective the day following its publication in the Italian Official Journal No. 53 dated March 5th, 2018.

IVASS Regulation No. 37 dated March 27th, 2018

The regulation concerns the criteria and methods for the determination, by insurance companies, of the obligatory discounts, in implementation of Article 132-ter, paragraphs 2 and 4 of Legislative Decree no. 209 dated September 7th, 2005, ("CAP"), introduced by Article 1, paragraph 6, of Law no. 124 dated August 4th, 2017, containing the "Annual Market and Competition Law" which specifically governs the application of significant obligatory discounts on TPL motor policies in the presence of certain conditions provided for therein. The law specifically provides for two types of obligatory discount: a) the first, upon proposal by the company and subject to acceptance by the policyholder, if at least one of the following three conditions applies: preliminary inspection of the vehicle, at the expense of the insurer; installation or presence on the vehicle (if portable) of electronic mechanisms that record its activity, such as a black box, or equivalent; installation or presence on the vehicle of electronic mechanisms that prevent the engine from starting in the event that a driver's blood alcohol level is above the legal limits for driving motor vehicles (i.e., "alcolock"); b) the second, "additional" condition, applicable to individuals who, in the last four years, have not made claims with exclusive, principal, or equal liability (and who, therefore, during the observation period, reached a share of minority liability overall - not exceeding 49%) provided that they have electronic mechanisms installed that record the vehicle's activity, such as a black box or equivalent and provided that they reside in provinces with a higher accident rate and with a higher average premium, identified by the IVASS. The regulation that was published

in the Italian Official Journal no. 83 dated April 10th, 2018, came into effect on the ninetieth day from the date of publication.

IVASS Provision No. 71 dated April 16th, 2018

The provision completes the broader process of risk certificate dematerialisation launched with the issue of IVASS Regulation No. 9 dated May 19th, 2015. The provision meets the need to adapt the secondary regulation and the technical discipline of the Risk Certificate Database to the need to properly assess the rate of claims of the insured party, also on the basis of claims paid outside the observation period, or paid after the term of the contract where the insured party has changed company at the term of the contract (so-called claims paid late). The provision became effective the day following its publication in the Italian Official Journal No. 100 dated May 2nd, 2018.

IVASS Provision No. 72 dated April 16th, 2018

The provision concerns the identification criteria and evolving rules on the universal conversion insurance class pursuant to Article 3 of IVASS regulation No. 9 dated May 19th, 2015 and the risk certificate dematerialisation that defines new rules for recognising the Universal insurance class and for its evolution over time. The provision clarifies doubts on the interpretation of the legislation in effect, which caused differences in treatment of insured parties amongst the various companies, and it introduces benefits in favour of some categories of insured parties previously neglected (for example, vehicles registered to the disabled, to common law partners, leased vehicles). The provision became effective the day following its publication in the Italian Official Journal No. 100 dated May 2nd, 2018.

IVASS Provision No. 74 dated May 8th, 2018

The provision introduces the amendments that became necessary since IFRS 9 (Financial instruments) came into effect. IFRS 9 replaced the previous IAS 39 starting from the 2018 financial statements. It was necessary to update ISVAP Regulation No. 7 of July 13th, 2007 in order to transpose the above principle and related amendments introduced in other accounting standards (including IFRS 7). The provision became effective the day following its publication in the Italian Official Journal No. 121 dated May 26th, 2018.

Legislative Decree no. 68 dated May 21st, 2018

On June 16th, 2018, Legislative Decree no. 68 dated May 21st, 2018, implementing EU Directive 2016/97 relating to

the insurance distribution ("IDD"), was published in Italian Official Journal no. 138. Articles 3 and 4 of the decree establish a series of detailed transitory and final provisions. On the other hand, Articles 1 and 2 of the decree, respectively containing the amendments to the "CAP" and to Italian Legislative Decree no. 58 dated February 24th, 1998 ("Consolidated Finance Law") will apply as at October 1st, 2018. The decree steps in to amend the private insurance code by basically introducing: the concept of insurance distribution within the private insurance code; the concept of "product governance"; a revision of the rules of conduct particularly in the pre-contractual phase, also with regard to the methods of paying premiums; a simplification and standardisation of information to customers; a renewed dimension of coordination between domestic and international control authorities (in case of distribution by way of freedom to provide services or freedom of establishment in the EU territory).

IVASS Regulation No. 38 dated July 3rd, 2018

The regulation concerns the governance of the company's corporate governance system and that of the group, in implementation of Articles 29-bis to 30-septies and 215-bis of the CAP, the Solvency II Directive and EU Delegated Regulation 35/2015. The regulatory provisions implement the Guidelines issued by EIOPA on the corporate governance system and incorporate the provisions, consistent with the new primary regulatory framework, on internal controls, risk management, compliance and outsourcing, remuneration policies and passive reinsurance. The regulation repealed ISVAP Regulation no. 20 of March 26th, 2008, containing provisions on internal controls, risk management, compliance and outsourcing, ISVAP Regulation no. 39 of June 9th, 2011, relating to remuneration policies and ISVAP Circular no. 574/D of December 23rd, 2005, on passive reinsurance. The regulation became effective the day following its publication in the Italian Official Journal No. 168 dated July 21st, 2018.

IVASS Regulation No. 39 dated August 2nd, 2018

The regulation innovates the sanctioning procedure, defining the criteria for identifying the "relevance" of the breach, the notion of turnover for the application of financial penalties and the unitary assessment of several breaches. The regulation that was published in the Italian Official Journal no. 218 dated September 19th, 2018, entered into force on October 1st, 2018.

IVASS Regulation No. 40 dated August 2nd, 2018

The regulation on insurance and reinsurance distribution contains an organic regulation with reference to the rules for access to the market, for the exercise of activity, for

conduct in the sales phase to customers, including in the case of promotion and placement, training and professional updating of operators. The regulation that was published in the Italian Official Journal no. 218 dated September 19th, 2018, entered into force on October 1st, 2018.

IVASS Regulation No. 41 dated August 2nd, 2018

The regulation on transparency, advertising and product implementation introduces some simplifications on the pre-contractual information documents (DIPs) in the format and with standardised contents, to facilitate the understanding and comparison of the products (life and non-life) by consumers and the obligation of digital management of insurance contracts. The regulation that was published in the Italian Official Journal no. 218 dated September 19th, 2018, entered into force on January 1st, 2019.

IVASS Regulation No. 42 dated August 2nd, 2018

The regulation determines the elements of the Report on Solvency and on the Financial Condition of the Company and Group ("SFCR") which must be verified by the statutory auditor or by the legal auditing firm, as well as the related procedures (i.e., external audit).

The main changes introduced by the regulation with respect to the letter to the market dated December 7th, 2016 with which the IVASS intervened to provide indications for the review of the Solvency II information for the market, with reference to financial years 2016 and 2017, specifically concerning:

1. the content of the audit (Articles 4 and 5): the scope of the external audit activity, in addition to covering the Balance Sheet and admissible own fund, is also extended to the solvency capital requirements;
2. the assignment of the external audit mandate (Article 6): the audit mandate has a term of three years, which can be renewed no more than twice;
3. the deadline for making the documentation available (Article 10): the SFCR, approved by the administrative body, must be made available to the auditor, at least fifteen days before the date of publication;
4. the performance of the external audit (Article 7): the statutory auditor no longer prepares a single report relating to the balance sheet and own funds, but two separate reports concerning: a) the full external audit, previously provided for in the previous regulation, relating to the balance sheet and admissible own funds; b) the external audit limited to the solvency capital requirements.

The regulation became effective the day following its publication in the Italian Official Journal No. 218 dated

September 19th, 2018. The provisions contained therein apply

as of the Report on Solvency and Financial Condition relating to 2018.

IVASS Provision No. 76 dated August 2nd, 2018

The provision contains the amendments to ISVAP Regulation no. 9 of November 14th, 2007, ISVAP Regulation no. 23 of May 9th, 2008 and ISVAP Regulation no. 24 of May 19th, 2008, made necessary by the entry into force of EU Directive no. 2016/97 ("IDD") on insurance and reinsurance distribution. The review of the regulatory system is aimed at ensuring the formal and substantial coherence of the secondary legislation dictated by the Institute with the new provisions on insurance and reinsurance. This review intended to limit changes as far as possible, in order to guarantee continuity to the current regulations, maintaining the structure of the amended regulations.

IVASS Letter to the Market No. 93319 dated March 28th, 2018

The letter to the market contains clarifications relating to the fulfilment of anti-money laundering obligations introduced by Legislative Decree no. 90 dated May 25th, 2017, implementing EU Directive 2015/849 ("IV AML Directive"). The indications concern the period following the expiry of the temporary period provided for by Legislative Decree no. 90 dated May 25th, 2017, (March 31st, 2018) until the entry into force of IVASS Regulation no. 44 of February 12th, 2019 (May 1st, 2019).

IVASS Letter to the Market No. 278147 dated December 18th, 2018

The letter draws the companies' attention to the preparation of the information contained in the supervisory reporting for prudential purposes (including the Quantitative Reporting Template - "QRT"), as of the aforementioned survey as at December 31st, 2018 and provides indications for filling in template S.14.01 relating to specific information on the analysis of life obligations.

Other legislative innovations

CONSOB Resolution No. 20307 dated February 15th, 2018

With Resolution no. 20307, the provisions contained in the Brokers' Regulations and the simultaneous adoption of a new regulation comprising the rules on the distribution of class III and V life insurance products directly from insurance companies or via insurance brokers registered in section D of the R.U.I. were fully abrogated. A new Memorandum of Understanding between CONSOB and Bank of Italy for the coordination of the respective

regulation and supervisory functions on the question of managing conflict of interest potentially harmful for customers was also adopted at the same time as the new Intermediaries Regulation. The new Intermediaries Regulation became effective the day following its publication in the Italian Official Journal No. 41 dated February 19th, 2018.

EU Regulation 2016/679

The regulation, known as GDPR (General Data Protection Regulation), is directly applicable in all member States starting from May 25th, 2018 and concerns the protection of natural persons with regard to the processing and free circulation of personal data. The GDPR is a text whose objective is to standardise European data processing laws. It consists of 99 articles and introduces some new rules such as the right to be forgotten (users can ask that information about them be removed, the "portability" of data (data can be downloaded and transferred from one platform to another without being bound to a certain account) and the obligation of notification in case of data breach (if they sustain sensitive information leaks, companies must report it within 72 hours). The recipients are the "data controllers", namely those who manage the information: private parties and, above all, companies.

Legislative Decree no. 68 dated August 10th, 2018

On September 14th, 2018, Legislative Decree no. 107, dated August 10th, 2018, containing rules for updating the national legislation to the provisions of EU Regulation no. 596/2014 ("MAR").

The decree, which entered into force on September 29th, 2018, intervenes by making various changes to the Consolidated Law on Financial Intermediation (TUF - Legislative Decree no. 58 dated February 24th, 1998); these include penal and administrative sanctions, as per Part V of the TUF.

CONSOB Resolution No. 20621 dated October 10th, 2018

Under Resolution no. 20621, the Issuers' Regulations relating to the provisions implementing the provisions of the definition of "SME" listed share issuers and the regulations applicable to issuers of financial instruments widely distributed among the public. The changes to the issuers' regulations distributed take into account the innovations introduced by Legislative Decree no. 107 dated August 10th, 2018 ("MAR Decree"), amending the previous regime for the dissemination of privileged information and providing for an obligation to inform the public of "(...) facts not in the public domain directly coming said issuers and which, if made public, could have a significant effect on the value of own-issue financial instruments (...)".

TAX MEASURES

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

Decree-Law no. 148 dated October 16th, 2017 (the so-called "Tax decree associated with the 2018 budget law, converted into Law no. 172 dated December 2017) on the question of VAT, Article 3 extended the subjective scope of application of the split payment (the mechanism that provides for specifying only the amount net of VAT on the invoice, with VAT paid to the tax authorities directly by the assignee or customer) starting from 2018. Public economic entities and all subsidiaries of Public Administrations are also subject to this VAT payment mechanism.

Article 11-bis of said 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.

The law on financial statements 2018 (Law no. 205 dated December 27th, 2017), in Article 1, paragraph 2 provides for the sterilisation of the increase in VAT rate, postponing increases to January 1st, 2019. The "full" legislative intervention contained within the scope of Decree Law no. 148 dated October 16th, 2017 (the so-called "Decree associated with the 2018 Budget" and, therefore, during 2018, there were no increases in VAT rates.

Due to the entry into force of the 2019 Budget (Law no. 145 dated December 30th, 2018, published in Official Journal no. 302 dated December 31st, 2018), the maintenance, for 2019, of the VAT rate reduced by 10% (this will increase to 13% by 2020) and of the ordinary VAT at 22% (this will increase to 25.2% in 2020 and to 26.5% by 2021) was confirmed.

The law on Financial Statements 2018 also provided for the one-year respite for the maxi and super depreciation, so companies benefited from the super depreciation in connection with purchases made by the increased term of December 31st, 2018 (instead of December 31st, 2017).

Article 7, paragraph 1 of the so-called "Dignity Decree" (published in Official Journal no. 161 dated July 13th, 2018, converted into Law no. 96 dated August 9th, 2018), in relation to the investments made after July 14th, 2018 (date of entry into force of the decree in question) subjected the application of the amortisation procedure to the condition that the eligible assets are destined for production facilities located in Italy.

The aforementioned "2019 Budget" law further confirmed the extension of the amortisation procedure by December

31st, 2019, i.e., by December 31st, 2020, provided that, by December 31st, 2019, the relevant order is accepted by the seller and the payment of advances is made to the extent of at least 20% of the cost of purchase. The increase does not apply to investments that benefit from the 150% increase provided for by the 2018 Budget. The extension is also confirmed for parties that make, within the aforementioned period, investments in instrumental intangible assets as per Table B, 2017 Budget, of the maxi amortisation, i.e., the 40% increase of the purchase cost.

Simplifications for taxation of the capital gains concerning equity investments and for taxing the capital gains were also defined. Distinction between qualified and non-qualified equity investments is no longer provided for, and they are taxed with the single 26% tax rate.

The introduction of the new section f-bis) to paragraph 1 of Article 15, TUIR, which recognised, for the policies taken out as at January 1st, 2018, the IRPEF reduction of 19% of the premiums for insurance concerning the risk of calamitous events, for property units for residential use.

It stated that for the expenses regarding interventions on common condominium parts falling within earthquake zones 1, 2 and 3, jointly aimed at reducing earthquake risk and energy requalification, as an alternative to the respective deductions provided for by paragraph 2-4 and paragraph 1-quinquies of Article 16, it is possible to enjoy an 80%-85% deduction, depending on whether the earthquake risk reduction is 1 or 2 classes, on a maximum expense amount of € 136 thousand multiplied by the number of units of each building, to be divided into 10 annual amounts.

The extension (earthquake bonus) for expenses incurred up to December 31st, 2018 (instead of December 31st, 2017) of the IRPEF deduction for interventions to recover building assets pursuant to Article 16-bis of the "Testo unico delle imposte sui redditi" (earthquake bonus) is confirmed with the amendment of Article 16, paragraph 1 of Italian Law Decree No. 63 of June 4th, 2013:

- 50% (instead of 36%);
- on a maximum amount of €96 thousand (instead of €48 thousand).

It was confirmed that, for companies that carry out training activities, as at 2018, a tax credit shall be due

amounting to 40% of the expenses relating to the corporate cost of employees for the period engaged in the training carried out to acquire and consolidated the technological skills provided for by National Business Plan 4.0.

Routine/periodic training organised by the company to comply with current legislation on occupational health and safety and protection of the environment and all other mandatory legislation on the question of training is excluded.

The tax credit in question is recognised up to a maximum annual amount of € 300 thousand for each beneficiary for the mentioned training activities arranged with collective company/local contracts. Costs pertaining to the expenses that can be facilitated must be certified by the party to perform the regulatory audit/board of statutory auditors/professional entered in the Register of Statutory Auditors (certification must be annexed to the financial statements). With Circular no. 412088, dated December 3rd, 2018, the MISE provided clarifications regarding the benefit granted for 2018. It was specified stated that:

- the benefit also applies to online courses/lessons (e-learning and streaming);
 - in the case of training activities carried out to the benefit of employees belonging to other companies of the same group, the explanatory report can be drawn up with reference to a single training project and a single educational register can be prepared;
 - the tax credit can be combined with contributions for the training plans financed by the Interprofessional Funds.
- Finally, it should be pointed out that, when approving the 2019 Budget, there is an amendment that provides for the extension of the tax credit in question also for 2019, differentiating the measure based on the size of the business (50% for small businesses, 40% for medium businesses, 30% for large businesses) and reducing, for large businesses, the maximum annual limit from €300 thousand to €200 thousand.

The 2017 Budget, with the addition of "Title V-bis", comprising Articles 70-bis to 70-duodecies, to Presidential Decree no. 633 dated October 26th, 1972, introduced, into national law, the "VAT Group" regulation, the implementing provisions of which were established by Ministerial Decree dated April 6th, 2018

The VAT Group, the constitution of which is optional, binds all parties for which specific financial, economic and organisational constraints exist in combination.

Article 70-bis, paragraph 1, provides that VAT payers established in Italy, can participate in the VAT Group, for which the financial, economic and organisational constraints referred to in the aforementioned Article 70-ter co-exist; the aforementioned constraints must exist in combination. The absence of even one of these three therefore precludes the possibility of establishing the VAT Group.

With the aforementioned 2018 Budget law, as at January 1st, 2019, the obligation to issue an electronic invoice concerning all resident operators established/identified in Italy was introduced. Transactions carried out/received from/to parties not established in Italy, except for minimum/lump-sum/agricultural taxpayers are excluded. With the entry into force of the electronic billing obligation, Article 21 of Decree Law no. 78 dated May 31st, 2010, as regards sales of goods and services made as at January 1st, 2019 (i.e., "new register of income and expenses") was repealed.

Law no. 96 dated August 9th, 2018, converting Decree Law no. 87 dated July 12th, 2018, i.e., the "Dignity Decree" introduced incentive measures for youth employment for the period 2019-2020:

- private employers that, in 2019 and 2020, hire worked under a permanent contract with increasing protections are granted, for a maximum of 36 months, exemption from the payment of 50% of social security contributions, excluding INAIL premiums/contributions, within the maximum limit of €3 thousand on an annual basis, adjusted on a monthly basis.
- The exemption in question refers to individuals who, as at the date of the first hiring:
- are not over 35 years old;
 - have not been employed on a permanent basis with the same or other employer.

The same decree also provided for further provisions and measures, including:

- the recognition, also for 2018, of the possibility to pay the amounts referred to in tax demands with credits accrued as regards the Public Administration;
- the confirmation that, as regards the tax credit pursuant to Article 3, of Decree Law no. 145 dated December 23rd, 2013, granted to businesses that invest in research and development activities, including the eligible expenses referred to in section d) of paragraph 6 of aforementioned Article 3, the costs incurred for the purchase (including under licence for use) of said intangible assets resulting from transactions with companies belonging to the same group are not included.

Law no. 136 dated December 17th, 2018 converting Decree Law no. 119 dated October 23rd, 2018, containing "Urgent Tax and Financial Provisions", i.e. "Associated with the 2019 Budget", in force as at December 19th, 2018, was

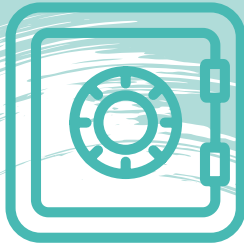
published in Official Journal no. 293 dated December 18th, 2018.

Among the provisions affecting the financial year, it should be noted that, at the time of conversion, a specific provision in favour of businesses that adopt the National Accounting Standards (OIC) was included (Article 20-
quater, paragraph 1), aimed at averting the write-down of securities, recorded under current assets, due to the (lower) realisable value that can be inferred from market.

For 2018, the aforementioned parties are permitted to maintain the value resulting from the 2017 financial statements. The Company did not adhere to this option.

The forecast in question be extended by the MEF, with a specific decree, also for subsequent financial years, "in relation to the evolution of the turbulent situation of the financial markets".

MANAGEMENT REPORT



Total premiums written

2,582.5

€ MLN

MANAGEMENT REPORT

The Company in 2018

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

THE COMPANY IN 2018

HIGHLIGHTS

Dear Shareholders,

The new year opened with presentation of the new 2018-2020 Business Plan to the Milan stock exchange at the end of January. 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 Group's cultural transformation and simplification is cross-cutting with the strategic actions and pillars of the Plan, to become an agile, innovative and reactive company. From the technological innovation viewpoint, the goal is to be a "data driven company" and, with reference to the non-life classes, there is the desire to seize new opportunities on the special risks, such as marine coverage, works of art and catastrophic risks.

One of the pillars for development is the agreement with Banco BPM, which predicts a production of approximately € 3 billion of life premiums each year.

On March 29th, the purchase of 65% of Vera Assicurazioni with the subsidiary Vera Protezione and Vera Vita with the subsidiary Vera Financial was closed a commercial partnership in the life and non-life classes, on the former Banco Popolare network, for a duration of 15 years was launched.

Cattolica closed the year with the best Group result of the last decade, at €106.9 million (€41.1 million as at December 31st, 2017).

Consolidated profit amounted to €136.6 million versus €56.1 million as at December 31st, 2017.

The result was impacted by various provisions: credit positions with Popolare di Vicenza, potential sums to be paid following so-called "dormant" positions on temporary insurance contracts in the event of death identified following registry checks by IVASS and potential risks resulting from VAT assessments by the Italian Revenue Agency on co-insurance transactions, a case that is affecting the entire market.

Net of these provisions, the consolidated result stood at €150 million and that of the Group at €116 million.

Following the increase in non-life and life volumes and the confirmed technical profitability, the operating result² marks an increase of 42.2% to €292.4 million (+17.8% on equivalent terms, net of the contribution of new joint ventures with Banco BPM). In the life segment, the operating result amounted to €127 million (+86.2%), in the non-life segment, it amounted to €169 million (+20.1%). Operating RoE³ amounted to 7.5%, up 1.3 p.p.

The combined ratio improved significantly, going from 94.7% to 93.4% (-1.3 p.p.), despite the claims related to weather events that occurred during the fourth quarter of 2018. The claims ratio improved by 4.3 p.p. (from 67.5% to 63.2%) due to the declining frequency of claims and the increase in average premiums in the Motor segment and as a result of the start of the turnaround in the Non-Motor segment, in line with the Business Plan guidelines. The expense ratio stood at 29.1%, up 2.6 p.p., mainly due to the production mix and, to a lesser extent, due to the investments supporting the new Plan. Specifically: the number of TPL motor policies declined by 1.2% (-37,766 units) and the average premium grew by 1.3%; the trend in claims frequency was 4.8% compared with the market value of 6%⁴.

The Group's Solvency II ratio⁵, assuming the foreseen distribution of the dividend, stands at 172%.

The Company closed the year with a profit, according to the national accounting standards, of €3.5 million (-34.7%). The result did not benefit from the relief provided for by the anti-crisis decree (Decree Law dated October 23rd, 2018, converted into Law no. 136 dated December 17th,

² The operating result excluded more volatile components (realisations, writedowns, other one-offs). Specifically, the Non-Life operating result is defined as the sum of the technical balance, net of reinsurance, with ordinary financial revenues and other non-technical net items (depreciations, write-down of insurance credits, etc.); The operating result does not include financial realised and unrealised gains/losses and impairments, impairments on other assets, interests paid on financial debts (subordinated debts), the amortization of the value of business acquired (VOBA), the voluntary redundancy incentives and staff severance indemnity as well as other one-off items. 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.

³ The Operating Return on Equity (Operating RoE) is the ratio between the sum of the operating result net of the subordinate cost, taxes and minority interests and the average of the Group's net assets (excluding the AFS reserves). Taxes are calculated consistently with reference to the operating result items.

⁴ Figure as at September 30th, 2018.

⁵ The figures have not yet been subject to the checks envisaged by IVASS Regulation no. 42 dated August 2nd, 2018.

2018. The losses, net of the tax effects, recorded on the working portfolio, amounted to €59 million and were mainly attributable to the increase in credit spreads on Italian government securities.

The profit is also penalised by non-recurring charges, net of tax effects, for €4 million, relating to provisions for potential risks resulting from VAT assessments by the Italian Revenue Agency on co-insurance transactions and for €7 million due to write-downs on investee companies. The result, thus normalised, amounted to €73 million.

The change in gross premiums written for direct and indirect business was -4.6%, with total premiums of €2,582.5 million.

Direct life premiums amounted to €1,726 million (+2.1%). In the motor insurance segment, premiums written amounted to €905.8 million (-0.5%).

The non-motor classes, with premiums written for €820.2 million, increased by 5.1%.

The combined ratio of retained business was 94.8%, up comparing to December 31st, 2017 (96%).

Life premiums written, amounted to €825.3 million (-15.3%), reported premiums in the traditional segment for €503.7 million, unit-linked premiums for €89.3 million, health insurance for €1.3 million, capitalisation products for €140 million and pension funds for €90.3 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 of the financial management of investments (class C) amounts to €159.4 million (-20.6%) due, as previously mentioned, to the increase in credit spreads on Italian government securities, which showed adjustments in value on the current portfolio.

The Group's distribution network as at December 31st consisted of 1,444 agencies distributed as follows: 51.2% in Northern Italy, 25.7% in Central Italy and 23.1% in Southern Italy and the islands.

The number of branches distributing Pension Planning products were 6,054 and included 1,437 of the former Banco Popolare network.

The Group's financial advisors numbered 733, compared to 800 at the end of the previous year.

There were 159 Pension product advisors, sub-agents of C.P. Servizi Consulenziali.

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)	2018	2017	Change Amount	%
Gross premiums written	2,582,515	2,707,663	-125,148	-4.6
Direct business - non-life	1,725,978	1,690,611	35,367	2.1
Direct business - life	825,257	974,295	-149,038	-15.3
Indirect business - non-life	31,244	42,715	-11,471	-26.9
Indirect business - life	36	42	-6	-14.3

Table 2 - Reclassified income statement

(€ thousands)	2018	2017	Change Amount	%
NON-LIFE BUSINESS				
Premiums written	1,546,237	1,524,263	21,974	1.4
Claims for the period	-999,927	-1,027,179	27,252	2.7
Administrative expenses	-142,794	-130,344	-12,450	-9.6
Acquisition and income costs	-309,325	-295,487	-13,838	-4.7
Other technical items	-14,597	-10,533	-4,064	-38.6
a) Result of non-life insurance business	79,594	60,720	18,874	31.1
LIFE BUSINESS				
Premiums written	814,416	961,518	-147,102	-15.3
Claims for the period and change in technical provisions	-886,077	-1,072,939	186,862	17.4
Administrative expenses	-26,088	-24,667	-1,421	-5.8
Acquisition and income costs	-27,098	-29,033	1,935	6.7
Other technical items	-5,596	-6,187	591	9.6
Technical interest ¹	102,649	149,831	-47,182	-31.5
b) Result of life insurance business	-27,794	-21,477	-6,317	-29.4
c) = (a+b) Total result of insurance business	51,800	39,243	12,557	32.0
d) Net income from investments	141,835	220,525	-78,690	-35.7
e) Technical interest ¹	-102,649	-149,831	47,182	31.5
f) Other income net of other charges	-70,975	-56,787	-14,188	-25.0
g) = (c+d+e+f) Profit (loss) from ordinary operations	20,011	53,150	-33,139	-62.3
Profit (loss) from extraordinary operations	-527	-7,372	6,845	92.9
Profit (loss) before taxation	19,484	45,778	-26,294	-57.4
Income taxes for the period	16,019	40,469	-24,450	-60.4
PROFIT (LOSS) FOR THE YEAR	3,465	5,309	-1,844	-34.7

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

	2018	2017
Non-life ratios for direct business		
Claims ratio (Claims for the year / Premiums for the year)	64.5%	68.6%
G&A ratio (Other administrative expenses / Premiums for the period)	8.3%	7.7%
Commission ratio (Acquisition costs / Premiums for the period)	20.1%	19.6%
Total expense ratio (Operating expenses / Premiums for the year)	28.4%	27.3%
Combined ratio (1 - (Technical balance (*) / Premiums for the year))	93.9%	96.8%
Non-life ratios for retained business		
Claims ratio (Claims for the year / Premiums for the year)	64.7%	67.4%
G&A ratio (Other administrative expenses / Premiums for the period)	9.2%	8.6%
Commission ratio (Acquisition costs / Premiums for the period)	20.0%	19.4%
Total expense ratio (Operating expenses / Premiums for the year)	29.2%	27.9%
Combined ratio (1 - (Technical balance (*) / Premiums for the year))	94.8%	96.0%
Life ratios		
G&A ratio (Other administrative expenses / Premiums for the period)	3.2%	2.6%
Commission ratio (Acquisition costs / Premiums for the period)	3.3%	3.0%
Total expense ratio (Operating expenses / Premiums for the year)	6.5%	5.6%

(*) 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)	2018	2017	Change Amount	%
Assets				
Land and buildings	95,425	98,347	-2,922	-3.0
Investments in Group companies and other investees	1,671,157	882,461	788,696	89.4
Shares and Units of mutual investment funds	1,186,105	982,231	203,874	20.8
Bonds and other fixed income securities	6,334,559	7,366,875	-1,032,316	-14.0
Loans and other class C.III investments	2,878	3,142	-264	-8.4
Deposits with ceding companies	9,960	10,297	-337	-3.3
Class D investments	956,519	1,089,047	-132,528	-12.2
Cash in bank and cash equivalent	67,372	64,304	3,068	4.8
Investments	10,323,975	10,496,704	-172,729	-1.6
Intangible assets	154,372	181,699	-27,327	-15.0
Technical provisions - reinsurance amount	486,428	512,828	-26,400	-5.1
Other receivables and other assets	1,112,034	1,160,905	-48,871	-4.2
TOTAL ASSETS	12,076,809	12,352,136	-275,327	-2.2
Shareholders' equity and liabilities				
Share capital and equity reserves	1,803,606	1,856,792	-53,186	-2.9
Negative reserve for own shares in portfolio	-49,927	-46,945	-2,982	-6.4
Profit for the period	3,465	5,309	-1,844	-34.7
Shareholders' equity	1,757,144	1,815,156	-58,012	-3.2
Premium provision	679,638	680,099	-461	-0.1
Provision for outstanding claims	2,567,434	2,581,690	-14,256	-0.6
Gross technical provisions - non-life	3,247,072	3,261,789	-14,717	-0.5
Mathematical provisions	4,744,312	4,822,699	-78,387	-1.6
Class D provisions	956,519	1,089,047	-132,528	-12.2
Gross technical provisions - life	5,700,831	5,911,746	-210,915	-3.6
Other gross non-life technical provisions	13,882	13,386	496	3.7
Other gross life technical provisions	220,372	161,298	59,074	36.6
Other payables and other liabilities	1,137,508	1,188,761	-51,253	-4.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,076,809	12,352,136	-275,327	-2.2

Table 5 - Headcount and sales network

(number)	2018	2017	Change	
			Amount	%
Headcount	947 ⁽¹⁾	828	119	14.4
Full time equivalent Headcount	917 ⁽¹⁾	803	114	14.2
Direct network:				
Agencies	902	961	-59	-6.1
Partner networks:				
Bank branches	204	478	-274	-57.3
Financial advisors	49	42	7	16.7
Welfare and pension product advisors	159	210	-51	-24.3

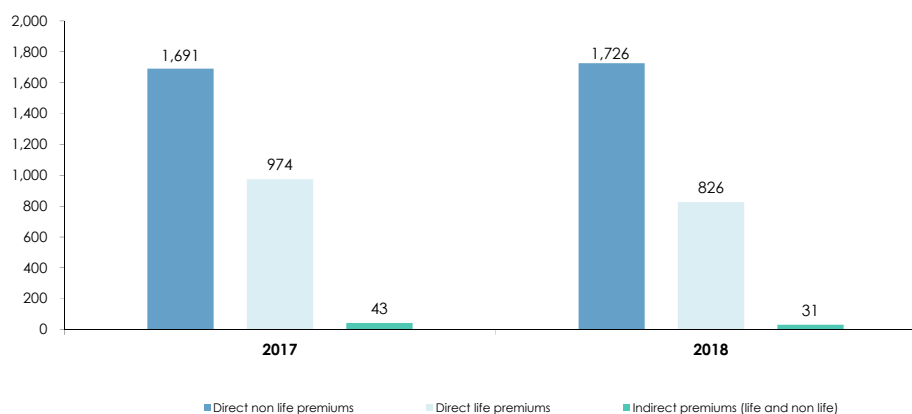
⁽¹⁾ The data takes into account the exit as at December 31st, 2018 of 14 co-workers of which 12 who joined the Intersectoral Solidarity Fund.

The insurance business

The total volume of premiums stood at €2,582.5 million, of which €1,726 million in the non-life direct business (+2.1%), €825.3 million in the life direct business (-15.3%) and €31.3 million in the indirect business (-26.8%).

Non-life classes as a percentage of direct business fell from 63.5% to 67.7% and that of the life classes rose from 36.5% to 32.3%.

Direct life and non life premiums, indirect premiums (euro/millions)



Technical provisions relating to direct and indirect non-life business (premiums and claims) amounted to €3,247.1 million (-0.5%). Technical provisions relating to life business (actuarial and class D) amounted to €5,700.8 million (3.6%), of which €956.5 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 8.3% (7.7% as at December 31st, 2017) and acquisition costs to premiums written of 20.1% (19.6% as at December 31st, 2017).

With reference to the life classes, the indicators presented a ratio of other administration expenses to net premiums of 3.2% (2.6% as at December 31st, 2017) and acquisition costs to net premiums of 3.3% (3% as at December 31st, 2017).

Financial and asset management

Investments amounted to €10,324 million (-1.6%) and were made up as follows: 0.9% from land and buildings, 61.7% from fixed-income securities, 16.5% from shares and holdings (15.8% relating to Group companies and other

investees), 9.3% from class D investments and 11.6% from other investments.

The results from the management of class C investments (non-life and life), as already indicated, amounted to €159.4 million (-20.6%).

Own equity - Shareholders' equity

The shareholders' equity amounted to €1,757.1 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

Referring to the 2018-2020 Business Plan, presented at the beginning of 2018, Cattolica places its innovation and agility strategy at the centre, in order to meet the challenges (anticipating them, where possible) of a market in which dynamics are reconfigured, barriers between sectors are reduced and the logic of the ecosystem is affirmed.

With this Business Plan, the Group intends to strengthen but also diversify its business model, continuing, at the same time, to enhance its distinctive assets.

Three strategic pillars have been identified, in addition to a transversal pillar, divided into 7 construction sites and 22 actions, subject to constant monitoring by a dedicated team:

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

At the same time, a profound cultural transformation and intense simplification activity (regarding process, activity and also product), in the context of a Governance model that, during the year, evolved towards a one-tier logic, which aligns Cattolica to the best international standards.

The pillars on which the Business Plan is based and the key actions implemented during the first 12 months of development, in order to achieve the identified targets.

Profitable growth

The development of the premiums written, in addition to the diversification of channels and lines of business are at the centre of the Group's strategy and are above all

achievable thanks to the contribution of inorganic actions.

At the centre of the distribution system is the agency network for which the Plan envisages, in a perspective of ever increasing "partnership" with the Company, a growth of average size and profitability. It is precisely in this synergic direction that we can frame the renewal, in October 2018, of the relative supplementary agreement. The agreement, which also includes the main elements of an important agreement on the processing of customers' personal data, will award, by identifying ad hoc indicators, the corporate ability to generate value in the various phases of its creation, whilst determining a better customer service.

In addition, both the rebalancing of the corporate production mix - especially towards unit-linked and non-motor non-life - and the increase in the relative degree of digitalisation, due to which advantages result in terms of greater innovation in the service methods and offer and, ultimately, increased "partnership" with customers are provided for.

The distribution model will however be reinforced, partly by the offer through the broker channel. Precisely for the purpose of providing greater service and support to the channel, the administrative and management reorganisation of the Management of Milan was provided for within the first few months of the year which, focused mainly on "Major Industry Risks", resulted, as early as during 2018, in a significant increase in the volume of premiums taken out.

The exclusive partnership with Banco BPM is central in terms of profitable growth and represents one of the main

drivers of the Business Plan. A greater articulation of the premiums written channel, more extensive distribution and a significant rebalancing of the low capital-absorption products for the life and for non-motor sectors with reference to the non-life sectors are expected, in addition to the considerable dimensional leap with significant repercussions in terms of efficiency.

Following the closing that occurred in the first few months of 2018, control was acquired and the consolidation was performed of four companies in joint venture under Vera brand: Vera Vita, a company specialised in savings and investment products business, particularly multi-class; Vera Financial, based in Ireland and specialised in Class III life policies; Vera Protezione, specialised in TCM (temporary life insurance) policies; and the company Danni Vera Assicurazioni.

The additional operating income target in 2020 expected for the joint ventures 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.

Specifically, the results already achieved in terms of digital lead generation to be transferred to the agencies, whilst many initiatives are planned in 2019 as a result of which, inter alia, a greater engagement of under 35 customers and an increase in renewal rates and cross-selling on elementary classes are expected.

Innovation in the range and services based on data and technology

Innovation is one of the Plan's priority streams and is an enabler of the transformation of Cattolica's business model over the reference time period. Essential, in this sense, was the creation, during the first few months of its implementation, of a special "Insurance Analytics & Business Architecture" Department, which takes the form of a real start-up: among the objectives of this department are the transformation of the Company into a "Data-driven company" and the selection of projects which, based on data, prove to be innovative for the Company's business model.

With the "Data-driven company", we will improve key processes such as pricing, anti-fraud and claims management, by dematerialising appraisals and automating liquidation, but the broadest benefits are expected in terms of better customer management.

The data architecture construction activity, which started at the beginning of 2018, requires having a unique and certified digital platform that, by permitting the integrated management of data - both static and dynamic relating to customers - will enable the creation of an offer than can adapt to their needs when they need it most. This will

also favour the creation of Cattolica ecosystem of services with increasing dimensions.

Precisely in this direction, which is more analytical and relative to pricing, the application - already underway in 2018 - relating to customers of a selected sample of agencies, of a customised logic of calibration of the TPL motor tariff. This "pricing optimization" logic, which is expected to be extended to the rest of the Group's customers, shall, at the same time, be made more effective by the new analytics platform.

The offer of new associated products is moving in the same direction and in parallel: "Active Auto", the electronic motor offer launched during 2018, is the tangible prime example of it.

This offer, imprinted to reward the driving style of the most virtuous customers, provides for a wide range of advanced prevention services and real-time assistance according to the above-mentioned ecosystem logic.

Particularly designed for the millennials and users of the metropolitan areas, it differs from most of the offers on the market owing to the low-cost technologies available, and is based on a new generation self-installing device to connect to a smartphone-accessible app.

During the first few months of the product launch, the targets in terms of penetration of new car production (18%) were hypothesised during the period when the Plan was drafted, with targets at the end of the three-year period of approximately 50%.

It is always with a view to providing high-value and long-term services, which must be seen in partnership with IMA Italia Assistance and the establishment of a real estate fund dedicated to assisting the elderly, both operations completed during 2018.

The agreement, with entry into the capital, with IMA Italia Assistance, will enable Cattolica to reach a significant size in the business with strong potential for growth in assistance, enriching, at the same time, the ecosystem of services for its customers in the motor, home and travel sectors. The investment signed with Coopselios for the creation of a real estate fund dedicated to elderly care, on the other hand, consolidates Cattolica's presence in the real estate and health sectors and in prevention and protection services for the elderly.

Technical excellence

As explained when the Business Plan was presented, recovery of profitability on Companies, Agri-foods and Religious Bodies, innovation in handling claims and greater presence in the life mix of capital-light products will bring an increase in Group profitability.

As regards the first aspect, the savings obtained from re-pricing and re-underwriting actions, which began in 2018, will continue throughout the entire duration of the Plan. Again, with a view to profitability, the reduction in tariff flexibility is envisaged over the reference time period.

At the same time, during 2018, important simplification activities were undertaken that could be further strengthened in 2019 thanks to the introduction of automatic tools (for generating new offers and/or premium adjustments): the automatic policy reform, the rationalisation of existing products and the proactive management of premium adjustments.

A considerable boost was then given to the enrichment of the catastrophic offer. In this sense, during the final months of the year, existing products were updated with the inclusion of this coverages and, above all, an important agreement was signed with the CEI (Italian Episcopal Conference) to create a single policy against natural disasters for the whole world of ecclesiastical institutions.

According to an innovative scheme, a project was also launched that involves the development of speciality lines that enables the Group to reposition itself in the middle between the retail business and the large corporate business.

In this perspective, in the second half of 2018, 100% of CP-BK Reinsurance S.A., a Luxembourg reinsurance company, was purchased with the establishment of a Newco, which was, at the same time, renamed CattRe.

The vehicle held 100% by Cattolica will operate as a reinsurer, but at the same time will coordinate different underwriting agencies (MGAs) that will each time be acquired or federated, and that will be focused on specific geographical areas and/or lines of business. Both a commercial partnership with them and tight control and overview on the pricing and underwriting activities of the identified agencies, which will become excellent experts to this regard. Business lines are already operational include Space, Aviation, Catastrophe Reinsurance, Sport Risk, Marine, Events & Contingency and Weather Risk

On the other hand, it is expected to pursue the maintenance of excellence in the motor sector through the aforementioned sophistication of the pricing model and with innovations applied to claims handling, both factors assisted by the development of advanced

analytics. In terms of claims management, these were up during the first year of implementation of the Plan and, according to the targets set, the rate of no TPL motor follow-up of fraudulent origin is up (from 2.0% to 2.3%), whilst additional savings are expected in the coming years, partly following the identification, during 2018, of further intervention drivers relating to CARD processes, channelling activities and those of legal action.

The partnership with Banco BPM will also permit both a shift toward products with lower capital absorption and growth on more profitable products as regards the life business; a significant reduction of the minimum average guaranteed rates on the traditional reserves which, during 2018, went from 1.0% to approximately 0.8%, shall be forecast at 0.5% at the term of the Plan's horizon, is also expected.

Cultural transformation and simplification

The action to culturally transform the Group in addition to its necessary simplification has been set parallel to the transformation of its business model.

In view of the simplification, which provides for actions to increase IT efficiency and strengthen control/discipline in terms of costs (especially G&A), actions were launched during the year to optimise operating processes through re-engineering and robotics. The programme, which started on the Operations Area to then be applied to the rest of the Company with a model replicable over time, has a savings goal as at 2020 of about 20% (in terms of automated administrative/back office activity); the programme's savings will be further reinforced thanks to bringing some activities in-house and enhancing resources to support Plan initiatives.

The cultural change in progress, on the other hand, has the goal of "placing people at the centre", making sure that they feel they are the key players in the change in vision that aims to cultivate new skills that are increasingly necessary in the current dynamic contexts.

In this perspective, the following are reported in the first twelve months of the Plan:

- introducing a new performance assessment system in line with the Business Plan's objectives to contribute to improving the most dynamic resources and talent within the company;
- starting up a technical re-training activity for the labour force following significant organisational developments of the Plan;
- the development of specific paths for the diffusion of "digital mindfulness" i.e., a mindset that is more versatile and better adapted to the new technologies;
- a better corporate welfare model (including agreements with gyms, extension of smart-working, maternity leave that can be managed by the hour).

It is precisely in this path of cultural change that the excellent result of the "Great Place to Work" corporate climate survey is included, with a confidence index that rose, in 2018, by 8 p.p. compared with the survey carried out the previous year.

Governance model

Significant for the purpose of implementing the 2018-2020 Plan and in order to align Cattolica with the best

international standards, in the same half of 2018, the Shareholders' Meeting approved the Board of Directors' proposal to evolve governance by adopting a one-tier model.

The Board of Directors will absorb the functions of the board of statutory auditors, and it will have 17 members (currently 18 plus 5 of the board of statutory auditors). The Executive Committee will also be abolished.

As regards the shareholding representation of the shareholders, the maximum limit of 0.5% of capital for natural persons was confirmed, while that for legal entities, collective bodies and UCIs was raised to 5%. However, going past the threshold does not prevent additional shares from being held.

Capital shareholders will also be allowed to be represented on the Board of Directors. One or two directors will be selected from the list that is first in terms of capital, other than the Majority Interest List, determined as first with per capita vote (one head, one vote), and also other than the Minority Interest List, having obtained votes corresponding to 10% or 15% of the share capital, whatever the number of Shareholders that voted it may be.

These changes will go into effect with the next election of the Board of Directors, scheduled with the 2019 Shareholders' Meeting.

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.

Cattolica and the Group

On January 28th, as previously mentioned, 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.

On April 28th, Cattolica's Ordinary Shareholders' Meeting was held, which approved all items on the agenda, including the 2017 annual financial statements and the proposal of the Board of Directors of a single dividend of € 0.35 per share.

The shareholders' meeting appointed Alberto Minali member of the Board of Directors until the next renewal of the board and then the Board of Directors met after the shareholders' meeting and confirmed the appointment of Mr Minali as Managing Director and gave him the same powers previously given to him for the office.

The shareholders' meeting also appointed the Board of Statutory Auditors: Giovanni Glisenti (Chairman), Cesare Brena (Statutory Auditor), Federica Bonato (Statutory Auditor), Carlo Alberto Murari (Substitute Auditor) and Massimo Babbi (Substitute Auditor).

The shareholders' meeting, in extraordinary session, approved, *inter alia*, the new Articles of Association that include the amendments to the governance model that will come into effect starting from the date of the shareholders' meeting called for the next renewal of the Board of Directors, the essential lines of which are summarised hereunder:

- adoption of the one-tier model and reduction of the total number of representatives to 17 (currently 18 directors and 3 statutory auditors), taking into account that the functions of the new Board of Directors will absorb those of the Board of Statutory Auditors;
- abolition of the Executive Committee;
- suppression of the requirement of local representation for the members of the Board of Directors;
- confirmation of the threshold of shareholding of the natural person Shareholders (0.5%) and the raising of that for the legal entity Shareholders (5%), on the other hand extended also to collective bodies and UCIs (Undertakings for Collective Investments). Going past the threshold does not prevent additional shares from being held without losing Shareholder status. The non-equity rights can still be exercised within the limit of the indicated thresholds;
- adoption of a new representation method for the Board of Directors, with the inclusion of directors appointed through a capital vote: 1 or 2 Board Members will be appointed from the list that came first on the basis of the capital ownership percentage – different from the Majority List, that came first on the basis of the per capita voting system (one-man-one-vote), and possibly from the Minority List too, always on the basis of the same voting system – if the list has obtained votes corresponding to 10% or 15% of the share capital, irrespective of the number of Members that voted for such list.

Pursuant to the matters envisaged by ISVAP regulation No. 39 dated June 9th, 2011, the shareholders' meeting approved the remuneration policies relating to the directors and officers, the personnel and other parties contemplated as beneficiaries of general principles by said regulation, and the plan for purchase and sale of own shares pursuant to the law.

The shareholders' meeting also approved the 2018-2020 Performance Shares Plan according to the terms approved by the Board of Directors on March 20th, 2018. The Plan sets a total term of 3 years (from January 1st, 2018 until December 31st, 2020), at the end of which, after verifying attainment of the Performance Goals, 60% of the

shares due will be assigned, while the remaining 40% will be assigned with a two-year deferment.

On October 3rd, having obtained the necessary authorisations, the Company acquired, for €25.4 million, from Groupe des Assurances du Crédit Mutuel S.A., 100% of CP-BK Reinsurance S.A., a Luxembourg reinsurance company, which was, at the same time, renamed "CattRe S.A.".

On October 17th, the Company completed the purchase of investments in the following companies:

- Estinvest S.r.l., 100% directly owned and Satec S.r.l., directly owned for a share amounting to 15.87% of the share capital and indirectly for the remaining 84.13% of the share capital through the subsidiary Estinvest S.r.l., totalling €7.6 million and
- Meteotec S.r.l., indirectly owned through Satec S.r.l., which holds 100% of the share capital.

On November 9th, the acquisition was completed of a 51% stake of the share capital of Qubo Insurance Solutions S.r.l., a company based in Milan, dealing with insurance brokerage. The additional 49% of the capital is held by the original single shareholder, Nelson Servizi S.p.A. The stake in the share capital of Qubo was acquired by Estinvest S.r.l., duly appointed by Cattolica.

On October 30th, Standard & Poor's confirmed Cattolica's as BBB and changed the outlook from stable to negative, adjusting it, according to the agency's criteria, to that of the sovereign debt of the Italian Republic, which, on October 26th, 2018, was reviewed under the same terms. Cattolica's stand-alone credit profile (SACP) was 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 20th, following the signing of a new framework partnership agreement with Coldiretti, the deed of sale was completed, in favour of the latter, of the stake held by Cattolica in the share capital of Agenzia Generale Agrifides Srl, amounting to 51%, for a fee of €158 thousand and a capital gain of €153 thousand. As a result of this transaction, Agrifides left the scope of the Cattolica Group.

Bancassurance partnership with Banco BPM

On March 29th, the closing of the purchase by the Company of 65% in Avipop Assicurazioni and in Popolare Vita was finalised and a commercial partnership in the Life and Non-Life classes was launched with the former Banco Popolare network, for a duration of 15 years.

Following a rebranding activity, Vera Vita with its subsidiary Vera Financial and Vera Assicurazioni with its subsidiary Vera Protezione were formed.

Cattolica assumed management and coordination functions within the aforementioned insurance companies.

The value recognised for purchase of 65% of the companies by the Company was € million. It should be noted that this value was recognised in compliance with the contractual provisions, equal to €853.4 million, of which €89.6 million by distribution of available reserves by Popolare Vita, which took place prior to closing, to the sole shareholder Banco BPM and that the ordinary dividends of the insurance companies relating to financial year 2017 (€89.1 million, equal to the total dividend) solely pertained to Banco BPM, albeit detached after closing. This value was verified and adjusted by the parties with a total decrease of €1.55 million. In addition, this amount was further adjusted due to the cost component to be paid for outsourcing, migration and integration services, for a total of €4.226 million.

Other investee companies

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 and with a capital gain of €61 thousand.

On June 14th, the transfer to Credit Agricole-Cariparma of the stake held by the Company in Cassa di Risparmio di San Miniato (CARISMI) was completed, for a total price of €600 thousand and with a capital gain of €44 thousand and the conversion to run off of the distribution agreements of Cattolica e Cattolica Life DAC in place with CARISMI was also completed. Please note that CARISMI will continue to be intermediary for the run-off portion of the portfolio. The agreements were economically settled on the same date.

In December, Cattolica and the French group Inter Mutuelles Assistance signed a framework agreement for the acquisition, by the Company, of 35% of the share capital of IMA Italia Assistance S.p.A. and a share amounting to 10% of IMA Servizi S.c.a.r.l. The agreement includes, *inter alia*, specific call and put option

mechanisms, which may lead to a rise of up to 51% of the stake held by Cattolica in IMA Italia.

The transaction is subject to the prior obtaining of the necessary authorisations.

Recapitalisations

During the year, the Company resolved upon the following capital payments:

- in February, to C.P. Servizi Consulenziali in multiple tranches, the first of which (€ 2 million) was paid in April;
- in September, to Cattolica Agricola, for a maximum of €7 million, of which €2.3 million paid in October.

Supervisory Authority (IVASS)

The inspections, launched on November 22nd, 2017, by the Bank of Italy's FIU of the Company and other Group companies, relating to anti-money laundering investigations, were completed in May.

On May 9th, the Italian Tax Police, on behalf of the Personal Data Protection Guarantor, started an inspection of the Company and TUA Assicurazioni in order to go forward with checks aimed at verifying the processing of personal data, particularly those acquired using electronic mechanisms called "black boxes" installed on board vehicles by the insurance companies. In the same way the Tax Police served the reports on findings and fined the above companies € 20 thousand each. After assessing the documentation, it was decided to not follow up with briefs or requests for hearings, but rather to pay in reduced form.

Italian Revenue Agency

Regarding to the Company, with TUA Assicurazioni and BCC Assicurazioni, a number of rulings discussed in public hearings were recently filed with the Court of Cassation, all of which concerned the applicability of the VAT exemption to delegation commissioned under co-insurance contracts.

The outcome was unfavourable to the companies: the Cassazione denied the thesis of the applicability of the VAT exemption to the services rendered by the delegate, rejecting the arguments of the insurance companies.

Before these sentences, the companies had seen their defensive theses accepted by the relevant Provincial and Regional Tax Commissions, relying on dozens of favourable sentences, often with a victory over expenses. The case law, however, remains uneven: in fact, there are two previous rulings of the Supreme Court in favour of the

companies and recent sentences by the Tax Commissions confirming the recognition of the VAT exemption on delegation commissions.



Total non-life
premiums

€1,757.2 MLN

+1.4%

Total life
premiums

€825.3 MLN

-15.3%



MANAGEMENT REPORT

The Company in 2018

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

Businesses (€ thousands)	Change					
	2018	% of the	2017	% of total	Amount	%
01 - Accident and injury	167,264	6.6	173,971	6.5	-6,707	-3.9
02 - Health	69,743	2.7	65,516	2.5	4,227	6.5
03 - Land vehicle hulls	112,939	4.4	115,106	4.3	-2,167	-1.9
07 - Goods in transit	6,460	0.2	7,073	0.3	-613	-8.7
08 - Fire & natural forces	125,184	4.9	111,305	4.2	13,879	12.5
09 - Other damage to assets	203,136	8.0	188,730	7.1	14,406	7.6
10 - TPL - Land motor vehicles	792,866	31.1	794,820	29.8	-1,954	-0.2
13 - TPL - General	170,079	6.7	158,649	6.0	11,430	7.2
14 - Credit	499	n.s.	158	n.s.	341	n.s.
15 - Suretyship	14,447	0.6	12,878	0.5	1,569	12.2
16 - Sundry financial losses	13,078	0.5	14,754	0.5	-1,676	-11.4
17 - Legal protection	11,980	0.5	11,745	0.4	235	2.0
18 - Assistance	31,917	1.2	31,226	1.2	691	2.2
Other classes ⁽¹⁾	6,386	0.3	4,680	0.2	1,706	36.5
Total non-life business	1,725,978	67.7	1,690,611	63.5	35,367	2.1
Insurance on the duration of human life - class I	503,703	19.7	577,478	21.6	-73,775	-12.8
Insurance on the duration of human life linked to investment funds - class III	89,253	3.5	39,832	1.5	49,421	n.s.
Health insurance - class IV	1,294	0.1	1,426	0.1	-132	-9.3
Capitalisation transactions - class V	140,679	5.5	226,960	8.5	-86,281	-38.0
Pension funds - class VI	90,328	3.5	128,599	4.8	-38,271	-29.8
Total life business	825,257	32.3	974,295	36.5	-149,038	-15.3
Total direct business	2,551,235	100.0	2,664,906	100.0	-113,671	-4.3
Total indirect business	31,280		42,757		-11,477	-26.8
GRAND TOTAL	2,582,515		2,707,663		-125,148	-4.6

n.s. = not significant

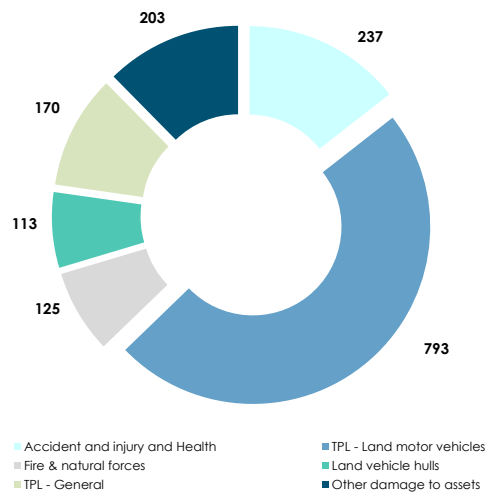
⁽¹⁾ includes railway rolling stock, aircraft, sea and inland water vessels/hulls and TPL aircraft and sea and inland water vessels.

NON-LIFE BUSINESS

Total non-life premiums amounted to €1,757.2 million (+1.4%). Direct business non-life premiums amounted to €1,726 million (+2.1%): the non-motor classes were up 5.1%, whilst the motor classes were down 0.5%.

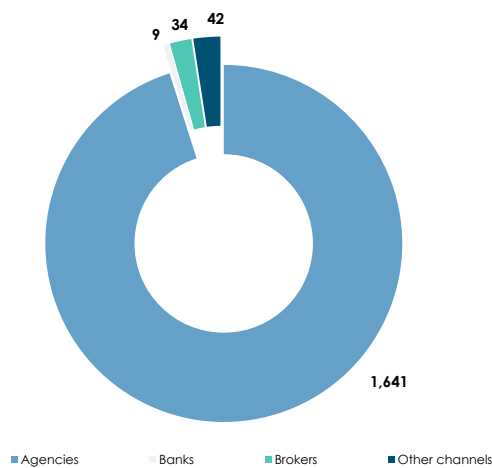
Indirect non-life premiums amounted to €31.2 million (-26.9%).

Main non life classes, direct premiums (euro/millions)



Direct premiums written are divided up as follows by sales channel: agencies with €1,640.5 million, banking networks with €8.9 million, brokers with € 33.9 million and other channels with €42.6 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 €167.3 million, disclosing a decrease of 3.9%.

The decline in premiums is due to traffic risks and the loss of corporate policies. Profitability, albeit remaining at satisfactory levels, worsened due to the greater number of high-end claims.

The claims to premiums ratio disclosed a decline from 39% to 44.2%.

Table 7 - Accident and injury class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	167,264	173,971	-6,707	-3.9
Premiums written	169,175	172,303	-3,128	-1.8
Net charges relating to claims / Premiums for the year	44.2%	39.0%		

Health

Premiums written came to €69.7 million, disclosing an increase of 6.5%.

important private sector customers interested in promoting corporate welfare.

The claims to premiums ratio disclosed a decline from 69.3% to 90.7%.

In terms of profitability, last year benefited from a positive run off of reserves that was not repeated in the current year. The loss ration of the current year worsened by approximately 6 points, due to certain corporate policies.

In the corporate sector, it was possible to significantly increase premium income through the acquisition of

Table 8 - Health class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	69,743	65,516	4,227	6.5
Premiums written	72,767	59,889	12,878	21.5
Net charges relating to claims / Premiums for the year	90.7%	69.3%		

Land vehicle hulls

The total of the premiums amounted to €112.9 million, disclosing a decrease of 1.9%.

The claims to premiums ratio amounted to 60.3%, up with respect to the 56.6% in the previous year.

The decline in premiums is due to the loss of certain major Corporate policies and, to a lesser extent, the loss of motor policies recorded during the year.

Profitability, albeit remaining at satisfactory levels, recorded a worsening, due to a negative run off of reserves, whilst the loss ratio for the year remained in line with 2017.

Table 9 - Land vehicle hulls class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	112,939	115,106	-2,167	-1.9
Premiums written	114,103	114,807	-704	-0.6
Net charges relating to claims / Premiums for the year	60.3%	56.6%		

Goods in transit

Premiums written amounted to €6.5 million, disclosing a decrease of 8.7%.

The claims to premiums ratio raised from 37.6% to 71%.

The reduction in premiums, at a non-significant absolute value, was due to the Corporate sector.

The deterioration of profitability was concentrated in the rail transport sector.

Table 10 - Goods in transit class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	6,460	7,073	-613	-8.7
Premiums written	5,998	6,575	-577	-8.8
Net charges relating to claims / Premiums for the year	71.0%	37.6%		

Fire & natural forces

Premiums written came to €125.2 million, up 12.5%.

The claims to premiums ratio disclosed an improvement from 87.9% to 84.4%.

The significant increase in premium income was due to the signing of the important agreement entered into

between Cattolica and the CEI (Italian Episcopal Conference), within the Bodies and Associations segment, along with a more incisive underwriting activity in the corporate risk sector, an activity also favoured by the strengthening of the relationship with the brokers channel.

Table 11 - Fire & natural forces class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	125,184	111,305	13,879	12.5
Premiums written	114,859	110,382	4,477	4.1
Net charges relating to claims / Premiums for the year	84.4%	87.9%		

Other damage to assets

Premiums written came to €203.1 million, up 7.6%.

The claims/premiums ratio improved from 94.4% to 74.2%.

The increase in premiums was supported by the growth of the Atmospheric and Zootechnical Risks segment.

The significant improvement in profitability was due to the hail class, which was affected by repricing and the lower claims recorded during the year. Certain critical issues were noted in the Agricultural - Zootechnical Risks sector, associated with late claims, attributable to the previous year.

Table 12 - Other damage to assets class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	203,136	188,730	14,406	7.6
Premiums written	200,610	188,066	12,544	6.7
Net charges relating to claims / Premiums for the year	74.2%	94.4%		

TPL - Land motor vehicles

Premium income during the year amounted to €792.9 million, in slight decline (-0.2%).

The claims/premiums ratio is in line with 2017 (74%).

Premiums were negatively affected by the loss of a large group policy and a decline in portfolio policies, substantially offset by the growth in the average premium.

Profitability, which was unchanged overall, benefited from a positive, but lower, run off than last year and from an improvement in the loss ratio for the current year of 1.2%, due to the growth in the average premium and a reduction in frequency, which more than offset a moderate growth in the average cost of claims.

Table 13 - TPL Land motor vehicles class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	792,866	794,820	-1,954	-0.2
Premiums written	795,303	799,518	-4,215	-0.5
Net charges relating to claims / Premiums for the year	74.0%	74.0%		

TPL - General

Gross premiums written amounted to around €170.1 million, up 7.2% compared with the previous year.

The claims to premiums ratio disclosed an improvement from 58.1% to 21.2%.

The increase in premiums is due to the underwriting of certain significant business in the Corporate sector and, specifically, in the TPL - General class.

The significant improvement in the claims/premium ratio is largely due to the positive evolution of the claims reserves of previous years.

Table 14 - TPL General class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	170,079	158,649	11,430	7.2
Premiums written	166,490	165,403	1,087	0.7
Net charges relating to claims / Premiums for the year	21.2%	58.1%		

Suretyship

Premiums written amounted to €14.4 million, disclosing an increase of 12.2% compared to last year.

The increase is due to the rebalance of the portfolio on the Companies line.

The claims to premiums ratio of direct business, albeit remaining at satisfactory levels, worsened, going from

46.4% to 50.4%. The loss ratio for the current year improved, whilst in 2017, it benefited from a significant positive run off of reserves which was not repeated in the current year.

Table 15 - Suretyship class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	14,447	12,878	1,569	12.2
Premiums written	15,477	14,674	803	5.5
Net charges relating to claims / Premiums for the year	50.4%	46.4%		

Sundry financial losses

The volume of the premiums amounted to €13.1 million, down 11.4%.

The decline in premiums is due to the accounting effects of the premium adjustment.

The claims to premiums ratio of direct business was down, albeit remaining at optimal levels.

Table 16 - Sundry financial class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	13,078	14,754	-1,676	-11.4
Premiums written	17,067	12,441	4,626	37.2
Net charges relating to claims / Premiums for the year	38.2%	7.1%		

Legal protection

Premiums amounted to €12 million, up 2%; the growth was present in both the Retail and Motor segments.

The claims to premiums ratio of direct business went from 29.6% to 17.2%, not benefiting from the positive run off recorded the previous year.

Table 17 - Legal protection class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	11,980	11,745	235	2.0
Premiums written	11,869	11,685	184	1.6
Net charges relating to claims / Premiums for the year	17.2%	29.6%		

Assistance

Premiums amounted to €31.9 million, up (+2.2%), affecting both the Retail and Motor segments.

The improvement in profitability was partly supported by a positive run off of reserves.

Table 18 - Assistance class - direct business

(€ thousands)	2018	2017	Change	
			Amount	%
Gross premiums written	31,917	31,226	691	2.2
Premiums written	31,454	30,834	620	2.0
Net charges relating to claims / Premiums for the year	23.1%	27.2%		

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 amounted to €6.4 million (+36.5%).

Religious and Non-Profit Institutions

The Company has built a privileged relationship with Religious Institutions and the Third Sector throughout its history. The Religious and Non-Profit Institutions Business Unit is a dedicated structure that works to strengthen the offer aimed at the ecclesiastical world, in addition to the non-profit world. To date, 127 Dioceses out of the 225 Italian Dioceses have an agreement: these agreements enable

the insurance service to be modulated according to the needs of the individual entities.

The fiduciary relationship with the Central Clergy Supporting Institute, which protects the assets of all Italian diocesan institutes and the health of over 33,000 priests also continues. In May, an agreement was signed with the Italian Episcopal Conference to take out an insurance policy that guarantees the protection from catastrophic risks of all 25,708 parishes, limited to the complex of parish building works, namely churches, intercommunicating rectories and bell towers.

The Business Unit has created a specific insurance solution for voluntary organisations and has developed ad hoc training paths for the development of the distinctive skills of the Agents and internal lines necessary to meet the needs of these entities.

CLAIMS SETTLEMENT

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

During the year, the department focused on both the actions provided for in the Business Plan and on the ordinary activities necessary to maintain service levels and achieve the business objectives.

Regarding to the procedures associated with CARD 2017, which entered into force on March 1st, 2017, activities to refine the processes necessary for maintaining good business performance continued, partly in light of the constant progress made by our competitors.

In this perspective, on November, actions were initiated aimed at improving the performance of the arbitration proceedings to avert cases of silent consent. The actions were implemented specifically through outbound calls by the claims outsourcer (ITO) to agencies and policyholders.

Regarding to the Anti-Fraud business, it should be noted that the review of the business rules was initiated and completed in both the context of the TLP motor class and elementary classes.

At the same time, the development of SEA (Advanced Anti-Fraud System) continued, with the refinement of the application for the TLP motor class and, above all, with the extension thereof to the non-motor class.

Lastly, it should be noted that, during the year, the usual anti-fraud statistical surveys for the TLP motor class were also carried out for the elementary classes.

Direct settlement network

As at December 31st, 2018, there were 19 Settlement Centres in Italy.

The training of the Network's resources was carried out continuously, thanks to the provision of technical refresher courses and the "tutoring" pool activity for "junior" colleagues in order to accelerate their growth processes.

During the year, the necessary activities were carried out for the transfer of all offices to "paperless" management, which took place in January 2019.

All year-end reserve auditing activities were initiated.

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; to this end, a suitable policy was prepared.

As at December 31st, 2018, the indirect network included: 197 motor experts, 1.534 fiduciary bodywork shops, 179 doctors (+150 specialists), 48 other asset experts, 312 lawyers, 112 assessors, 15 mechanical re-builders, 36 generic trustees.

Referring to the Business Plan objectives, the Legal Management office reduced the network of legal trustees and a new agreement proposal was prepared and entered into, which became effective in September.

In the first half of the year, the digital signature to be used in the electronic process was put into production.

As regards the granting of the mandate to the Legal Trustee, the procedure for the IT endorsement of the area managers became effective through the operation of the NSGS system, for constitution in court.

The Medical Management office continued its activity in order to improve the performance of medical trustees.

The Motor Trustees Management office, in line with the Business Plan targets, redefined a contractual agreement presented to motor experts; a partnership with three new expert facilities was launched, following a tender, for the authority of trustee car bodywork shops and reported, within its structure, the management of affiliated car bodywork shops.

The registers of transport class trustees (experts, lawyers, central consultants) were then set up and appropriate agreements were drawn up.

Settlement velocity and claims reported

total number of claims handled, net of those eliminated without follow up.

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

Table 19 - Claims' settlement velocity

(% values)	Claims reported in the current year		Claims reported in previous years	
	2018	2017	2018	2017
Classes:				
01 - Accident and injury	45.0	45.7	72.3	74.8
02 - Health	90.8	93.0	67.1	49.4
03 - Land vehicle hulls	92.3	92.1	92.3	91.3
08 - Fire & natural forces	66.0	80.6	67.8	70.5
09 - Other damage to assets	72.3	77.9	88.1	89.7
10 - TPL - Land motor vehicles				
CARD Gestionaria	83.4	84.2	73.9	76.0
CARD Debitrice	74.4	73.1	64.8	68.1
NO CARD	58.7	59.3	46.7	46.0
13 - TPL - General	56.5	57.7	32.6	36.0
15 - Suretyship	80.2	70.2	13.8	16.5
16 - Sundry financial losses	71.7	85.4	32.9	40.9
17 - Legal protection	19.1	14.5	15.8	21.9
18 - Assistance	83.7	82.7	32.5	17.2

During the current year, 639,345 claims were reported, of which 474,805 (74.3%) were settled in full.

Regarding to the motor TPL class, 98,845 CARD gestionaria claims were reported, of which 77,328 settled in full and 6,134 closed without follow up, with a settlement velocity of 83.4%.

Regarding to CARD Debitrice claims, the Company received 92,287 claim reports from the clearing house managed by CONSAP, of which 65,833 paid and 3,811 closed without follow up, with a settlement velocity of 74.4%.

LIFE BUSINESS

Direct life premiums amounted to €825.3 million (-15.3%).

In 2018, the Company's life business recorded a decline, mainly due to a reduction in volumes in class I products (-12.8%) and class V products (-38%). The movement recorded is consistent with the company's objective to reduce the exposure on the revaluable products associated with the Separate Accounts and the increase in volumes in relation to class III products.

Premium income from class VI also declined (-29.8%).

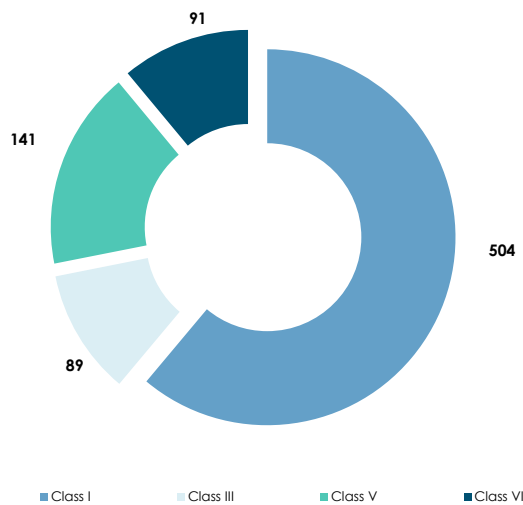
Despite the uncertainty of the overall economic situation and the high volatility of financial trends, the segment of policies with a higher financial component (mostly attributable to so-called "multi-class" policies,

characterised by a unit-linked component, linked to internal funds, and by a component related to segregated funds) generated an encouraging premium performance, 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 income, traditional class, amounted to €503.7 million (-12.8%).

Revaluable premiums resulting from new subscriptions takes place almost exclusively with products that provide for a revaluation method, i.e., "non-cliquet", which reduces the capital absorption.

Insurance on the duration of human life linked to investment funds

Class III premiums amounted to €89.3 compared with €39.8 million in 2017 and were made up of unit linked policies.

Insurance to cover non-self-sufficiency

The Company continue to operate in class IV with coverage combined with pension and welfare investment funds. Premiums written amounted to €1.3 million (-9.3%).

Capitalisation transactions

Premiums written amounted to €140.7 million (-38%).

Class VI business

Total class VI premium income in the year amounted to €90.3 million (-29.8%); the overall assets under management at the end of the year came to €754.3 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 amounted to €73 million.

As at December 31st, assets managed amounted to €627.3 million.

On December 31st, 2017, the agreements for the management of assets of the guaranteed sub-fund of the Fontex Pension Fund and the Fopadiva Pension Fund expired; with the expiry of these agreements the related assets were made available to Funds and therefore do not contribute to forming the total amount under management at the end of the year.

In May, the agreement for the management of assets of the guaranteed segment of the Journalists' Pension Fund also expired: the related assets were invested by the Fund in a class V agreement - managed by the Company - and, at the end of the year, therefore, no longer contributed to the formation of that of class VI.

Open-end pension funds established by other companies

During the first two months of the year, the management of the resources in class VI of the "Guaranteed" class of the Azimut Previdenza Open-End Pension Fund of Azimut Capital Management SGR S.p.A. continued; with the

expiry of the agreement, the related assets were made available to the Fund and therefore do not contribute to forming the total amount under management at the end of the year. The premiums collected in the first two months amounted to €3,776 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 €9.7 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 €86.7 million.

As at December 31st, 2018, the Fund has 7,517 assets recorded (7,528 at the end of 2017).

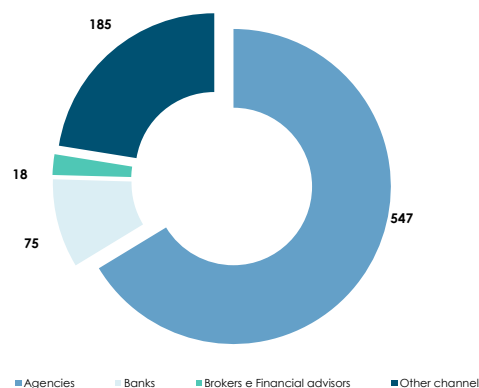
During the year gross premiums (net of the contributions allocated to the funding of the accessory insurance benefits) for a total of €3.9 million converged in the Risparmio & Previdenza Open-end Pension Fund, which is structured in four segments.

The net asset value of the four segments of the Fund amounted to €40.2 million.

As at December 31st, 2018, the Fund has 3,076 assets recorded (in line with the end of 2017).

Life premiums written via the agency channel amounted to €547.3 million, those pertaining to the banking channel totalled €75.2 million, those pertaining to the brokers totalled €17.3 million, those pertaining to financial advisors came to €209 thousand and those pertaining to other channels totalled €185.3 million, of which €77.6 million relating to pension funds and €67.3 million relating to capitalisations.

Premiums by channel, direct life premiums (euro/millions)



CLAIMS PAID

Claims paid, excluding settlement costs, amounted to €1,001.4 million (+80.7%).

Table 20 - Breakdown of claims paid by class and type

(€ thousands)	Change					
	2018	% of the total	2017	% of the total	Amount	%
Class I	317,787	31.8	305,972	55.2	11,815	3.9
Claims	46,695	4.7	49,970	9.0	-3,275	-6.6
Redemptions	185,307	18.5	159,467	28.8	25,840	16.2
Maturing	85,785	8.6	96,535	17.4	-10,750	-11.1
Class III	13,730	1.3	12,058	2.2	1,672	13.9
Claims	876	0.1	519	0.1	357	68.8
Redemptions	10,506	1.0	10,823	2.0	-317	-2.9
Maturing	2,348	0.2	716	0.1	1,632	n.s.
Class IV	10	n.s.	10	n.s.	0	0
Claims	10	n.s.	10	n.s.	0	0
Class V	395,234	39.5	171,461	30.9	223,773	n.s.
Redemptions	96,851	9.7	47,447	8.5	49,404	n.s.
Maturing	298,383	29.8	124,014	22.4	174,369	n.s.
Class VI	274,589	27.4	64,764	11.7	209,825	n.s.
Redemptions	56,501	5.6	64,764	11.7	-8,263	-12.8
Maturing	218,088	21.8	0	0	218,088	n.a.
Total claims paid (*)	1,001,350	100.0	554,265	100.0	447,085	80.7

(*) The item does not include settlement costs

n.s. = not significant

n.a. = not applicable

The total increase recorded compared with the previous year is mainly attributable to the increase in class V and VI maturities, for a total amount of €392 million.

With reference to class I, the total of the sums paid during the current year shows a change of +3.9%, mainly as a result of the increase in redemptions (+16.2%) offset by a reduction of maturities (-11.1%).

With reference to class III, the overall increase in the amounts paid, equal to €1.7 million, is mainly attributable to the increase in settlements due to maturities.

With reference to class V, the amount of the claims paid increased sharply (+223.8 million) compared with the value recorded in the previous year, due to the increase in both the amounts paid for surrender and the amounts paid for maturity.

With reference to class VI, the overall increase in the sums paid (+€209.8 million) is mainly due to the fact that, during the year, four agreements came to maturity: the overall change in maturities amounts to €218.1 millions.

RESEARCH AND DEVELOPMENT ACTIVITIES - NEW PRODUCTS

Non-life business

During the year, the offer intended for the agency channel was updated, with the aim of dealing with the emergence of specific coverage needs with targeted solutions. In September, the new product "Cattolica&Casa Condominio 360°" was launched, the new solution dedicated to the protection of apartment buildings and all those who live there, which also protects the Administrator for the professional activity carried out.



Thanks to the modularity of the solution, basic coverage (fire and civil liability) can be enriched with a series of additional guarantees and innovative services for a protection tailored to different needs. The product comes with two formulations:

"Cattolica&Casa Condominio 360° - Piccoli condomini", dedicated to small apartment buildings (up to 8 residential units) and "Cattolica&Casa Condominio 360° - Grandi condomini", with full coverage for apartment buildings with more than 8 units not intended exclusively for residential use.

Life business

During the year, the Company carried out an in-depth review of its Life offer in the prospect of making it increasingly meet the competitive dynamics of the market, sustainable from a financial viewpoint and consistent with the goals set by the Business Plan.

In this perspective, the operations carried out were on the one hand aimed at protecting the financial sustainability of the revaluable products by adopting "capital light" solutions, and on the other, at fostering a rebalancing of the mix of premiums written, between class I and class III, also through evolution of the Multi-Class offer platform

Another important novelty was the enrichment of products dedicated to the protection of the home and business ("Cattolica&Casa Senza Pensieri"; "Cattolica&Impresa Industria 360°", "Alimentare 360°", "Commercio") with catastrophic guarantees that can protect in the event of natural disasters.

The economic consequences of these increasingly frequent events are, in fact, considerable for both companies and individual households. Despite this, there is a very low diffusion of dedicated coverage: currently, only around 40% of the total number of companies and 2.5% of private homes are insured, such as against earthquakes.



meant as a flexible and efficient tool at the customers' disposal to diversify their investments and participate in the yield opportunities offered by the financial markets.

More specifically, with reference to the so-called professional networks of Agents and Brokers, the major operations carried out concerned:

- the application of the "non cliquet" revaluation type to all re-valuable offers, as well as to the re-valuable component of Multi-Class products;

- the lowering of the maximum premium that can be invested in Revaluable products and increasing the pricing level on the component of the segregated fund-linked component of the offer;
- the rising, to 50%, of the minimum threshold of premiums that can be invested in the Unit-Linked component for the "basic" Multi-Class offer ("*Cattolica&Investimento Scelta Dinamica 3.0*" and "*Cattolica&Risparmio Piani Futuri 3.0*");
- a review of the remuneration logic by brokers with reference to the products considered "core" in order to more adequately recognise the consulting undertaking dedicated to the distribution of these products, in line with the market's best practice.

All of the aforementioned interventions were incorporated into new product versions that replaced the corresponding pre-existing offer.

In addition to the foregoing, the development should be noted of a Multi-Class offer solution ("*Cattolica&Investimento Scelta Dinamica 3.0 Dedicato*") aimed at reinvesting expiring policies, which is added to the re-valuable product already available for this type of need.

Also, with reference to the banking distribution channel, interventions were carried out aimed at reducing the

absorption of capital through the adoption of the "non cliquet" revaluation method ("*DueVie ed. 2018*" and "*Risparmio Private ed. 2018*").

In September, the new product "*Cattolica&Risparmio Idea Italia PIR*" was introduced with the aim of meeting new market needs and exploiting the tax incentive linked to the product type. The Individual Savings Plan (PIR) is a multi-class mixed insurance with single recurring premiums with the possibility of making additional payments and an additional benefit in the event of death.

During the second half of the year, in light of the new European Insurance Distribution Directive (IDD) on the distribution of life and non-life insurance products, the procedures for issuing all newly marketed insurance products of subject to substantial changes, regardless of their nature and the distribution channel used for their placement on the market, were updated.

In view of the entry into force, on January 1st, 2019, of IVASS Regulation no. 41 dated August 2nd, 2018, laying down the provisions on the disclosure and advertising of insurance products, the contractual documentation of all marketed products was adjusted according to the Information Set layouts dictated by the Supervisory Body.

REINSURANCE

Non-Life Class Reinsurance - 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.

Based on the actuarial analyses carried out to determine the efficient reinsurance programme according to a value-based methodology, percentages of proportional transfers falling due were confirmed, except for leasing, whose transfer percentage was lowered from 60% to 50%.

As for the C.A.R., E.A.R. and Decennale Postuma guarantees of the technological risks class, an excess proportional agreement for risks with insured amount between € 12.5 and € 25 million was stipulated following the increase in underwriting capacity. Retention is protected from the above-mentioned QS agreement (50% transfer).

As for policies combined with loans (PPI - Payment Protection Insurance), proportional coverage was renewed under conditions as per maturity, with 85% transfer.

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 percentage was increased from 52.5% to 55%, while for general third-party liability the percentage of the transfer maturing was 65%. In the accident and injury section, the transfer percentage remained unvaried at 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 2018, to acquire a total capacity of € 350 million, corresponding to a period of return of around 250 years (RMS model).

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 retained.

On the other hand, it was necessary to increase the priority level from € 6 to 10 million following the high frequency of catastrophe claims.

With regard to the TPL motor and general classes, the priority levels were increased from € 2.5 to € 4 million and from € 1 to € 2 million, respectively.

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

For 2018, as regards the D&O (Directors and Officers) policies, the proportional expiring coverage with a 90% transfer was renewed.

As far as the hail class is concerned, for the year 2018 the proportional transfer percentage was lowered from 60% to 50% and the 50% 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, in 2017 a three-year stop loss agreement was stipulated (expiring December 31st, 2019) with priority of 90% (the coverage is activated when the Claims/Premiums ratio exceeds this threshold) and extent equal to 210%, covering only the portfolio relating to epizootic risks, while the portfolio relating to the carcass disposal section is retained by the Company.

As protection against Cyber for the fire & general classes, there is three-year proportional coverage with 90% transfer for the Company and for the other Group companies.

Non-Life Class Reinsurance - Indirect Business: acceptances

The subscription involved exchange transactions with direct companies with similar characteristics to those of the Company (the greatest contribution is represented by the business coming from the CIAR system), a small and very diversified portfolio, relating to the subscription of catastrophe programmes based on excess of loss, with particular focus on the top layers (amount of the marginal business compared with the portfolio as a whole), as well as reinsurance coverage in favour of Group 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 mentioned above were transferred for the most part to the Company and the remainder was transferred directly to the reinsurance market.

More specifically, 60% of agreements of the subsidiaries ABC Assicura, BCC Assicurazioni and TUA Assicurazioni are placed with the Company and the remaining 40% with the reinsurance market. Exceptions are the proportional coverage of BCC Assicurazioni, whose transfer to the Company is 50%, while the remaining 50% is placed with the reinsurance market.

Life Class Reinsurance - 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%.

Life Class Reinsurance - 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.

In defining the reinsurance programme, the Company complied with the provisions of the Framework Resolution on passive reinsurance in accordance with Article 3 of ISVAP Circular no. 574/D dated December 23rd, 2005, repealed by IVASS Regulation no. 38 dated July 3rd, 2018.

In February, the Board of Directors approved the structure and the transfer plan for 2018.

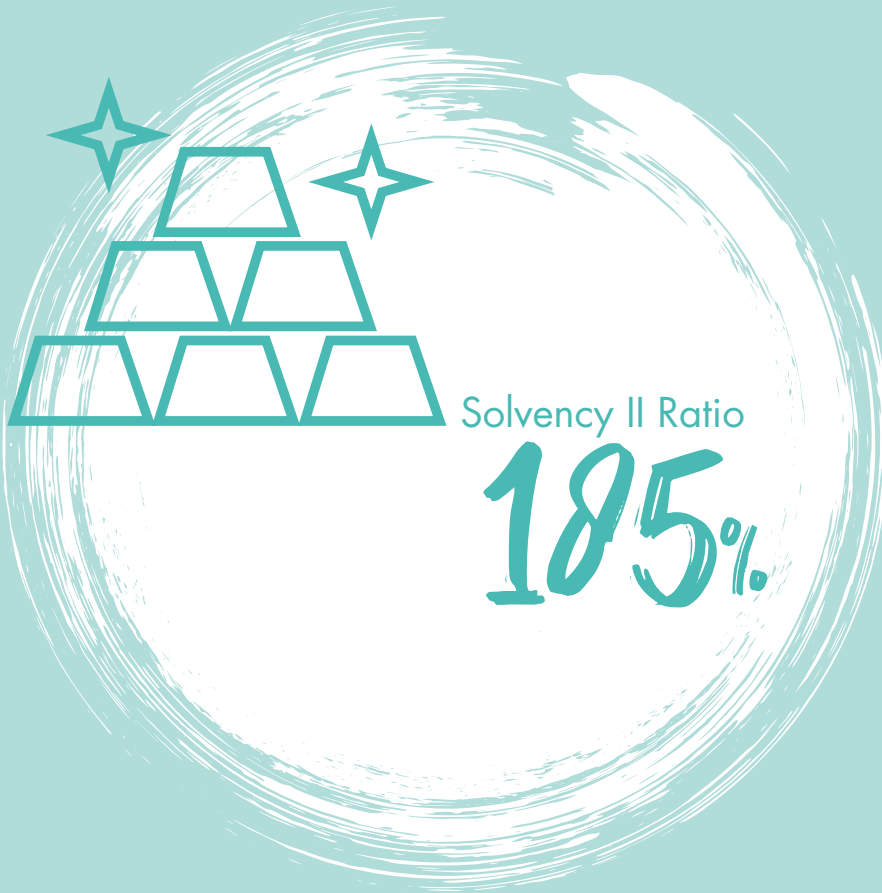
FREEDOM TO PROVIDE ACTIVITIES

During March 2018, the Company issued a specific authorisation provision to IVASS pursuant to Articles 24 and 26 of ISVAP Regulation no. 10 dated January 2nd, 2008, to be able to receive, on the one hand, the authorisation for the performance of insurance and reinsurance activities under the freedom to provide regime in all countries within the European Economic Area (for all life classes, except for classes 3, 10, 17 and 18) and, on the other hand, the go-ahead to perform the same activities (in all non-life classes except for classes 3 and 10) in certain third countries specifically stated in the application.

With separate notifications received on April 11th, 2018, IVASS notified the Company, pursuant to Article 27, of the aforementioned regulation, that it had sent the competent supervisory authority of the countries pertaining to the EEA the necessary information requested and gave its formal consent to start formal contacts with the competent Supervisory Authorities of the Third States

individually identified in the application, in order to verify with them the correct procedures for carrying out activities in compliance with local regulations.

In order to better manage this complex activity, which requires an in-depth knowledge of the current legislation, not only in European countries, but especially in Third Countries, the Company decided to invest in purchasing a specific tool from which important information relating to the Regulation & Tax Compliance areas of all countries worldwide and make use of the advisory support of a leading tax advisory company, through which legislative, regulatory and tax issues can be examined in greater depth.



MANAGEMENT REPORT

The Company in 2018

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

FINANCIAL AND ASSET MANAGEMENT

Investments amounted to €10,324 million (-1.6%).

The table below summarises the most significant asset items.

Table 21 - Investments - breakdown

(€ thousands)	2018	% of the total	2017	% of the total	Change Amount	%
Land and buildings ⁽¹⁾	95,425	0.9	98,347	0.9	-2,922	-3.0
Group companies and investees	1,671,157	16.2	882,461	8.4	788,696	89.4
Shares and holdings	1,632,986	15.8	851,960	8.1	781,026	91.7
Bonds	38,171	0.4	30,501	0.3	7,670	25.1
Other financial investments	7,523,542	72.9	8,352,248	79.6	-828,706	-9.9
Shares and holdings	71,527	0.7	71,768	0.7	-241	-0.3
Units of mutual	1,114,578	10.8	910,463	8.7	204,115	22.4
Bonds and other fixed-income securities	6,334,559	61.4	7,366,875	70.2	-1,032,316	-14.0
Loans	2,870	n.s.	3,118	n.s.	-248	-8.0
Other investments	8	n.s.	24	n.s.	-16	-66.7
Deposits with ceding companies	9,960	0.1	10,297	0.1	-337	-3.3
Class D investments ⁽²⁾	956,519	9.3	1,089,047	10.4	-132,528	-12.2
Investment funds and indices ⁽³⁾	202,256	2.0	137,347	1.3	64,909	47.3
Pension Funds	754,263	7.3	951,700	9.1	-197,437	-20.7
Other	67,372	0.6	64,304	0.6	3,068	4.8
Cash in bank and cash equivalent	67,372	0.6	64,304	0.6	3,068	4.8
Total investments	10,323,975	100.0	10,496,704	100.0	-172,729	-1.6

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

REAL ESTATE INVESTMENTS

During 2018, some major real estate transactions were completed, including investments that allow constant and foreseeable flows of income to be created, in addition to diversifying the real estate equity in sectors other than the traditional office real estate sector (especially in Milan).

In particular:

- establishment of Fondo Innovazione Salute, a sector-based fund dedicated to housing for the elderly that inaugurates a partnership between the Company and Coopselios, leading cooperative operator in nursing homes (RSA) in Italy. The Fund is managed by Savills IM SGR and sees Cattolica as majority investor

and only insurance player, with Coopselios as bringer, minority investor and operational partner. During the year, nine facilities were brought on launch and further contributions and new purchases will be made in 2019 until a target property value of € 150 million is reached.

- the signing of the notice of compliance with the condition precedent concerning the deed of a property in the historic centre of Verona. The Euripide Fund, managed by FININT SGR, definitively became the owner of the property;
- the purchase in July through Fondo San Zeno, managed by CBRE Global investor sgr, of the Campo dei Fiori Shopping Centre in Gavirate (VA).
- the capital increase, in November, of the Central North Mercury Fund for 8 properties for a total of €33 million. The Fund used financial leverage at a level equal to 50% of the value of the properties;
- the establishment of a new real estate fund, within the scope of joint venture transactions with Conad, called Fondo Mercury Nuovo Tirreno. The new fund provides for a pipeline of investments for the next 3 years equal to 21 properties, plus a new construction, for a total value of €150 million, divided between Tuscany, Lazio, Liguria and Sardinia. Cattolica will need to subscribe 90% of the Fund's equity: it will also be possible to take out one or more loans, to an extent yet to be defined. The first tranche was completed in December and the first 5 properties were contributed to the Fund;
- the purchase, in December, through the Euripide Fund, of the hotel property "Royal Carlton" in Bologna. The hotel business will continue to be carried out by the Monrif Group company;
- the purchase, in December, of the management and commercial property in Verona, Viale del lavoro, leased to the North-East Agricultural Consortium, through a newly established real estate fund called "Fondo Andromaca";
- the purchase, in December, of a property near Piazza Venezia, in Roma, through the Euripide Fund.

During the year, in Verona, in the area referred to as Cattolica Centre, redevelopment works continued, in addition to the conference activity it currently hosts.



The upgrading, restructuring and subsequent income-generating interventions of certain properties not intended for agricultural use located within the Ca' Tron estate in the municipality of Roncade (TV) also continued, launching a building recovery plan of the complex known as "Ca' Tron Business Centre".



SECURITIES INVESTMENTS

The investment activity was carried out in a market context characterised by a limited volatility in the first quarter, on both the stock market and bond market. In this phase, US and German government rates rose, whilst the BTP spread reached new lows for the period and the stock markets recorded new highs. The period of calm was followed by a much more nervous period, due to fears relating to the trade war triggered by the Trump administration, as a result of the increasingly evident signs of a slowdown in the economic cycle and due to political tensions in both Italy and abroad. Risky assets were thus heavily penalised, stock markets suffered sharp declines and credits, especially low-quality credit, suffered a significant widening of spread. In terms of government bonds, a re-edition, on a smaller scale, of the 2011 Italian debt crisis occurred, for the first time in the summer and on a second occasion in the autumn.

The process to geographically diversify the government component in Eurozone countries, in order to reduce concentration on domestic securities and mitigate the impact on the portfolios resulting from a volatility increase, continued during the year. These operations involved all Group companies across the board and were initiated in line with the goals set in the strategic asset allocation process. The reduction in Italian government bonds did not take place linearly during the year, given that, during the stress phases, purchases were also made on long maturities, most of which were immobilised.

The corporate component sustained a partial reduction due to the slowdown in issues, above all in the first part of the year, and in repayments of many positions in the portfolio. In the final quarter, also in relation to the increase in spreads, selective purchases were made on securities of banking, financial and industrial issuers, both on the primary and secondary markets.

Exposure to the equity component, which was residual on average, compared with the rest of the portfolio, remained stable.

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.

Alternative investments continued to be made. Commitments were particularly made in funds tied to strategies focused on infrastructural activities and projects, on direct loans to companies and on investment in non-performing loans. Investments are concentrated in Europe, in this way contributing to the strategy of overall diversification of the portfolio and of keeping adequate profitability levels.

As stated above, in the second part of the year, the real estate component also increased through the subscribing of new funds and the increase of units of existing funds.

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 €267.5 million and was made up as follows:

- fixed income securities and bond portfolio: the net latent capital gains amount to €152.4 million;
- share portfolio: the net latent capital gains amount to €5.2 million;
- units of mutual investment funds: the net latent capital gains amount to €109.9 million;
- other financial investments: the net latent capital gains amounted to €34 thousand.

The properties have an overall current value of €106.4 million, with a latent capital gain of around €11 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)	2018	2017	Change	
			Amount	%
Net income from investments and interest expense	311,473	271,030	40,443	14.9
of which income from equities	86,207	38,101	48,106	n.s.
Adjustments net of writebacks	-156,186	-93,663	-62,523	-66.8
Profits net of losses on realisation of investments	4,090	23,465	-19,375	-82.6
Total class C net financial income and expenses	159,377	200,832	-41,455	-20.6
Income net of class D charges	-17,542	19,693	-37,235	n.s.
Total net financial income and expenses ¹	141,835	220,525	-78,690	-35.7

¹ Excluding the changes for exchange differences on technical components

n.s. = not significant

Total net capital and financial income amounted to €141.8 million (-35.7%).

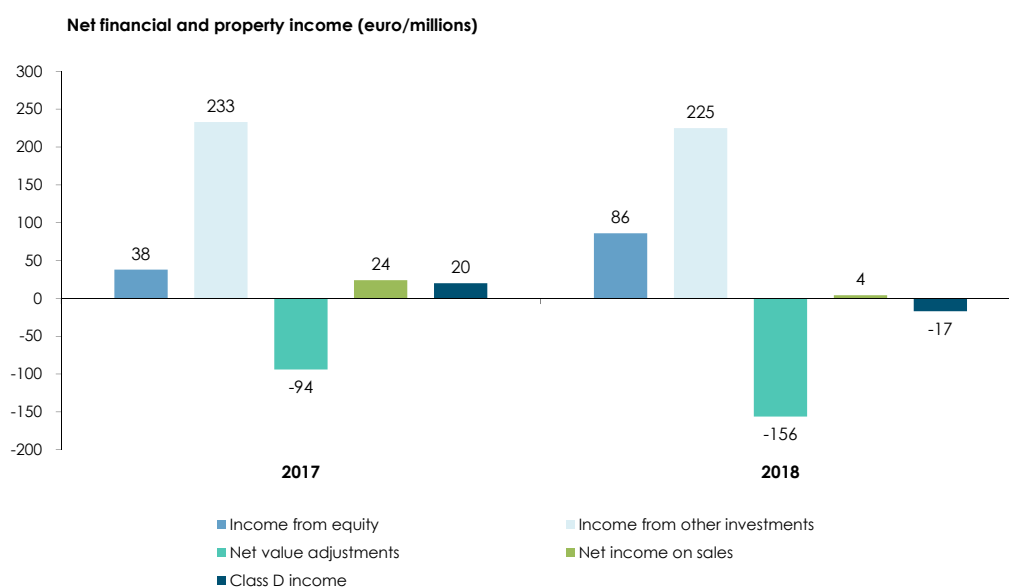
Total Class C capital and financial income fell to €159.4 million (-20.6%) mainly as a result of the increase in value adjustments (+66.8%) attributable to the increase in credit spreads on Italian Government Bonds and the decrease in gains on investment disposal (-82.6%).

Net investment income and interest expense amounted to €311.5 million (+14.9%), of which income from shares

and holdings amounted to €86.2 million, of which €78.5 million came from subsidiaries and other associated companies (€31.7 million in 2017).

Adjustments net of writebacks amounted to €156.2 million, of which €71 million was attributable to subsidiaries and other investee companies compared to €86 million in 2017

Net investment income realised amounted to €4 million.



SOLVENCY II RATIO

Pursuant to Article 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 Article 45-bis of the Insurance Code is presented below, along with the minimum capital requirement, as per Article 47-bis of the same, and the amount, classified by levels, of

the own funds admissible to cover the solvency capital requirements. The treasury funds admissible amounted to 1.85 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 13th, 2019.

Table 23 - Solvency II Ratio

(€ thousands)		2018	2017
Solvency Capital Requirement (SCR)	A	971,739	952,507
Minimum Capital Requirement (MCR)		437,283	428,628
TOTAL ADMISSIBLE OWN FUNDS TO COVER THE SOLVENCY CAPITAL REQUIREMENT	B	1,801,831	2,421,528
of which TIER 1		1,235,685	1,864,860
of which TIER 1 restricted		80,277	80,415
of which TIER 2		485,869	476,253
of which TIER 3		0	0
SOLVENCY II RATIO	B/A	185%	254%
TOTAL ADMISSIBLE OWN FUNDS TO COVER THE MINIMUM SOLVENCY CAPITAL REQUIREMENT		1,403,418	2,031,000
of which TIER 1		1,235,684	1,864,859
of which TIER 1 restricted		80,277	80,415
of which TIER 2		87,457	85,726
of which TIER 3		0	0

The figures for 2018 have not yet been subject to the checks required by Regulation no. 42 dated August 2nd, 2018; the figures will be disclosed to the Supervisory Institute and to the market according to the timescales provided for by the current legislation.

ANALYSIS OF THE FINANCIAL RISKS

MARKET AND CREDIT RISKS

Market risks

As at December 31st, 2018, the market risks represented around 53% of the overall SCR, taking into consideration the effect of the diversification between risk modules and the contribution of the loss absorption capacity linked to technical provisions and deferred taxes.

The main risks of this type to which the Company is exposed are risks of equity, real estate and change in credit spreads. They follow the concentration and interest rate risk.

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 interpreted in the investment analysis processes, both forecast and final, integrated by the system of limits.

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 the 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 for the definition of the same is in fact strictly linked to the significant processes in the ORSA sphere, representing the basis for an informed and appropriately handled undertaking of risk.

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. When applying the standard formula, particular attention is paid to the correct application of the look-through approach on real estate property funds, whose riskiness takes into suitable consideration the possible 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 the market risks is also overseen within the sphere of the ALM activities, which via the operational interpretation of the process envisaged by the asset and liability management policy, periodically monitors the main reference amounts within the investment sphere, first of all comparing the asset allocation with the related strategic forecast. The analysis is then checked in further depth and detail with regard to the most significant amounts within the sphere of the monitoring of the investment activities.

Lastly, the investments policy and operating limits customise the resolution of propensity to risk since specific aggregated and detailed parameters on which the investment activity is steered are defined. The system of limits is applied by means of a first level safeguard pertaining to the operational functions and a second level independent control pertaining to the Risk Management function. 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. The third

level control is, as envisaged, the responsibility of the Internal Audit function.

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 the 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 Investment&ALM division and is continually compared with the discussed with the business and first and second level control units as part of the ongoing and precise assessment of the 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:

- Sensitivity analysis with regard to the most significant risk factors, carried out 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.

4 sets of sensitivity analysis were carried out, whose impacts on the solvency position are indicated below.

1. Increase in risk-free interest rates by 50 bps: +4 percentage points;
2. Increase in credit spreads (government and corporate) by 50 bps: -20 percentage points;
3. 25% reduction in equity values: -11 percentage points;
4. Reduction of 25% in real estate values: -30 percentage points;

- Stress tests, final and forecast, were carried out on the basis of a series of risk factors assessed jointly and determined on the basis of past analysis. The predominant risk factor assessed in the year refers to the value of the buildings, as a result of the increase in recorded exposures.

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 at December 31st, 2018, 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 exposures in current accounts and vis-à-vis reinsurers are assigned. These values make it possible to summarise various dimensions of the risk, comprehending the riskiness of the individual counterparty, the overall exposure and the possible presence of concentrations.

The most significant exposures involve reinsurance counterparties, whose associated risk is contained thanks to the related high credit worthiness. 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.



Agencies

902

Branches

204

Welfare and pension
product advisors

159

MANAGEMENT REPORT

The Company in 2018

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

HEADCOUNT AND SALES NETWORK

HUMAN RESOURCES

Human Resource Management

In accordance with the principles consistently promoted by the Group, in 2018 the utmost attention was paid to the management of human resources.

The activity tied to the "Job Market" facility introduced in July 2017 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 continued. Job Market was restructured to fill the gaps that emerged during the first experience and to add value to the selection process: the intention is for it to be an organisation space that facilitate the meeting of the needs of the corporate departments and the skills of the people, in a logic of transparency, fairness and effectiveness.

154 positions were opened during 2018, for which more than half of all 471 employees that responded to an advertisement or submitted self-applications were met.



The Group continued with the stabilisation of collaborators by turning their staff leasing contracts into 41 permanent employment contracts and also carried out 59 internship and 18 School-Work Alternation opportunities to students and recent graduates with the intention of discovering and developing the talents of tomorrow.

Human resources as at December 31st, not including the 14 staff leaving, of which 12 joined the Intersectorial Solidarity Fund, totalled 947 (+119 compared with December 31st, 2017), divided up as follows: 50 managers, 244 officers and 653 workers. The employees expressed as full-time equivalents were 917 compared with 803 as at December 31st, 2017.

Talent & Reward

Cattolica's evolutionary path towards a "Great Place to Work", launched with 2017 climate survey and followed by the second survey in 2018, was also realised in the

projects and activities of the Talent&Reward organisational unit, which is committed to enhancing and incentivising the qualities of people, who are considered one of the main assets of the Group's strategy.

The ambition driving these choices is to be a company in which all resources are enabled to fully express their skills, quality and knowledge, leveraging on the motivational factor that inevitable affects "working life" and creates effective engagement in people.

The initiatives include:

- Talent Check Up: the detection of behavioural skills in the workplace was extended to the entire company population, also using innovative and digital tools. In total, the Talent Check Up was performed on over 1,400 people;
- Digital Survey: the second edition had the objective of checking the consistency of the training actions undertaken following the results of the 2017 survey, in order to possibly reschedule further and more targeted improvement actions;
- Talents/Talent Pool Project, aimed at identifying, in the context of best performers, the level of engagement towards the objectives of the Business Plan. The project involved approximately 30 people;
- Managerial Assessment aimed at supporting the setting up and implementation of an effective "Talent Management" process for the development of strategic resources. Around 90 individual assessments are planned.

On the aspects of "pride" and "cohesion" (two of the five dimensions analysed with the climate survey), the Well-Being and Solidarity project was implemented, which involves and consists of a series of initiatives aimed at improving the work environment and cohesion between colleagues, as well as increasing "team spirit".

The various initiatives include:

- partnership with the company "6più", which involves weekly training plans for running and fast walking under the guidance of a sports trainer;
- business partnership with Gympass: a company engaged in affiliating sports facilities throughout the national and international territory, partly and above all, in terms of recommendations, which our Group's employees have the possibility of accessing in exchange for a Company Fee paid by Cattolica;

- "La Pausa che...Frutta!" project: the twice-weekly supply of fresh and seasonal fruits distributed to the main offices of the Group companies;
- "Facciamo Strada" project: the purchase of 15 bicycles to facilitate travel to Verona. Negotiations are underway to extend the service also for the Milan and Rome offices.

The performance assessment aspect saw a paradigm shift from PMP to WITH (We Improve Together) which, working on the "equity" dimension, was realised by considering "people as the fundamental pillar on which the future of the Group is built" and as the key element through which to the cultural transformation that will lead to achieving the Business Plan objectives will take place.

To meet this need, WITH was implemented, the new performance process which, in addition to accelerating the cultural transformation process thanks to the introduction of a bottom-up system that promotes the culture of continuous feedback, enabling us to recognise and enhance the overperformance and contribution of individuals to the achievement of the Business Plan.

Among the various innovations introduced in WITH, the connection of performance to the provision of an individual premium is noted; in this case, a three-year budget was allocated to link the achievement of the individual objectives to those of the Business Plan. In addition, it does not replace the other planned remuneration measures (one-off, level change, salary rise).

The cultural change is made possible by a new concept of performance, understood as the product of two factors: the results obtained with respect to the assigned objectives and behaviours, the way in which those objectives were pursued and achieved.

To this end, 4 organisational drivers were included in WITH (Accountability, Innovation, People Care, Team work), those behaviours that the company recognises as a fundamental guide to our daily activities, the assessment of which affects the final score as much as the achievement of the targets.

Training

The Training unit plays a key role and offers considerable support in meeting company needs and in keeping the required standards of professionalism high. In looking at measures helpful in promoting the cultural change necessary in order to be competitive in a quickly evolving market, it is beneficial to gamble on the distinguishing know-how of one's resources and have the ability to quickly evolve based on the market's characteristics.

For this reason, and to meet the Business Plan objectives, the implementation of an effective Training Plan that accompanies people in performing their duties and that

evolves based on the changes inside the company plays a determining role.

These training plans were launched:

- with reference to company reorganisations focused both on technical skills and on soft skills, with the goal of having additional skills acquired, and of updating and intensifying the existing ones in order to effectively play the new professional roles. More specifically, for three Company Divisions subject to reorganisation, the plans were for 81 people for the Non-Motor Non-Life Division, 71 people for the CFO Division (including Life and Non-Life Actuarial and Technical Control, Operations and IT Sales), 17 people for the Distribution and Marketing Division. The training courses falling within these Plans contemplated the supply of 6,694 hours distributed over a 12-month planning;
- in support of the WITH programme, the Executives and Managers of resources were involved in paths useful for developing skills and abilities to effectively manage the 2018 Intermediate Assessment and Final Assessment. The method used is peer coaching and involved approximately 300 people holding managerial positions are involved;
- to support the management of the phases of strong change and, therefore, in the context of cultural transformation, aimed at facilitating the adoption of various working methods such as intra- and inter-departmental team work and work by objectives, with the Soft Skill Lab project, which included FeedbackLab and Work Agile paths. This course involved 508 people;
- in terms of language training – specifically English - with the English Group project: differentiated paths in relation to the level of knowledge of the language and taught by mother-tongue teachers in groups of up to 6 people and involving 361 people;
- to promote a structured approach to project management, enabling professional growth through the acquisition of soft and technical skills, interdisciplinary projects with skill booster programmes, including: analytic process; team working; structured communication - effective presentations; specifically for the Insurance Analytics & Business Architecture, IT/B.I & Analytics, Bancassurance and Organisation & Resources. In total, 35 people participated for a total of 650 hours of classroom training;
- to sustain and support the complex changes due to the introduction of the Solvency II regulation a specialist technical education and training course

was created aimed at the impacted organisational units, which involved 92 people;

- in terms of IT skills, in order to deepen and strengthen knowledge of Office applications, online Excel basic, Excel advanced and PowerPoint courses were made available to all Group employees.

Interventions were carried out to respond to the real business needs that provided for projects with technical skills that are useful to update the skills necessary to meet the objectives of the Business Plan.

The Homo Faber Project was launched for the Bancassurance Department with the aim of strengthening the technical knowledge of customers/banks to increase commercial effectiveness and loyalty and to standardise the style of the Bancassurance Account. It involved 16 participants. In 2018, two training days and assessment meetings were held.

For the Legal and Corporate Affairs Department, with a view to teamworking and direct involvement in the internal operational processes in use, a Design Thinking project was created, aimed – through an analysis and hypothesis of simplification of Department activities – at thinking outside of the schemes and contributing to the innovation of the projects in progress.

For the Claims Department, in support of the growth process for colleagues of the Direct Network, 10 editions of "The Civil Process" course were organised throughout the territory, which brought 139 people to the classroom in the role of adjusters. In addition, in the field of regulatory training in the sector, for claims adjusters, two editions of the "Training Course on Regulatory and Case Law Novelties on Personal Injury" were organised. Lastly, for adjusters in the property sector, a course was organised to enhance the fundamental skills required by the role.

For the Actuarial and Assessment Department, two projects were carried out to enhance the use of the SAS and ResQ programmes.

For identified departments, a project was created dedicated to the topic of risk management associated with Information Technology aimed at consolidating the skills required for the CRISC Certification.

The Group started a full-scale digital transformation and development project in line with the strategic and business goals dictated by top management. A progressive work plan was defined in this context, and it is functional for implementing a new management and growth model in a "disruptive" perspective. Following the analysis of data emerging from the "Digital Skills & Digital Mindset" Assessment, the Training unit planned dedicated in-depth courses with activities aimed at:

- developing the skill areas revealed to be "weak";

- ensuring homogenous growth of the digital skills;
- promoting a balanced mix of focuses on Cattolica and a comparison with the outside world;
- developing the positive potential brought out.

The training courses carried out in this context were as follows:

- Digital Light Workshop: plenary sessions aimed at raising the awareness of the reference target on the potentials of the Digital world and the changes in progress; 443 participants;
- Digital Workshop Light in online version. 575 participants;
- Digital Workshop: interventions for professional digital change "Supporter" Development, with the objective of increasing strategic awareness of the digital skills and the impact they have on the role and everyday workflow and of encouraging the adoption of a Digital Mindset; 179 participants;
- Co-Design Digital Workshop and Digital Lunch: interactive and dynamic sessions based on the Practice of Thinking/Sprint Design, meaning evolved participatory design methodologies above all applied in the case of designing/launching new products and/or services; 25 participants;
- C Design Digital Workshop Masterclass and New Leadership Model: in-depth course dedicated to organisational and business models that can accompany the paths of change dedicated to managers;
- Digital Pills online on the following contents: Apps and services; artificial intelligence; big data and analytics; blockchain; digital workplace; cloud computing; devices and mobile economy; digital marketing; e-commerce; industry 4.0; insurtech; internet of things; search engines and social networks. 1,176 participants.

Another major topic is Smartworking. Three separate training courses were released: to the whole of the Cattolica Group, the online Eye-Opening Smartworking course and, dedicated to trade union representatives and Resource Managers, the Smartworking Workshop project.

Then following content, aimed at all Group collaborators, in e-learning mode were discussed in the training courses aimed at providing legislative updates:

- GDPR (General Data Protection Regulation): basic concepts of the regulation, principles of applicability, lawfulness of processing, rights of the interested party, responsibility/accountability of the subjects, notification of infringement, mandatory training, sanctions system, differences with respect to Italian Legislative Decree no. 196 dated June 30th, 2003;
- IT security: analysis of major IT attacks, IT defence and prevention and in-depth analysis of good IT practices;
- Insurance Distribution Directive (IDD): basic concepts of the new European directive on insurance distribution which provides for the introduction of certain major changes in the classification and in rules of conduct of professional or economic operators that appear in the insurance distribution chain.

For sector legislation training, in terms of workplace safety, classroom training sessions continued dedicated to specific topic for identified Group employees; the employee refresher campaign provided for in online mode; also online, both a training campaign dedicated to Executives (newly appointment training and refresher training) and a training campaign dedicated to new employees were also launched.

The training initiative called Lecture Day, a cycle of legal and insurance conferences with the goal of promoting and spreading the insurance culture through in-depth analysis of specific themes by highly skilled representatives, offered an opportunity to gain knowledge for the sector's public, both inside and outside the company. The content discussed was: complaints, the new sanctions and the new responsibility of the management positions; the new frontiers of the third sector between State and market crisis; old and new questions following the Gelli reform; fraud in the insurance world.

At the same time with activities carried out within the Company, participation in training events organised outside of the company by universities, associations and sector institutes was considerable, including those ran through CUOA Foundation, Verona University, Sacro Cuore University in Milan (Cetif, Altis), Bocconi University in Milan (Business Management School), Università Carlo Cattaneo (LIUC), MIB Trieste School of Manager.

During 2018, 4,339 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 2018, five training sessions were held which involved members of the Boards of Directors and Executives of all Group companies.

The content discussed:

- A new Corporate Governance model: the One-Tier System;
- Governance of the remuneration policies and executive compensation;
- Compliance in Cattolica, the new Privacy Code (GDPR): the new provisions of the regulation and their introduction in Cattolica;
- Reinsurance – fundamental and political principles;
- The Corporate Governance System in IVASS Regulation no. 38 dated July 3rd, 2018, n. 38.

Industrial relations and disputes

During the year, trade union relations took place in a climate of frank confrontation and mutual collaboration, investigating staff issues and encouraging the development of agreements among the most advanced in the insurance and financial sector.

In February, the second tender of the Inter-sector Solidarity Fund was opened, which enabled, on a voluntary basis, 23 employees, who will meet the pension requirements by December 31st, 2023 to bring forward up to 5 years of retirement on a voluntary basis.

The Company has been affected by significant organisational changes regarding various corporate areas since the early months of the year.

The first agreement signed in January, pursuant to Article 15 of the CCNL (National Collective Labour Agreement) concerning reorganisation of the Chief Financial Officer (CFO) Area, the "Life and Non-Life Actuarial and Technical Control" and "Operations and IT" Divisions, involved a total of 222 resources. The goal of the reorganisation was to create specialised competence centres in order to recover efficiency and profitability.

Afterwards, in February, an agreement pursuant to Article 15 of the CCNL relating to the reorganisation of the Non-Motor Non-Life Division was signed. The goal of the reorganisation was to foster effective and rapid development of the products in connection with the market's needs, with strong specialisation.

The reorganisation affected 159 employees and is consistent with the initiatives set forth in the 2018-2020 Business Plan, which provides for recovering profitability, also through the creation of specialised competence

centres on the local poles into which the Group is broken down.

In March, the Parties signed another agreement pursuant to Article 15 of the CCNL to reorganise the Bancassurance Area; the logic underlying the indicated reorganisation, which involved 7 people, was to continue down the path of unifying the activities allocated on different Group divisions in order to create synergy with the business management processes, also by bringing operational activities having similar characteristics closer together.

Also, in March, the Distribution and Marketing Division was affected by a reorganisation operation aimed at rationalising structures, at strengthening a few units and at creating new controls, in addition to the additional goal of improving distribution of the units and their resources in the local offices.

The reorganisation involved a total of 29 people. Following a fruitful negotiation, the trade union negotiation procedures (pursuant to Article 15 of the CCNL) ended with the signing of the relevant union agreement.

Following the acquisition, by the Company, of the majority shareholdings in Vera Vita, based in Novara, operating activities relating to the Milanese bank insurance business were concentrated in a single location. This involved the transfer of the place of work of all employees currently employed in Novara to the Group offices located in Milan. On this point, the necessary procedure pursuant to Article 15 of the CCNL was opened and in April it was completed with an agreement with the trade union representatives.

In May, at the end of the experimental phase, which involved 84 people, a further trade union agreement was signed on the subject of Agile Work, which enabled the gradual extension of Smartworking to various business areas, involving a total of 634 employees who chose to work flexibly, outside of the company premises, for up to a maximum of 2 days a week. The initiative favoured the private life-work life balance and significantly improved the efficiency of professional services.

In June, an agreement pursuant to Article 15 of the CCNL relating to the reorganisation of the Life and Pension Planning Division was signed, in agreement with the trade unions. The reorganisation aims at rationalising the structures and at strengthening several units with the added goal of improving distribution of the functions and their resources in the local offices. The operation involved a change of duties for 8 people. All the agreements signed pursuant to Article 15 of the CCNL were followed by further and specific agreements concerning the

training of the people involved in the reorganisations and whose duties were altered and/or supplemented. All 215 people involved will have a suitable training course guaranteed and the company will achieve loans provided by the Intersectorial Solidarity Fund for a total of €176 thousand.

In July, the Parties signed the agreement to renew the Collective Company Agreement (CCA), which expired in 2015.

The complex and intricate negotiation enabled an agreement to be reached on very important issues for both workers and the company.

With the renewal of the contract, the structure of the performance bonus was redefined, with a profound and innovative transformation of the remuneration policies, which was transformed from a fixed premium to a variable premium, fully correlated with achieving the corporate profitability objectives.

Important institutes were also introduced, aimed at developing the Work Life Balance; e.g., solidarity holiday fund, Christmas bonus, health coverage extension, extension of part-time types, extension of the usability of certain permits.

Company welfare was also extended to the entire Group, allowing for the use of goods and services as well as the reimbursement of certain expenses incurred for the well-being and health of workers and/or their families.

With this agreement, Cattolica invests significantly in the quality of life of its Employees and their Families in order to guarantee an increasingly welcoming and excellent workplace.

In July, the Training Commission (joint company/trade union commission that aims to promote, develop and monitor training initiatives for employees) signed an agreement to obtain financing from the Banking Insurance Fund – FBA.

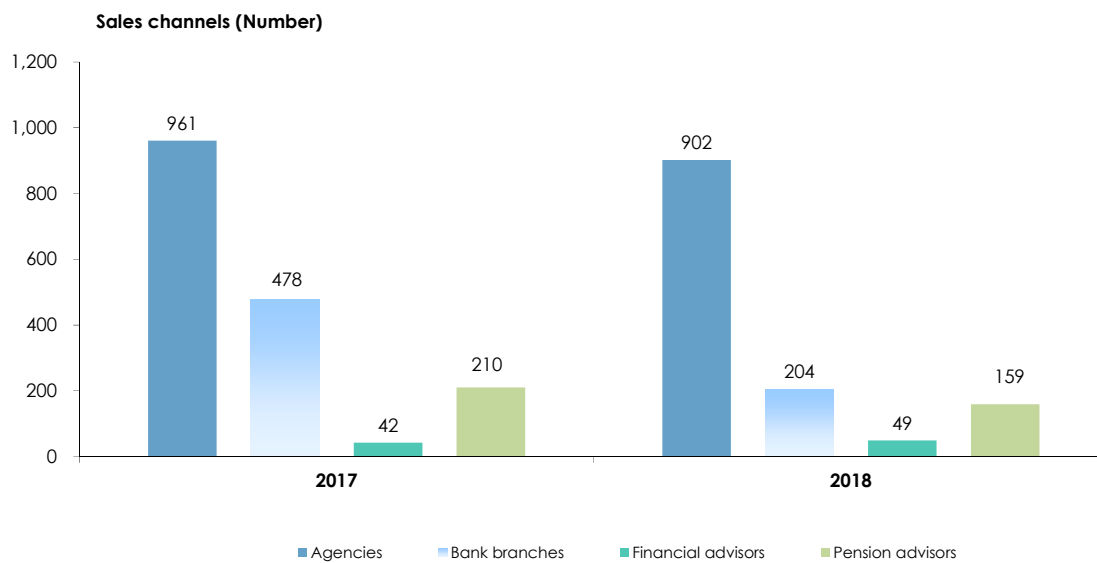
The training plan presented is entitled “We Protagonists of Change and Evolution”. The value of the plan, which can be financed by the Fund, amounts to approximately €450 thousand.

In September, negotiations started for the definition of an agreement on the subject of Friday afternoon work. The matter led, in November, to the signing of an experimental agreement. Approximately 90 company employees, employed in various business areas, as of December 2018 and for one year, will work on Friday

afternoon. The purpose of the agreement was to provide an increasingly efficient, extensive, broad and flexible service.

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 902 agencies compared with 961 as at December 31st, 2017 (808 Cattolica Agencies and 153 Former Agencies), due to 2 new openings and 61 closures amongst voluntary organisations, rationalisation and other reasons.

Welfare and pension product advisors, represented by the C.P. Servizi Consulenziali, amounted to 159 compared with 210 in 2017.

Agent network and welfare and pension product advisor training

During the year, the Group continued to invest in the two key activity areas functional for the transformation in progress and for attaining objectives set out in the Business Plan:

- 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.

The commitment to activate and support the agencies on the innovations of the Digital Transformation Programme continued. A total of around 547 agencies were visited to plan the organisational strategies for adopting new instruments and following the releases of the third phase of the Digital Transformation Programme.

The training activity was carried out in a virtual classroom with reference to the release of the new life platform and the activities provided for in the second and third wave of the Transformation Programme.

In the first half of the year, a cycle of 60 appointments on the territory was held aimed at classroom training (7

certified hours for the IVASS two-year compulsory number of hours). A total of 1,112 actual participants from 626 agencies took part in the course, called "Knowing the Digital Transformation Programme".

Development of the skills and training

The Group's training courses were constantly updated in consideration of the regulatory amendments and the marketing of new products. The main initiatives included:

- in order to provide the skills necessary to be able to support the customer in their selection of the new offer of "Cattolica&Motori" products for motor area, a training course was held for the Agents of the former FATA Division, in which 109 Agents participated, in the 5 up-front classroom editions provided, for about 96 man-training days;
- with a view to developing the network's skills, a training course was launched in the second half of 2018, aimed at developed effectiveness in the "ACTIVE AUTO" advisory and commercial proposition, dedicated to Agents and level II networks. 1,965 participants participated in this campaign in 19 different classroom editions provided throughout Italy, for approximately 1,720 man-days of training;
- the online training course on the new "Cattolica&Motori Active" product released last April, was received by more than 7,000 Cattolica brokers, equal to 74% of the network. More than 95% of agents carried out the course;
- in order to support the agencies in rebalancing their business with class III products, the "Savings and investment for the customer. Finance course: markets, scenarios, tools and Cattolica offer" was developed with 23 days throughout Italy, participated in by 655 Agents. Two online courses were provided to support classroom training;
- in order to support the launch of the new Life product "C&R Idea Italia PIR", 23 classroom sessions were organised dedicated exclusively to Agency employees who attended 439 units and an online course used, to date, by 1,263 users;
- 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 257 novice users during the year;
- in May, the third edition of the Master Profession Agent – MPA, a higher education course that, this year, saw the participation of 22 young talents,

employed until February 2019. Also, in May, the first meeting dedicated to the "Community Alumni MPA" was held through the exclusive team building event entitled "MPAup!", which also involved the masters of 2016 and 2017.

- The Master Executive Agents (MEA) continued throughout 2018. 323 agents were trained, of which 286 Cattolica and 37 of the former FATA Division, for a total of over 250 Agencies involved. 69 classroom editions were carried out, for a total turnout of 789 people in attendance and more than 1,446 man-days of training;
- a specific technical training activity was dedicated to the management of zootechnical risk in agriculture; at the 6 classroom editions, 244 brokers attended for a total of 320 man-days;
- 12 classrooms were dedicated to training on the "Agricola 360" product, which involved the participation of 334 brokers;
- with the implementation of EU Regulation 2016/679 (GDPR) and in compliance with the obligations set out in it regarding the role of "Data Controller", the Parent Company set up a mandatory training course made available to the entire sales network on May 21st and, to date, 5,303 users have benefited from it;
- 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);
- of particular importance is the training planning in relation to the entry into force of EU Directive 2016/97: the Company, to promote the process of adaptation to the new legislation, prepared, since September, a path to develop skills in terms of IDD. 7 online courses were published, totalling 14,600 uses and an in-depth workshop dedicated to agents in which 346 main brokers participated.

Bank coverage

The number of branches distributing Pension Planning products amounted to 204, compared with 478 in 2017, mainly due to the termination of the agreement with Cassa di Risparmio di San Miniato, with Cassa di Risparmio di Volterra, Cassa di Risparmio di Chieti and Cassa di Risparmio di Rimini.

Bank-assurance partner training

In accordance with the provisions of IVASS Regulation no. 6 dated December 2nd, 2014, the brokers used by insurance companies are called to carry out refresher and training courses with the aim of reinforcing the network's professional requirements according to specific organisational, technological and professional standards, as regards products, the requirements of trainers and training methods.

During the year, the Company supported the brokers who so requested it through an e-learning platform that guarantees the traceability, interactivity and multimedia

nature of contents, which, through online professional refresher courses and interventions provided for in classrooms with the support of certified training companies. Specific in-depth analyses of a regulatory nature were dedicated, specifically, to the entry into force of the IDD Directive and the General Data Protection Regulation.

Financial advisor distribution

The number of financial advisors who distribute life products in the bancassurance area of the Company came to 49, in line with December 31st, 2017.



MANAGEMENT REPORT

The Company in 2018

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

OTHER INFORMATION

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 2018, pursuant to Article 123-bis of the Consolidated Finance Law available in the Company's website at the following address www.cattolica.it, "Governance". section The Company's Internal Control System is also illustrated within the same.

This information is supplemented - especially with regard to the risk management system and capital management - with that reported in the 2017 Report on the solvency and the 2018 Financial Condition of the company, which will be approved by the Board of Directors and published on the website of the Company on April 22nd, 2019.

PREVENTING AND COUNTERING FRAUD

The Company, whilst also implementing regulatory provisions concerning the fight against fraud in the motor liability sector, adopted a prevention and anti-fraud policy implementing the policy provided for 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 Article 30 of Italian 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 €18 million, compared with €16.8 million in 2017.

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 Group, a total of 2,736 written complaints were registered, of which 781 were upheld. The complaints were dealt with, on average, in 26 days.

INFORMATION SYSTEMS

The most important actions taken by the Cattolica Services IT department are presented below.

Applicative measures

Following the closing of the transaction between Cattolica and Banco BPM, work continued on the migration of existing data (portfolio, claims, accounting, treasury, other systems) which are expected to be completed during next year.

Initiatives aimed at the digitalisation of the main business support processes of agencies continued, which, broken down into various project streams, reached the third block of releases completed during November.

The new version of the non-life system, which enables use in the "responsive" mode, i.e., being able to adapt automatically to the device used, characterised by a completely renewed graphics and by a significantly improved user interface in terms of navigation and use, was released to the entire agency network.

The "customer experience" project, which aims to enable multi-channel interaction for customers by maintaining consistency between the various information sources in its progress. During 2018, the Company's institutional website was renewed and an app was developed to enable customer to manage their own policy portfolio, as was a platform to manage a community of Cattolica customers.

The project to extend the new anti-fraud system to the non-motor classes has been completed.

In the field of finance systems, the new finance accounting system was launched and the new investment management system is nearing completion. The project to implement the new risk management system was launched.

The launch of the new system for managing the life portfolio on the agency network was completed.

On the path towards the so-called Data Driven Company model, for the construction of a single consistent view of corporate data, the creation of a new technological platform ("the data platform") as a single consolidation point for all company data is in progress. The Data

Platform will increase the effectiveness of certain corporate processes (e.g. claims fraud management).

The new connected motor product was created and the development of a connected home product was launched.

A survey automation intervention, through the use of analytics and Artificial Intelligence technologies is in progress to support the non-life assessment and, in certain operational areas, RPA (robotic process automation) technologies have been applied to simplify processes and optimise costs.

As regards compliance with regulatory developments, IT was particularly involved in activities related to the implementation of interventions for compliance with the GDPR (General Data Protection Regulation) and IDD (Insurance Distribution Directive). Works began on the assessment of impacts on the information systems and on corporate processes following the new IFRS (International Financial Reporting Standards).

Infrastructure and security

The new disaster recovery site was activated and tested, and the new infrastructure supporting automated testing procedures was built.

Targeted initiatives aimed at updating the technical infrastructure are in progress, specifically: upgrading of telecommunications networks, approach to remote collaboration by sharing documents between remote users, i.e., "unified communication" to improve communication between users and the mass adoption of "smart working" is in progress.

Projects in the IT security area in line with the policies in the Security Masterplan are continuing. The Security Operation Centre that continuously monitors, 24/7, the Company's IT systems was started up, a control dashboard of security-related events supporting the Security Operation Centre activity was built, and the activities to standardise the credentials to access the head office applications are in progress. A widespread training and awareness-raising activity was also launched on the issue of IT security for Group employees.

APPOINTMENTS OF SENIOR MANAGEMENT OF THE COMPANY

On January 28th, 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 March 1st, Massimo di Tria joined the Group as Chief Investment Officer, reporting to the Managing Director. Mr. Tria is a member of the Allianz insurance group and has had professional experience in leading financial companies.

On April 10th, the Board of Directors of Cattolica granted Mr. Atanasio Pantarrotas the appointment as Investor Relations Officer.

On April 26th, the Board of Directors of Cattolica granted Mr. Valter Trevisani the appointment of General Manager with the responsibility of the Technical Area and Operations General Management and the technical-insurance for all classes, including the pricing activities, the innovative projects and management of operations services. The appointment took effect on May 2nd.

SIGNIFICANT EVENTS DURING THE FIRST FEW MONTHS OF 2019

The Cattolica Group companies joined the Cattolica Assicurazioni VAT Group, with effect from January 1st, 2019. This entails the attribution of a new VAT number (04596530230) which uniquely identifies all member companies as the sole VAT payer.

The representative of the Cattolica Assicurazioni VAT Group is Società Cattolica di Assicurazione – Società Cooperativa. It should be noted that Cattolica Agricola did not join the Cattolica Assicurazioni VAT Group.

On January 10th, 2019, the Company announced that General Reinsurance AG, a Berkshire Hathaway Group company, the Company's leading shareholder with 9.047%, applied to become a shareholder of Cattolica Assicurazioni. The request was accepted by the Board of Directors. With this qualification, General Reinsurance AG also acquires the non-pecuniary rights in accordance with the current Articles of Association.

On January 24th, the Company and ICCREA Banca began an exclusive trading period aimed at the overall review of the existing partnership, sharing the essential terms for the renewal of existing agreements expiring on July 5th, 2019.

The preliminary agreements, formalised on February 7th 2019, commit the Parties to the definition of new three-year shareholders' agreements, relating to the companies BCC Vita and BCC Assicurazioni, and specifically provide, in accordance with the required authorisations, on Cattolica's part, for a further 19% of the share capital of BCC Vita and BCC Assicurazioni, with an increase to 70% of the shareholding held in both JVs and a consequent reduction to 30% of the ICCREA share.

On February 6th, 2019, the acquisition of an additional 31% stake in the share capital of All Risk Solutions Srl ("ARS"), a company based in Rome engaged in insurance brokerage activities, was completed via Esinvest.

As a result of the aforementioned acquisition and in view of the shareholding rate determining the indirect control of the Company, ARS is subject to the management and coordination of Cattolica and falls within the scope of the Cattolica Group.

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 Company's accounts, as already reported in other parts of the Financial Statements, the purchase of 65% of Vera Assicurazioni and of Vera Vita by the Company for a total

amount of € 819.7 million is noted. As previously stated, this value was verified and adjusted by the parties with a total decrease of €1.55 million. In addition, this amount was further adjusted due to the cost component to be paid for outsourcing, migration and integration services, for a total of €4.226 million.

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 transactions with related parties" 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 COORDINATION ACTIVITIES PURSUANT TO ARTICLE 2497 ET SEQ. OF THE ITALIAN CIVIL CODE

The Company has exercised its management and coordination 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:

- the resolutions pertaining the discipline referred to in ISVAP Regulation no. 20 dated March 26th, 2008, (replaced by IVASS Regulation no. 38 dated July 3rd, 2018);
- the approval of guidelines for the handling of 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.

TAX CONSOLIDATION

The subsidiaries which comply with the national tax consolidation system are as follows: 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.

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.

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 at December 31st, the Shareholders recorded in the Registry totalled 24,547 compared with 23,763 as at December 31st, 2017.

During the year, the admission of 823 new shareholders was resolved and the demise of 35 shareholders was reported. In addition, 4 Shareholders 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

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 July.

The section EssereSoci is present on the company's website www.cattolica.it, containing, among other aspects, the information on dedicated insurance products and the Communication area.

In December 2018 and January 2019, meeting was held with Shareholders in the territory, which were opportunities for gathering and sharing, during which Shareholders are informed about the Company's performance.

OWN SHARES

The Shareholders' Meeting held on April 28th approved the plan for the purchase and sale of own shares in accordance with the law. The proposed authorisation concerns the purchase, on one or more occasions, of own shares up to the maximum number permitted by current legislative provisions, and therefore up to 20% of the pro tempore share capital of the Company, for a period of 18

months as from the date of the General Meeting's resolution.

During the year, 357,000 shares were purchased for a total amount of €2.982 million.

As at December 31st, the Company held 7,036,907 own shares, equal to 4.04% of the share capital, recorded in the Negative reserve for own shares in the balance sheet portfolio for a total book value of € 49.9 million.

NEWLY ISSUED SHARES

No new shares were issued during the year.

OUTLOOK FOR BUSINESS ACTIVITIES

The first months of 2019 show a trend in line with the final part of 2018, with a moderate tariff growth in the motor class, albeit in an insurance market that is still characterised by high competitiveness.

In accordance with what was stated in its 2018-20 Business Plan, subject to extraordinary events that cannot currently be foreseen, it is expected that 2019 will see further growth in the Group's Operating Result.



**Investments
in subsidiaries**

**Non-life
insurance
companies**

5

**Life
insurance
companies**

7

**Non-insurance
companies**

10

MANAGEMENT REPORT

The Company in 2018

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

The insurance subsidiaries result did not adhere to the relief provided for by the anti-crisis decree (Decree Law dated October 23rd, 2018, converted into Law no. 136 dated December 17th, 2018; the results were affected by the capital losses recorded on the existing portfolio, mainly due to the increase in credit spreads on Italian Government Bonds.

Non-life insurance companies

ABC Assicura s.p.a.

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

The company was affected by the events that impacted the BPVi Group (held at 40% by BPVi in l.c.a.) and closed with premiums for €139 thousand and with a loss of €4.9 million compared with €747 thousand as at December 31st, 2017.

As of December 2017, the company has been directly providing 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 €38.4 million (+1.6%) and closed with a loss of €869 thousand, in accordance with the previous financial year.

CattRE S.A.

CattRe is the Group's new reinsurance company, 100% owned by Cattolica, based in Luxembourg, acquired on October 3rd, 2018 from the French group Credit Mutuel. It is dedicated to the development of non-traditional risk lines ("Speciality Lines") and is engaged in reinsuring the premiums collected by the various Managing General Agencies (MGAs, newly established and/or acquired agencies with strong technical and specialist skills in new business lines: space, aviation, catastrophic reinsurance, property, casualty, sports risks, marine, events and contingency and weather risks).

The development plan envisages the upcoming extension to the business lines, with subscription in civil liability insurance and deposits, cyber, financial lines, mobility & travel, operating risks and many other sectors.

The agencies are controlled by the financial holding Estinvest S.r.l., 100% owned by Cattolica and, once fully operational, it will be able to underwrite risks on behalf of insurance companies, including companies other than Cattolica.

The company wrote premiums for €12 million and ended the year with a negative⁶ result of €391 thousand.

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 families, professionals 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 542 agencies as at December 31st.

Premium income amounted to €278.3 million (+2.5%) and the result is positive for €3.6 million (-60.7%).

⁶ According to international accounting standards (IAS/IFRS).

Vera Assicurazioni s.p.a.

The company, which joined the Group in March, is 65% owned by Cattolica and offers insurance solutions for individuals, assets, homes and businesses.

The company is committed to guaranteeing all customers of Banco BPM the most suitable insurance solutions for everyone's needs, through an appropriate advisory and assistance service.

The year ended with an income of €80.1 million and with a positive result of €27.3 million, of which €19.3 million resulting from the dividend detached in 2018 from Vera Protezione.

Life insurance companies

BCC Vita s.p.a.

This is an insurance company established within the sphere of the Cooperative Credit system which offers a wide range of policies capable of meeting security and protection needs, 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 €432.5 million (+33.1%) and closed with a profit of €10.4 million (+4.7%).

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 was affected by the events that impacted the BPVi Group (40% owned by BPVi in l.c.a.); it wrote premiums for €2.1 million and closed with a profit of €12.4 million (+17.4%).

As of December 2017, the company has been directly providing assistance to customers for all necessary after-sales transactions.

Cattolica Life DAC

This 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 Unit Linked and Personal Portfolio Bond policies for customer segments that seek advanced financial instruments.

The company was affected by the events that impacted the BPVi Group (40% owned by BPVi in l.c.a.) and closed

the year with an income amounting to €183 thousand and with a negative⁷ result of €2.2 million (-24.1%).

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 branches of the UBI Banca Group and via the network of IWBanck Private Investments financial advisors and is 60% owned by Cattolica.

The company wrote premiums for €1,508.5 million (-3.9%) and closed with a loss of €3.6 million.

Vera Vita s.p.a.

The company, which joined the Group in March, is 65% owned by Cattolica and offers life class insurance products, aimed at creating investment, savings and integrated social security solutions for customers of Banco BPM.

The company wrote premiums for €867.8 million (+32.9%) and closed with a loss of €2.3 million.

Agricultural-real estate companies

Cattolica Agricola s.a.r.l.

Established in 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 Article 2135 of the Italian Civil Code.

The company closed the year with a profit of €233 thousand (€3.2 million as at December 31st, 2017), due to the capital gain on the transfer of land and rights to Fondo Ca' Tron.

Cattolica Beni Immobili s.r.l.

Established in 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 Germania, Verona.

The company ended the year with a loss of €2.2 million (-€3.9 million as at December 31st, 2017).

⁷ According to international accounting standards (IAS/IFRS).

Real estate service companies

Cattolica Immobiliare s.p.a.

The company carries out development and upgrading activities on real estate assets and those typical of real estate services. It is specifically engaged, on behalf of the Company and subsidiaries, in the process of researching, selecting and analysing real estate investments, partly by managing the acquisition process and the subsequent monitoring and management thereof. The company carries out Asset e Property Management activities for certain Real Estate Funds owned by Group companies. The company closed the year with a profit of €669 thousand, compared with a loss of €226 thousand in 2017.

Operating service companies

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 €3,400.

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 100% owned by Cattolica.

It ended the year with a loss of €2.1 million, compared with the loss of €3 million in 2017.

Satec s.r.l.

This is a company based in Venice that has been operating for years in special business lines including space, aviation and catastrophe reinsurance and starting this year, in the marine, sport risk and property sectors;

The company, acquired in October, is 15.87% owned by Cattolica and 84.13% owned by Estinvest.

Holding companies

Estinvest s.r.l.

The company, based in Venice, is a shareholding with the aim of buying, selling and managing real estate property, constructing buildings and executing restoration and/or improvement works thereon.

The company, acquired in October, is 100% owned by Cattolica.

Closed with a loss of approximately €1,000.

INVESTMENTS IN ASSOCIATED COMPANIES

Operating service companies

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. 2 dated December 17th, 2012.

On February 6th, 2019, the acquisition of an additional 31% stake in the share capital of All Risk Solutions Srl.

OTHER SIGNIFICANT INVESTMENTS

Banking companies

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

The banking institute, which has almost 48 thousand shareholders and establishes its roots in the long-term experience of 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.

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 at December 31st.

UBI Banca s.p.a.

The UBI Group, listed on the Milan stock exchange, 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 at 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 at December 31st.

Others

Veronafiere s.p.a.

Veronafiere 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 at December 31st.

H-Farm s.p.a.

H-Farm s.p.a. is the holding of the H-FARM Group, which is a "Venture Incubator", comprising, in addition to H-FARM s.p.a. itself, H-Farm US Inc., H-Farm UK Ltd. and H-Farm India Pvt. Ltd. The typical business of H-Farm involves offering growth strategies, with regard to new transformation plans based on digital technologies, the implementation of new business plans, the planning of e-commerce initiatives, the entry 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 at December 31st.

INDIRECT INVESTMENTS IN SUBSIDIARIES

Life insurance companies

Vera Financial DAC

The company, which joined the Group in March, is 100% owned by Vera Vita, is an Irish company specialising in the development of class III life products, offered under the free provision of services regime in various countries of the European Community.

It wrote premiums for €67.3 million and ended the year with a negative⁸ result of €1.3 million.

Vera Protezione s.p.a.

The company, which joined the Group in March, is 100% owned by Vera Assicurazioni and offers insurance solutions

⁸ According to international accounting standards (IAS/IFRS).

for individuals, businesses, assets, homes and motor vehicles.

It is authorised to operate in the life sector and specialises in TCM (temporary death case) policies.

The company wrote premiums for €93.8 million (-6%) and closed with a profit of €964 thousand.

Operating service companies

Meteotec s.r.l.

The company is based in Venice and operates in the weather risk business; it is owned by Cattolica via Satec S.r.l., which holds a 100% stake therein.

The company, acquired in October, ended the year with a loss of €36 thousand.

Qubo Insurance Solutions s.r.l.

The company is based in Milan and its purposes is insurance brokerage activities for exclusive insurance solutions dedicated to the specific needs of its customers,

with particular attention to the worlds of transport and logistics.

In October, Cattolica acquired, via Estinvest, 51%, whilst the remaining 49% of the capital is held by the original sole shareholder, Nelson Servizi S.p.A.

It ended the year with a profit of €31 thousand.

TUA Retail s.r.l.

The company, entirely owned by TUA Assicurazioni, carries out general agency activities and ended the year with a profit of approximately €3 thousand.

PROPOSAL FOR THE ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

We submit the financial statements for the year 2018 to your approval with regard to all its components.

We therefore propose the following allocation of the profit for 2018, amounting to €3,464,895, deriving from a profit of €30,928,008 of the business relating to the non-life classes and a loss of €27,463,113 of the business relating to the life classes, it being understood that the dividend pertaining to the own shares held as at the ex-dividend date specified below, for the purposes of Article 2357-ter of the Italian Civil Code, will be allocated to the dividend reserve:

to the legal reserve 20%	€	692,979
to Fondazione Cattolica Assicurazioni as provided for by Article 55.2 of the current Articles of Association	€	166,315
to the entitled shares (in order to be able to assign a dividend in the amount of €0.01494 per share, gross of any taxes due by law)	€	2,603,951
to the extraordinary reserve	€	1,650

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 €27,463,113, be allocated to the extraordinary reserve within the sphere of this business.

The Board of Directors also proposes to allocate a total of €70,447,304 to the extraordinary provision for non-life management, of which:

to Fondazione Cattolica Assicurazioni, in accordance with the established limits, Article 55.2 of the current Articles of Association	€	3,333,685
to shares with rights (in order to be able to assign a dividend in the amount of €0.038506 per share, gross of any taxes due by law)	€	67,113,619

With reference to the loss of the life classes amounting to €27,463,113, the Board of Directors proposes coverage by means of the share premium reserve for €27,463,113.

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 €309,779, entirely relating to the life business.

If the proposals indicated above are approved by yourselves, the total dividend of €0.40 (€0.01494 ordinary and €0.38506 extraordinary) per share gross of any legal withholdings, may be distributed, owing to current legislation, as from May 22nd, 2019, with ex-dividend date on the 20th of said month and record date on May 21st, 2019, in compliance with Borsa Italiana's calendar.

THE BOARD OF DIRECTORS

Verona, March 7th, 2019.



Total assets

€ **12,077** MLN

Total shareholders' equity

€ **1,757** 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**

2018

(Amounts in €)

Balances for the previous year

			181	0
	182	0		
183	13,128,253			
184	0	185	13,128,253	
		186	0	
		187	7,784,422	
		188	156,497,916	
		189	4,288,493	190
				181,699,084
		191	61,523,986	
		192	36,822,802	
		193	0	
		194	0	
		195	0	196
			98,346,788	
197	0			
198	807,534,996			
199	0			
200	2,000			
201	44,423,275	202	851,960,271	
203	0			
204	0			
205	0			
206	0			
207	30,500,428	208	30,500,428	
209	0			
210	0			
211	0			
212	0			
213	0	214	0	215
			882,460,699	
	to be carried forward			181,699,084

STATEMENT OF FINANCIAL POSITION

ASSETS

		carry forward	Balances for the year	
				154,371,852
C.	INVESTMENTS (continued)			
III	- Other financial investments			
	1. Shares and holdings			
	a) Listed shares	³⁶ 44,600,066		
	b) Unlisted shares	³⁷ 26,927,237		
	c) Holdings	³⁸ 0	³⁹ 71,527,303	
	2. Units of mutual investment funds		⁴⁰ 1,114,578,252	
	3. Bonds and other fixed income securities			
	a) listed	⁴¹ 6,324,627,989		
	b) unlisted	⁴² 3,983,793		
	c) convertible bonds	⁴³ 5,947,067	⁴⁴ 6,334,558,849	
	4. Loans			
	a) loans with secured guarantee	⁴⁵ 1,748,333		
	b) loans on policies	⁴⁶ 1,031,233		
	c) other loans	⁴⁷ 90,000	⁴⁸ 2,869,566	
	5. Units in mutual investments		⁴⁹ 0	
	6. Deposits with credit institutions		⁵⁰ 0	
	7. Sundry financial investments		⁵¹ 7,501	
	IV - Deposits with ceding companies		⁵² 7,523,541,471	
			⁵³ 9,960,189	⁵⁴ 9,300,084,009
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		⁵⁵ 202,256,048	
II:	- Investments deriving from the management of pension funds		⁵⁶ 754,262,591	⁵⁷ 956,518,639
D bis.	TECHNICAL PROVISIONS - REINSURANCE AMOUNT			
	I - NON-LIFE CLASSES			
	1. Premium provision	⁵⁸ 90,162,280		
	2. Provision for outstanding claims	⁵⁹ 377,998,509		
	3. Provision for profit-sharing and repayments	⁶⁰ 0		
	4. Other technical provisions	⁶¹ 0	⁶² 468,160,789	
	II - LIFE CLASSES			
	1. Mathematical provisions	⁶³ 17,319,060		
	2. Premium provision of supplementary insurance	⁶⁴ 0		
	3. Provision for outstanding claims	⁶⁵ 948,166		
	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 provisions deriving from the management of pension funds	⁶⁸ 0	⁶⁹ 18,267,226	⁷⁰ 486,428,015
		to be carried		10,897,402,515

		Balances for the previous year	
	carry forward		181,699,084
216	45,762,846		
217	26,005,065		
218	0	219	71,767,911
		220	910,462,844
221	7,356,154,666		
222	4,766,266		
223	5,954,501	224	7,366,875,433
225	1,698,410		
226	1,299,446		
227	120,000	228	3,117,856
		229	0
		230	0
		231	24,217
		232	8,352,248,261
		233	10,297,362
		234	9,343,353,110
		235	137,346,786
		236	951,700,192
		237	1,089,046,978
		238	94,496,812
		239	396,972,991
		240	0
		241	0
		242	491,469,803
		243	19,058,181
		244	0
		245	2,300,269
		246	0
		247	0
		248	0
		249	21,358,450
		250	512,828,253
	to be carried forward		11,126,927,425

STATEMENT OF FINANCIAL POSITION

ASSETS

		carry forward	Balances for the year	
				10,897,402,515
E.	RECEIVABLES			
I	- Receivables, deriving from direct insurance transactions, due from:			
	1 Policyholders			
	a) for premiums for the year	71 142,888,438		
	b) for premiums for previous years	72 15,326,654	73 158,215,092	
	2. Insurance brokers		74 202,832,232	
	3. Insurance companies - current accounts		75 25,261,315	
	4. Policyholders and third parties for sums to be recovered		76 34,311,846	77 420,620,485
II	- Receivables deriving from re-insurance transactions, due from:			
	1. Insurance and reinsurance companies		78 45,446,291	
	2. Reinsurance brokers		79 0	80 45,446,291
III	- Other receivables		81 434,888,640	82 900,955,416
F.	OTHER ASSET ITEMS			
I	- Tangible assets and inventories:			
	1. Furniture, office machines and internal means of transport		83 1,909,006	
	2. Movable assets recorded in public registers		84 62,544	
	3. Plant and equipment		85 918,748	
	4. Inventories and miscellaneous assets		86 0	87 2,890,298
II	- Cash in bank and cash equivalent			
	1. Bank and postal account deposits		88 67,364,846	
	2. Cheques and cash amounts		89 6,977	90 67,371,823
IV	- Other assets			
	1. Transitory reinsurance accounts - receivable		92 0	
	2. Sundry assets		93 152,414,940	94 152,414,940
				95 222,677,061
G.	ACCRUALS AND DEFERRALS			
	1. For interest		96 54,867,751	
	2. For rental fees		97 0	
	3. Other accruals and deferrals		98 905,944	99 55,773,695
	TOTAL ASSETS			100 12,076,808,687

		Balances for the previous year	
	carry forward		11,126,927,425
²⁵¹	137,935,599		
²⁵²	9,951,062		
	²⁵³ style="text-align: right;">147,886,661		
	²⁵⁴ style="text-align: right;">216,469,419		
	²⁵⁵ style="text-align: right;">26,307,391		
	²⁵⁶ style="text-align: right;">32,698,891	²⁵⁷ style="text-align: right;">423,362,362	
	²⁵⁸ style="text-align: right;">73,903,290		
	²⁵⁹ style="text-align: right;">0	²⁶⁰ style="text-align: right;">73,903,290	
		²⁶¹ style="text-align: right;">448,213,981	²⁶² style="text-align: right;">945,479,633
	²⁶³ style="text-align: right;">2,313,210		
	²⁶⁴ style="text-align: right;">239,871		
	²⁶⁵ style="text-align: right;">1,202,135		
	²⁶⁶ style="text-align: right;">0	²⁶⁷ style="text-align: right;">3,755,216	
	²⁶⁸ style="text-align: right;">64,297,141		
	²⁶⁹ style="text-align: right;">6,427	²⁷⁰ style="text-align: right;">64,303,568	
	²⁷² style="text-align: right;">0		
	²⁷³ style="text-align: right;">154,443,032	²⁷⁴ style="text-align: right;">154,443,032	²⁷⁵ style="text-align: right;">222,501,816
		²⁷⁶ style="text-align: right;">56,642,339	
		²⁷⁷ style="text-align: right;">0	
		²⁷⁸ style="text-align: right;">585,109	²⁷⁹ style="text-align: right;">57,227,448
TOTAL ASSETS			²⁸⁰ style="text-align: right;">12,352,136,322

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	752,969,515	
III	- Revaluation reserves	103	62,498,794	
IV	- Legal reserve	104	282,536,833	
V	- Statutory reserves	105	0	
VI	- Reserves for shares of the parent company	400	0	
VII	- Other reserves	107	182,719,389	
VIII	- Retained profits (losses)	108	0	
IX	- Profit (loss) for the year	109	3,464,895	
X	- Negative reserve for own shares in portfolio	401	-49,927,076	110 1,757,144,128
B. SUBORDINATED LIABILITIES				111 680,000,000
C. TECHNICAL PROVISIONS				
I - NON-LIFE BUSINESS				
	1. Premium provision	112	679,638,069	
	2. Provision for outstanding claims	113	2,567,434,577	
	3. Provision for profit-sharing and repayments	114	0	
	4. Other technical provisions	115	157,670	
	5. Equalisation provisions	116	13,723,990	117 3,260,954,306
II - LIFE BUSINESS				
	1. Mathematical provisions	118	4,744,312,233	
	2. Premium provision of supplementary insurance	119	499,620	
	3. Provision for outstanding claims	120	184,369,240	
	4. Provision for profit-sharing and repayments	121	32,641	
	5. Other technical provisions	122	35,469,795	123 4,964,683,529 124 8,225,637,835
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	202,256,048	
II	Provisions deriving from the management of pension funds	126	754,262,591	127 956,518,639
	to be carried			11,619,300,602

Balances for the previous year

		281	522,881,778	
		282	785,490,034	
		283	62,498,794	
		284	281,475,054	
		285	0	
		500	0	
		287	204,446,834	
		288	0	
		289	5,308,898	
		501	-46,945,286	290
				1,815,156,106
				291
				680,000,000
	292		680,098,996	
	293		2,581,690,151	
	294		0	
	295		150,850	
	296		13,234,923	297
			3,275,174,920	
	298		4,822,698,829	
	299		571,278	
	300		129,925,558	
	301		43,787	
	302		30,757,055	303
			4,983,996,507	304
				8,259,171,427
		305	137,346,784	
		306	951,700,193	307
				1,089,046,977
	to be carried forward			11,843,374,510

STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

		carry forward	Balances for the year	
				11,619,300,602
E.	PROVISIONS FOR RISKS AND CHARGES			
1.	Provision for pensions and similar commitments	128	2,198,005	
2.	Provision for taxation	129	4,187,628	
3.	Other provisions and allowances	130	58,455,860	131 64,841,493
F.	DEPOSITS RECEIVED FROM RE-INSURERS			132 20,474,366
G.	PAYABLES AND OTHER LIABILITIES			
I	- Payables, deriving from direct insurance transactions, due to:			
1.	Insurance brokers	133	15,834,666	
2.	Insurance companies - current accounts	134	4,376,265	
3.	Policyholders for guarantee deposits and premiums	135	13,325,867	
4.	Guarantee funds in favour of policyholders	136	54,097	137 33,590,895
II	- Payables, deriving from reinsurance transactions, due to:			
1.	Insurance and reinsurance companies	138	23,442,979	
2.	Reinsurance brokers	139	0	140 23,442,979
III	- Bond loans			141 0
IV	- Payables due to banks and financial institutions			142 0
V	- Payables with secured guarantee			143 0
VI	- Sundry loans and other financial payables			144 0
VII	- Employee severance indemnities			145 6,533,284
VIII	- Other payables			
1.	For taxes payable by policyholders	146	30,083,318	
2.	For sundry tax charges	147	52,031,798	
3.	Amounts due to social security and welfare institutions	148	2,863,954	
4.	Sundry payables	149	97,199,234	150 182,178,304
IX	- Other liabilities			
1.	Transitory reinsurance accounts - payable	151	0	
2.	Commission for premiums being collected	152	23,767,522	
3.	Sundry liabilities	153	95,944,070	154 119,711,592 155 365,457,054
			to be carried	12,070,073,515

		Balances for the previous year	
	carry forward		11,843,374,510
		308 2,337,285	
		309 5,755,211	
		310 52,921,627	311 61,014,123
			312 32,655,015
	313 14,005,238		
	314 2,990,795		
	315 30,313,374		
	316 49,430	317 47,358,837	
	318 13,304,882		
	319 0	320 13,304,882	
		321 0	
		322 7,198,812	
		323 0	
		324 0	
		325 6,118,225	
	326 29,809,168		
	327 79,834,254		
	328 2,776,688		
	329 96,462,804	330 208,882,914	
	331 0		
	332 22,153,478		
	333 101,387,421	334 123,540,899	335 406,404,569
	to be carried forward		12,343,448,217

STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
carry forward		12,070,073,515	
H. ACCRUALS AND DEFERRALS			
1. For interest	156	5,464,547	
2. For rental fees	157	0	
3. Other accruals and deferrals	158	1,270,625	159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160
			12,076,808,687

		Balances for the previous year	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	carry forward		12,343,448,217
		336 6,174,625	
		337 0	
		338 2,513,480	339 8,688,105
			340 12,352,136,322

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

2018

INCOME STATEMENT

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	1,757,222,028			
	b) (-) Ceded premiums		2	205,058,301			
	c) Change in gross premium provision		3	1,867,898			
	d) Change in premium provision - reinsurers' share		4	-4,058,536	5	1,546,237,293	
2.	(+) PORTION OF PROFIT FROM INVESTMENT TRANSFERRED FROM THE NON-TECHNICAL ACCOUNTS (ITEM III. 6)				6	19,959,000	
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE				7	17,416,034	
4.	CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE						
	a) Claims paid						
	aa) Gross amount	8	1,166,083,397				
	bb) (-) reinsurance amount	9	129,167,643	10	1,036,915,754		
	b) Change in recoveries net of reinsurers' share						
	aa) Gross amount	11	24,021,076				
	bb) (-) reinsurance amount	12	0	13	24,021,076		
	c) Change in provision for outstanding claims						
	aa) Gross amount	14	-13,055,258				
	bb) (-) reinsurance amount	15	-88,476	16	-12,966,782	17	999,927,896
5.	CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE					18	6,820
6.	REPAYMENTS AND PROFIT-SHARING, NET OF REINSURANCE					19	250,191
7.	OPERATING EXPENSES:						
	a) Acquisition commissions		20	267,016,121			
	b) Other acquisition costs		21	75,433,282			
	c) Change in commission and other acquisition costs to be amortised		22	0			
	d) Collection commission		23	13,445,822			
	e) Other administrative expenses		24	142,793,502			
	f) (-) Commission and profit-sharing received from re-insurers		25	46,570,400	26	452,118,327	
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE					27	31,267,107
9.	CHANGE IN EQUALISATION PROVISIONS					28	489,068
10.	RESULT OF TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item III. 1)					29	99,552,918

INCOME STATEMENT

Balances for the year

II: TECHNICAL ACCOUNT - LIFE BUSINESS								
1.	PREMIUMS FOR THE YEAR, NET OF REINSURANCE:							
	a) Gross premiums written		30	825,293,005				
	b) (-) Ceded premiums		31	10,876,651		32	814,416,354	
2.	INCOME FROM INVESTMENTS:							
	a) Income deriving from shares and holdings		33	20,062,978				
	(of which: deriving from Group companies)		34	16,161,315)			
	b) Income deriving from other investments:							
	aa) from land and buildings		35	0				
	bb) from other investments		36	161,645,678	37	161,645,678		
	(of which: deriving from Group companies)				38	868,184)	
	c) reversal of adjustment on investments		39	3,872,677				
	d) Profits on realisation of investments		40	18,122,365				
	(of which: deriving from Group companies)		41	1,271)	42	203,703,698	
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	15,551,247	
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE					44	4,104,020	
5.	CLAIMS INCURRED, NET OF REINSURANCE							
	a) Claims paid							
	aa) Gross amount		45	1,003,355,731				
	bb) (-) Reinsurance amount		46	10,539,441	47	992,816,290		
	b) Change in provision for outstanding claims							
	aa) Gross amount		48	96,443,682				
	bb) (-) Reinsurance amount		49	-1,352,103	50	97,795,785	51	1,090,612,075
6.	CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE							
	a) Mathematical provisions:							
	aa) Gross amount		52	-78,386,596				
	bb) (-) Reinsurance amount		53	-1,739,121	54	-76,647,475		
	b) premium provision of supplementary insurance							
	aa) Gross amount		55	-71,657				
	bb) (-) Reinsurance amount		56	0	57	-71,657		
	c) Other technical provisions							
	aa) Gross amount		58	4,712,740				
	bb) (-) Reinsurance amount		59	0	60	4,712,740		
	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	-132,528,338				
	bb) (-) Reinsurance amount		62	0	63	-132,528,338	64	-204,534,730

Balances for the previous year

		140	974,337,205			
		141	12,818,980	142	961,518,225	
		143	11,872,779			
(of which: deriving from Group companies)		144	7,829,781)		
	145		0			
	146	172,916,084	147	172,916,084		
(of which: deriving from Group companies)			148	811,529)	
		149	12,668,572			
		150	14,090,873			
(of which: deriving from Group companies)		151	694	152	211,548,308	
				153	28,960,526	
				154	5,594,657	
	155	555,893,604				
	156	12,009,161	157	543,884,443		
	158	34,440,577				
	159	-1,985,671	160	36,426,248	161	580,310,691
	162	381,789,539				
	163	-5,394,695	164	387,184,234		
	165	-722,494				
	166	0	167	-722,494		
	168	-662,433				
	169	0	170	-662,433		
	171	106,828,436				
	172	0	173	106,828,436	174	492,627,743

INCOME STATEMENT

Balances for the year

7.	REPAYMENTS AND PROFIT-SHARING, NET OF REINSURANCE			65	830,794
8.	OPERATING EXPENSES:				
	a) Acquisition commissions	66	11,299,784		
	b) Other acquisition costs	67	11,023,040		
	c) Change in commission and other acquisition costs to be amortised	68	-1,428,124		
	d) Income commission	69	4,532,928		
	e) Other administrative expenses	70	26,087,683		
	f) (-) Commission and profit-sharing received from re-insurers	71	1,185,859	72	53,185,700
9.	EQUITY AND FINANCIAL CHARGES:				
	a) Charges for management of investments and interest expense	73	13,425,071		
	b) Adjustment on investments	74	49,660,738		
	c) Losses on realisation of investments	75	14,875,259	76	77,961,068
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	33,093,093
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			78	8,869,226
12.	(+) PORTION OF PROFIT FROM INVESTMENT TRANSFERRED TO THE NON-TECHNICAL ACCOUNTS (item III. 4)			79	5,552,000
13.	RESULT OF TECHNICAL ACCOUNT - LIFE BUSINESS (Item III. 2)			80	-27,793,907
III. NON-TECHNICAL ACCOUNT					
1.	RESULT OF TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item I. 10)			81	99,552,918
2.	RESULT OF TECHNICAL ACCOUNT - LIFE BUSINESS (Item II. 13)			82	-27,793,907
3.	INVESTMENT INCOME IN THE NON-LIFE CLASSES				
	a) Income deriving from shares and holdings	83	66,144,341		
	(of which: deriving from Group companies)	84	62,364,433		
	b) Income deriving from other investments:				
	aa) from land and buildings	85	1,465,627		
	bb) from other investments	86	86,594,352	87	88,059,979
	(of which: deriving from Group companies)	88	352,500		
	c) reversal of adjustment on investments	89	1,604,800		
	d) Profits on realisation of investments	90	12,738,441		
	(of which: deriving from Group companies)	91	0	92	168,547,561

Balances for the previous year

			175	57,818
		176	12,496,481	
		177	13,165,430	
		178	-50,394	
		179	4,585,093	
		180	24,666,933	
		181	1,263,906	182
				53,700,425
		183	11,608,650	
		184	50,769,390	
		185	9,786,414	186
				72,164,454
				187
				9,267,507
				188
				11,724,164
				189
				9,246,000
				190
				-21,477,086
				191
				98,377,935
				192
				-21,477,086
		193	26,228,390	
(of which: deriving from Group companies)		194	24,436,074)
		195	1,517,727	
		196	80,226,137	197
(of which: deriving from Group companies)		198	297,500)
		199	3,936,552	
		200	22,083,728	
(of which: deriving from Group companies)		201	0)
				202
				133,992,534

INCOME STATEMENT

Balances for the year

4.	(+) PORTION OF PROFIT FROM INVESTMENTS TRANSFERRED FROM THE TECHNICAL ACCOUNT - LIFE BUSINESS (Item II. 12)		93	5,552,000
5.	EQUITY AND FINANCIAL CHARGES OF THE NON-LIFE CLASSES:			
	a) Charges for management of investments and interest expense	94	11,015,269	
	b) Adjustment on investments	95	112,002,611	
	c) Losses on realisation of investments	96	11,894,875	97
				134,912,755
6.	(-) PORTION OF PROFIT FROM INVESTMENTS TRANSFERRED TO THE TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item I. 2)		98	19,959,000
7.	OTHER INCOME		99	42,154,827
8.	OTHER CHARGES		100	113,130,082
9.	RESULT OF ORDINARY ACTIVITIES		101	20,011,562
10.	EXTRAORDINARY INCOME		102	7,181,057
11.	EXTRAORDINARY CHARGES		103	7,708,495
12.	RESULT OF EXTRAORDINARY ACTIVITIES		104	-527,438
13.	PROFIT (LOSS) BEFORE TAXATION		105	19,484,124
14.	INCOME TAXES FOR THE YEAR		106	16,019,229
15.	PROFIT (LOSS) FOR THE YEAR		107	3,464,895

Balances for the previous year

		203	9,246,000
	204	10,122,323	
	205	59,499,254	
	206	2,923,973	
		207	72,545,550
		208	37,658,000
		209	44,803,079
		210	101,589,919
		211	53,148,993
		212	9,074,383
		213	16,445,934
		214	-7,371,551
		215	45,777,442
		216	40,468,544
		217	5,308,898

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

FOREWARD

Format

The financial statements, along with the directors' report on operations as a whole, consist of the balance sheet and income statement, the notes to the Accounts and related appendices, as well as the cash flow statement and are drawn up in accordance with the provisions of Legislative Decree no. 209 dated September 7th, 2005, ISVAP Regulation No. 22, dated April 4th, 2008, as

amended by IVASS Provision No. 53 dated December 6th, 2016, Legislative Decree no. 173 dated May 26th, 1997, as amended following the implementation of Directive 2009/138/EC, Solvency II and Directive 2013/34/EU, Accounting.

The list of assets as per Article 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

According to the provisions of Article 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 Article 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 figure for 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 Article 15, paragraph 3, of the aforementioned regulation, the amounts are rounded up or down to the nearest divisional unit; if the amount is halved, it is rounded up.

The rounding 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.

Foreign currency items

Pursuant to Article 2426, no. 8-bis, of the Italian Civil Code, monetary assets and liabilities in foreign currency are recorded at the spot exchange rate at the year-end date; the resulting profits or losses on exchange rates must be charged to the income statement and any net profit is allocated to a specific non-distributable reserve until realisation. 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.

settled annually and recognised at cost in the period of accrual of the premium instalment.

INTANGIBLE ASSETS

Acquisition commissions to be amortised

Non-life business

As of the enforcement of Article 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

Life business

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

In relation to the obligation under Article 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 Article 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 2018.

Property used for business activities and by third-party

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.

In 2008, the right to revalue the real estate assets resulting from the financial statements as at December 31st, 2007, provided for by Decree Law no. 195 dated November 29th, 2008, converted by Law no. 2 dated January 28th, 2009, was exercised, following the comparative method criterion (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 accordance with Article 8 of IVASS Regulation no. 24 dated June 6th, 2016, the Board of Directors resolved upon the framework that defines the investment policy (Article 5), for managing assets and liabilities (Article 6) and managing liquidity risk (Article 7). The resolution, originally taken in 2017, was reviewed during the year ended December 31st, 2018.

The document contains the financial guidelines, investment goals, characteristics and limits on the basis of which the assets that meet the medium-/long-term strategic investment needs are defined, in line with the economic, financial and management conditions of the company - both current and prospective - with a view to maintaining returns that are consistent with the commitments to policyholders, given the profile of the liabilities and based on the estimates of the performance of total reserves, in terms of asset & liability management. The system for measuring and controlling the risks associated with the investments and the related reporting contents and analysis methods are also defined.

Please be informed that the Company has decided not to use the right provided for by Article 20-quater, paragraph 1, of Law no. 36 dated December 17th, 2018 (converting Decree Law 119/2018) on the assessment of securities recorded under the consumables segment. Therefore, the exception granted by the aforementioned law under Article 2426, point 9 of the Italian Civil Code was not applied.

Investments in Group companies and 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 stated in the notes to the Accounts and are entered on the basis of the criteria, listed below, determined pursuant to Article 16, paragraph 10, 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 Article 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 at the year-end date, is deemed will remain lower, as per Article 16, paragraph 10, 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 Article 16, paragraph 10, 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 Article 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 Article 16, paragraph 10, of Legislative Decree No. 173, dated 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 Article 16, paragraph 10, of 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 Article 16, paragraph 10, of 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 Article 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 Article 16, paragraph 10, of 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 Article 16, paragraph 10, of 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 accrual basis, as per the law indicated above.

In compliance with the provisions of Article 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.

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 with reference to: i) the price provided by the counterparty, if binding ("executable"); ii) the price recalculated through internal valuation tools or provided by third parties and corroborated by adequate information on the model and usable data input. 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

Assets subject to sale/purchase agreements with the obligation of forward retrocession are recorded, pursuant to Article 2424-bis of the Italian Civil Code, in the seller's balance sheet and the related income and charges, including the difference between forward price and the spot price, are recorded for the amounts pertaining to the year

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 recorded according to the provisions of Article 16, 17 and 19 of 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 Article 16, paragraph 9, of Legislative Decree No. 173 dated May 26th, 1997, determined by countering the face value with the write-downs 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 Article 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.

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.

Accruals and deferrals are calculated on an accrual basis, in accordance with Article 2424-bis, paragraph 6, of the Italian Civil Code.

SHAREHOLDERS' EQUITY

Negative reserve for own shares in portfolio

Following the changes introduced by Article 1, of Legislative Decree no. 139 dated August 18th, 2015, implementing Directive 2013/34/EU, own shares are recorded in the financial statements as a direct reduction of shareholders' equity, pursuant to the provisions of paragraph three of Article 2357-ter.

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 Appendix 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 Appendix 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 Appendix 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 Appendix, regarding the establishment and calculation of an additional provision for demographic risk.

Furthermore, the Company applies paragraph 41 of said Appendix, which envisages the coverage of the mortality risk and guaranteed benefits falling due for the contracts as per Article 41, paragraph 1, of Legislative Decree 209/2005 and subsequent amendments.

The provisions relating to the acceptances are calculated in relation to the criteria envisaged by Appendix No. 16 to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.

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.

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 Appendix 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

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.

They are formed in accordance with paragraph 39 et seq. of Appendix 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.

Non-life business provisions

The provision for non-life insurance premiums comprises both the provision for unearned premiums and the provision for current risks.

The provision for unearned premiums is calculated analytically using the pro-rata accruals method

(paragraph 2, sub-paragraph 2 of Appendix 15 of the ISVAP Regulation No. 22, dated April 4th, 2008) on the basis of the gross premiums written, as established by Article 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 Appendix 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 Appendix 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 Appendix 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 Appendix 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 at 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 at the year-end date, determined on the basis of the provisions present in paragraph 27 et seq. of Appendix 15 of the ISVAP Regulation No. 22 dated April 4th, 2008.

The amount was determined on the basis of experience acquired in previous years, separately estimating 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 Appendix 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 reinsurers 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 Appendix 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 at 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, in a defined benefit scheme and managed as an insurance, is established pursuant to Article 2117 of the Italian Civil Code; the value of the accrued benefit is determined analytically for each individual position, with 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 Article 45 of Legislative Decree No. 173 dated May 26th, 1997 with reference to the moment of accrual, which corresponds with the time of maturity 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 afore-mentioned 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 Article 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 accrual 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 Appendix 4, showed the following changes:

Table 24 - Intangible assets

(€ thousands)	2018	2017	Change	
			Amount	%
Acquisition commissions to amortise - life business	11,700	13,128	-1,428	-10.9
Start-up and expansion costs	3,598	7,784	-4,186	-53.8
Goodwill	135,242	156,498	-21,256	-13.6
Other long-term costs	3,832	4,289	-457	-10.7
TOTAL (Item B)	154,372	181,699	-27,327	-15.0

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)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Start-up and expansion costs	21,900	0	0	21,900
Goodwill	351,187	0	0	351,187
Other long-term costs	27,340	216	0	27,556
TOTAL	400,427	216	0	400,643

Table 26 - Intangible assets – accumulated amortisation

(€ thousands)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Start-up and expansion costs	14,116	4,186	0	18,302
Goodwill	194,689	21,256	0	215,945
Other long-term costs	23,051	673	0	23,724
TOTAL	231,856	26,115	0	257,971

Acquisition commission to amortise

Acquisition commissions to be amortised for the life business amounted to €11.7 million, compared with €13.128 million at the end of the previous year.

As at 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 amounted to €3.598 million and includes the residual value of the capitalised costs, associated with the share capital increase subscribed in 2014, net of the amortisation charge for the year of €3.98 million;

It should be noted that, during the year, the amortisation process relating to the registration tax paid by the Company in the year following the acquisition of the of the business branch by Risparmio & Previdenza was completed, the net value of which, as at December 31st, 2017, amounted to €206 thousand.

Goodwill

The item amounted to €135.242 million at year end (€156.498 million as at December 31st, 2017) 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 €4.183 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 €4.345 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 €751 thousand, 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 €78.701 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 €5.007 million;
- the deficit recognised following the spin-off of Cattolica Previdenza in the Company for a total of €19.232 million, net of the amortisation charge for the year of €6.411 million;
- 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 €23.022 million.

During the year, the amortisation process was completed relating to the goodwill accounted for following the acquisition of the business unit by the subsidiary Risparmio & Previdenza (also through Cattolica Previdenza), the net value of which, as at December 31st, 2017, amounted to €131 thousand. This goodwill was amortised over 4.6 years for the part of the portfolio acquired relating to the life classes and 1.4 years for the part relating to the non-life classes.

Other long-term costs

The item amounted to €3.832 million and included:

- €2.46 million reflecting the amount of the long-term expenses pertaining to the issue, in December 2017, of the debenture loan incurred for a total amount of €2.748 million and amortised as at the year-end date for €289 thousand;
- €825 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;
- €530 thousand reflecting the costs incurred for software implementations, stated net of the amortisation charge for the period of €176 thousand;
- €17 thousand reflecting the costs associated with leasehold improvements, displayed net of the amortisation charge for the year of €15 thousand.

During the year, the amortisation process was completed relating to other long-term charges relating to the website, the net value of which, as at December 31st, 2017, amounted to €38 thousand.

The increases relating to the gross amounts, equal to €216 thousand, pertain to the capitalised costs incurred for software implementations.

As at December 31st, 2017, the item amounted to €4.289 million.

SECTION 2 - INVESTMENTS (Item C)

Land and buildings

The item "Land and buildings" amounted to €95.425 million.

The current value of the properties amounted to €106.448 million; it was up-dated on the basis of the market value as at December 2018, as emerging from the appraisal report.

As disclosed below, the item is made up as follows:

Table 27 - Land and buildings

(€ thousands)	2018	2017	Change	
			Amount	%
Property used for business activities	59,470	61,524	-2,054	-3.3
Property used by third parties	35,955	36,823	-868	-2.4
TOTAL (Item C.I)	95,425	98,347	-2,922	-3.0

Table 28 - Land and buildings - gross depreciation amounts

(€ thousands)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Property used for business activities	88,638	33	0	88,671
Property used by third parties	45,362	0	0	45,362
TOTAL	134,000	33	0	134,033

Table 29 - Land and buildings – accumulated depreciation

(€ thousands)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Property used for business activities	27,114	2,087	0	29,201
Property used by third parties	8,539	868	0	9,407
TOTAL	35,653	2,955	0	38,608

Property used for business activities

Property destined to be used for business activities amounted to €59.47 million. The figure compares with €61.524 million recorded at the closure of the previous financial year.

The gross amounts come to €88.671 million compared with €88.638 million in the previous year. The accumulated depreciation amounts to €29.201 million. The figures compares with €27.114 million reported at the end of the previous year.

During the year, the increase in accumulated depreciation, totalling €2.087 million, was entirely attributable to the depreciation charge for the year.

Property used by third parties

The item amounts to €35.955 million. The balance compares with €36.823 million as recorded in the 2017 financial statements.

The gross balances amount to €45.362 million and have not undergone any increases during the year.

The accumulated depreciation amounts to €9.407 million; the increase of €868 thousand is attributable to the charge for the year.

Three specifically identified property units were subject to the usufruct right conferred during financial year 2016, 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 Article 2426 of the Italian Civil Code and Article 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 €30.175 million and under long-term securities for €7.996 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 Appendix 5. With regard to the investee companies, detailed information is provided in Appendix 6 and Appendix 7.

Company shares and holdings

The item includes the investments in subsidiary, associated and other investees.

The table below shows the financial statement balances and the related changes during the year.

Table 30 - Investments - summary of values

Company	2018	2017	Change amount	%
Subsidiaries	1,595,641	807,535	788,106	97.6
Associated companies	2	2	0	0
Others	37,343	44,423	-7,080	-15.9
TOTAL (item C.II.1)	1,632,986	851,960	781,026	91.7

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 €807.535 million to €1,595.641 million, reporting an overall decrease of €788.106 million.

Increases

The increases during, amounting to €858.324 million, the period are essentially attributable to the following transactions:

- acquisition of controlling interests in the Vera Vita S.p.A. companies (€491.9 million) and Vera Assicurazioni S.p.A. (€327,8 million) totalling €819.7 million;
- acquisition of the shareholding in CattRE SA for €25.4 million;
- acquisition of the shareholding in Estinvest S.r.l. and Satec S.r.l., totalling €7.6 million.

In addition, during the year, capital payments were made for a total of €4.3 million in the subsidiaries Cattolica Agricola S.p.A. (€2.3 million) and C.P. Previdenza Servizi Consulenziali S.p.A. (€2.0 million).

For details on other increases, please refer to Attachment 7 to the Notes to the Accounts.

Write-downs

Regarding to the decreases in value, the main changes compared with the previous year concern write-downs in investments totalling €63.97 million, as described in detail below.

For the purposes of impairment testing, the Company uses analytical methods aimed at identifying the recoverable value of equity investments.

In continuity with financial year 2017, the Company used valuation methods for insurance investments that consider the Solvency II 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 the Solvency II 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 forecasts of the economic results relating to the period 2019-2021, approved by the Board of Directors. These forecasts shall form the basis of the ORSA 2019-2021 Assessment (pursuant to IVASS Regulation no. 32/2016).

For the subsidiaries Vera Assicurazioni and Vera Vita, in accordance with the purchase agreements, reference was made to the 2018-2032 Distribution Plans negotiated during the acquisition process.

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 as follows: 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 7.58% for life insurance companies and 7.33% for non-life companies. The long-term growth rate ("g") was 1.57% 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-quota 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 write-downs of equity investments in subsidiaries amounting to €8.044 million. In particular:

- ABC Assicura for €2.979 million;
- Cattolica Beni Immobili for €2.514 million;
- CP Servizi Consulenziali for €1.915 million;
- Cattolica Life for €636 thousand.

It should be noted that the write-downs include €55.927 million in adjustments to the value of equity investments acquired as part of the JV with Banco BPM following the distribution, by the latter, of dividends of the same amount for the benefit of the new Parent Company Cattolica di Assicurazione, respectively: Vera Assicurazioni, amounting to €19.017 million and Vera Vita, amounting to €36.910 million.

Other increases and decreases

Among the other changes (up or down) we highlight mainly the following: the decrease due to the price adjustment of the stake in Vera Assicurazioni (€1.55 million), the net change of €4.225 million (of which a downward change of €4.69 million on Vera Vita and an upward change of €465 thousand on Vera Assicurazioni) due to the purchase price adjustment in relation to the costs to be incurred for outsourcing services, migration

and integration of the acquired companies as part of the agreement signed with Banco BPM.

For the other changes recorded on the investments in subsidiaries during the year, reference is made to Attachment 7 to the Notes to the Accounts.

The data of the subsidiary and associated companies, as defined by Article 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 Article 2427, paragraph 1, point 5 of the Italian Civil Code. Pursuant to Article 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 (+)	Investment holding	Value assigned in the financial statements
				or loss (-)		
				for the year	%	
ABC Assicura s.p.a.	Verona	8,925	9,635	-4,899	60.00	5,269
BCC Assicurazioni s.p.a.	Milan	14,448	10,331	-869	51.00	5,139
BCC Vita s.p.a.	Milan	62,000	178,682	10,449	51.00	85,808
Berica Vita s.p.a.	Vicenza	31,000	88,639	12,408	60.00	65,100
C.P. Servizi Consulenziali s.r.l.	Verona	120	1,803	-2,058	100.00	1,802
Cattolica Agricola s.a.r.l.	Verona	35,500	142,925	233	100.00	143,800
Cattolica Beni Immobili s.r.l.	Verona	7,000	44,067	-2,203	100.00	46,608
Cattolica Immobiliare s.p.a.	Verona	400	3,473	669	100.00	3,021
Cattolica Life d.a.c. (*)	Dublin (Ireland)	635	18,317	-2,175	60.00	13,564
Cattolica Services s.c.p.a.	Verona	20,954	60,621	3	99.96	60,481
Catt Re Sa (*)	Luxembourg	3,600	21,544	-391	100.00	25,430
Estinvest s.r.l.	Venice	81	3,954	-1	100.00	7,180
Lombarda Vita s.p.a.	Brescia	185,300	248,553	-3,573	60.00	238,894
Satec s.r.l.	Venice	135	2,042	366	15.87	1,270
TUA Assicurazioni s.p.a.	Milan	23,161	128,122	3,641	99.99	134,298
Vera Assicurazioni s.p.a.	Milan	63,500	95,442	27,311	65.00	307,666
Vera Vita s.p.a.	Verona	219,600	251,595	-2,309	65.00	450,311

(*) The balances for the shareholders' equity and result as at December 31st, 2018 are shown, calculated in accordance with the international accounting standards (IAS/IFRS).

Equity investments in Berica Vita and Cattolica Life d.a.c. disclose a difference between the book value and the corresponding portion of shareholders' equity (excluding the result for the year), respectively for €19.361 million and €1.269 million.

The equity investment in Lombarda Vita discloses a difference between the book value and the corresponding portion of shareholders' equity (excluding the result for the year) for €87.618 million 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 investments in Vera Vita and Vera Assicurazioni disclose a difference between the book value and the corresponding portion of shareholders' equity (excluding the result for the year) of €279.3 million and €263.4 million, respectively, to be recorded in the current portfolio, as well as the goodwill due to the prospects of future utility resulting from the partnership signed during the year with Banco BPM.

The equity investment in TUA Assicurazioni discloses a difference between the book value and the corresponding portion of shareholders' equity (excluding the result for the year), of €9.83 million.

The equity investment in CattRE SA discloses a difference between the book value and the corresponding portion

of shareholders' equity (excluding the result for the year), of €3.495 million.

The equity investment in Cattolica Agricola discloses a difference between the book value and the corresponding portion of shareholders' equity (excluding the result for the year) of €1.108 million (unchanged compared with 2017).

The equity investment in Cattolica Beni Immobili discloses a difference between the book value and the corresponding portion of shareholders' equity (excluding the result for the year) of €339 thousand (€2.852 million in 2017).

The equity investment in Cattolica Immobiliare discloses a difference between the book value and the corresponding portion of shareholders' equity of €217 thousand.

Lastly, the equity investments in Estinvest and Satec disclose a difference between the book value and the

corresponding portion of shareholders' equity (excluding the result for the year), respectively, for €3.221 million and €1.004 million.

For all subsidiaries, if there is a negative difference between the book value of the investment and the portion of shareholders' equity held (excluding the economic result), the book value of the investment is maintained, given that it is supported by analytical assessments carried out by the Company, as described above.

ASSOCIATED COMPANIES

The item amounts to €2 thousand and is unchanged compared with the previous year. Please refer to the table below for summary data on the associated companies.

Table 32 - Summary data of associated companies

Name or business name	Registered offices	Share capital	Shareholders' equity	of which profit (+) or loss (-)		Shareholding %	Value assigned in the financial statements
All Risks Solutions s.r.l. (*)	Rome	10	81	18	20.00	2	

(*) The balances for shareholders' equity and the result for the year as at December 31st, 2017, have been shown, given that the 2018 financial statements had not yet been approved as at the date of approval of Cattolica's financial statements by the Board of Directors.

OTHERS

The item includes equity investments entirely recorded in the long-term segment amounting to €37.343 million (€44.423 million as at December 31st, 2017). The overall decrease amounted to €7.08 million, the main changes of which occurred during the year are described below.

Increases

During the year, the item did not incur increases due to increments.

Decreases

During the year, no downward changes were recorded, except as described below as regards Write-downs.

Write-downs

As regards the valuation of other equity investments, it should be noted that the matter is governed, under the profile of national accounting standards, by OIC 21. This principle provides, under paragraph 27, that immobilised equity investments are "recorded at the cost recognised at the time of initial entry. This cost cannot be maintained,

in accordance with the provisions of Article 2426, paragraph 1, number 3), of the Italian Civil Code, if the investment, as at the closing date for the year, is permanently lower than the cost value".

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 company's value on the basis of the flows that it is capable of generating.

Valuations carried out led to the recognition of impairment losses on interests held in UBI Banca amounting to €5.97 million, in H-Farm amounting to €817 thousand and in Banca di Credito Popolare amounting to €294 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 (+)	Shareholding %	Value Assigned in the financial statements
				or loss (-) for the year		
Banca di Credito Popolare s.c.p.a. (**)	Torre Del Greco (NA)	20,039	200,093	-27,860	1.01	871
Bcc Campania Centro - CRA s.c.p.a. (**)(****)	Salerno	2,710	103,675	4,517	2.54	82
Emil Banca Credito Coop. s.c.p.a. (*)	Bologna	103,126	298,622	11,352	0.09	202
H-Farm s.p.a. (***)	Roncade (TV)	8,924	31,900	-4,045	4.49	2,211
Ist. di Certific. Etica nello Sport s.p.a. (***)	Verona	270	231	-15	3.70	10
Nummus.Info s.p.a. (***)	Trento	580	512	-30	10.78	78
U.C.I. s.c.a.r.l. (***)	Milan	532	1,255	381	2.17	0
UBI Banca s.p.a. (*)	Bergamo	2,843,177	8,858,117	467,506	0.50	26,308
Verfin s.p.a.(****)	Verona	6,553	13,867	35	3.94	429
Veronafiere s.p.a.(****)	Verona	63,265	74,340	1,774	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 at December 31st, 2017, drawn up according to international accounting standards (IAS/IFRS), have been shown since the 2018 financial statements had not yet been approved as at 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 at December 31st, 2017, drawn up according to national accounting standards, have been shown since the 2018 financial statements had not yet been approved as at the date of approval of Cattolica's financial statements by the Board of Directors.

(****) Following the merger by incorporation, as of January 1st, 2018, Banca di Salerno Credito Coop. s.c.p.a. changed its name to Bcc Campania Centro - CRA s.c.p.a.

Pursuant to Article 2427-bis of the Italian Civil Code, it should be noted that the investment in UBI Banca classified under financial fixed assets is recorded at a value above the fair value (market price as at December 31st). The book value is supported by an analytical evaluation, as previously highlighted, prepared in line with the provisions of OIC 21.

Sales accounted for during the year amounted to €1.249 million, whilst purchases amounted to €9.727 million. The positive issue discounts amount to €5 thousand, the positive trading discounts total €64 thousand. The period end valuation led to value adjustments for €877 thousand.

Bonds issued by companies

The item, amounting to €38.171 million, consists entirely of bonds issued by other investee companies (of which €7.996 million is recognised in the long-term segment). The value for the previous year came to €30.501 million.

The bonds issued by other investee companies amount to €10.834 million for the non-life portfolio and €27.337 million for the life portfolio and are entirely issued by UBI Banca.

Loans to companies

No balance has been recognised.

Other financial investments

The table which follows shows the breakdown of the item as at the year-end date:

Table 34 - Other financial investments - breakdown

(€ thousands)	2018	2017	Change Amount	%
Shares and holdings	71,527	71,768	-241	-0.3
Units of mutual investment funds	1,114,578	910,463	204,115	22.4
Bonds and other fixed income securities	6,334,559	7,366,875	-1,032,316	-14.0
Loans	2,870	3,118	-248	-8.0
Sundry financial investments	8	24	-16	-66.7
Total (item C.III)	7,523,542	8,352,248	-828,706	-9.9

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 €71.527 million (of which €44.131 million traded on active markets and €27.396 million traded on non-active markets), attributable for €43.11 million to the life business and €28.417 million to the non-life business; they exclusively include securities not for long-term use.

During the year purchases amounted to €131.507 million, mainly attributable to the increase in listed shares, sales for €122.834 million and other negative net changes for €326 thousand.

The period end valuation led to the recognition of value adjustments for €8.588 million and writebacks for an insignificant amount.

The current value as at December 31st amounted to €76.73 million.

Units of mutual investment funds

The investments in Units of mutual investment funds do not represent fixed assets. They amounted to €1,114.578 million at the end of the year (of which €194.488 traded on active markets and €920.09 traded on non-active markets): €660.384 million for the non-life portfolio and €454.194 million for the life portfolio.

During the year, purchases were made for €181.464 million and sales were made for €102.014 million. Furthermore, other positive changes were recognised made up of recalls in relation to share capital for commitments undertaken, equal to €164.767 million and other negative changes relating to reimbursements in relation to share capital for commitments undertaken, equal to €23.147 million.

The year-end valuations lead to the recognition of value adjustments for €18.962 million and writebacks for €2.007 million.

The current value of the item at the end of the year came to €1,224.51 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. They totalled €6,334.559 million (of which €5,442.786 traded on active markets and €891.773 traded on non-active markets): €2,016.707 million for the non-life portfolio and €4,317.852 million for the life portfolio.

The current value at the end of the year came to €6,486.913 million.

During the year, purchases were made for €2,592.704 million, of which €2,385.006 was in short-term stocks.

Sales and repayments amounted to €33,577.45 million.

The period-end valuation led to the recognition of value adjustments for €61.318 million and writebacks for €235 thousand. The negative issue discounts (costs) amount to €1.892 million and the positive ones (revenues) amount to €11.319 million; negative trading discounts (costs) total €2.022 million while the positive ones (revenues) came to €6.108 million.

Long-term investments amount to €2,446.394 million, whilst current investments amount to €3,888.165 million.

With reference to the securities in the long-term segment, the main changes during the year are summarised below:

- purchases totalled €207.699 million (€187.699 million life and €20 million non-life);
- the repayments of instruments which have reached their natural maturity amounted to €83.194 million (€69.161 million life and €14.033 million non-life);

- the positive issue discounts amounted to €5.502 million, the negative ones to €475 thousand;
- in conclusion, the positive trading discounts amounted to €6.108 million, the negative ones to €2.022 million.

During the year, there was no transfer from the short-term component to the long-term component.

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	54,748	55,600
Ireland	64,231	65,050
Greece	0	0
Spain	380,554	387,750
TOTAL	499,533	508,400

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	49.9%
Spanish government	6.0%
Intesa Sanpaolo Spa	5.1%
French government	4.4%
Belgian government	2.3%

The amount of the instruments issued by Icelandic banks and included in the item "Debt securities and other fixed income securities" amounts to €181 thousand.

Loans

The item, amounting to €2.87 million, compared with €3.118 million in the previous year mainly includes:

- the loan with collateral granted to Opera San Giovanni Bosco in Sicilia, for €1.749 million. Interest accrued for €50 thousand during the year;
- the loans on life policies for €1.031 million (€1.3 million at the end of the previous year).

Please see Appendix 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

Other financial investments, amounting to €8 thousand, exclusively traded in active markets, consist of fixed assets and are mainly recorded in the life segment.

The current value at the end of the year came to €42 thousand.

Foreign currency investments

Other financial investments do not include foreign currency securities. The item at the end of the previous year amounted to €9.899 million.

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 €337 thousand, dropping from €10.297 million to €9.96 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 €956.519 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.

It is also specified that the capital gains and losses from realisation and valuation, as well as the capitalisation of the issued 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)	2018	2017	Changes	
			Amount	%
- Investments relating to benefits associated with investment funds and stock market indices	202,256	137,347	64,909	47.3
- Investments deriving from the management of pension funds	754,263	951,700	-197,437	-20.7
TOTAL (item D)	956,519	1,089,047	-132,528	-12.2

- 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 €202.256 million. The assets hedging the index-linked contracts amount to €178 thousand, those relating to unit-linked contracts total €202.078 million.

- Investments deriving from the management of pension funds

Investments deriving from the management of pension funds amounted to €754.263 million, with a decrease of €197.437 million compared to December 31st, 2017.

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)	2018	2017	Changes	
			Amount	%
Non-life business				
Premium provision	90,162	94,497	-4,335	-4.6
Provision for outstanding claims	377,999	396,973	-18,974	-4.8
Total non-life	468,161	491,470	-23,309	-4.7
Life business				
Mathematical provisions	17,319	19,058	-1,739	-9.1
Provision for outstanding claims	948	2,300	-1,352	-58.8
Total life	18,267	21,358	-3,091	-14.5
TOTAL (item D bis)	486,428	512,828	-26,400	-5.1

The reinsurance amounts of technical provisions amount in total to €486.428 million, of which €468.161 million relates to non-life business and €18.267 million relates to life business.

With regard to the non-life business, the premium provision amounted to €90.162 million (of which 992 thousand relating to the provision for outstanding risks and €14.196

million relating to supplementary provisions) and the provision for outstanding claims for €377.999 million.

With regard to the life business, the mathematical provisions pertaining to reinsurers amount to €17.319 million, while the provision for outstanding claims ended the year with a balance of €948 thousand.

SECTION 5 - RECEIVABLES (Item E)

Receivables are made up as follows:

Table 39 - Receivables

(€ thousands)	2018	2017	Changes	
			Amount	%
Policyholders	158,215	147,887	10,328	7.0
Insurance brokers	202,832	216,470	-13,638	-6.3
Insurance companies - current accounts	25,261	26,307	-1,046	-4.0
Policyholders and third parties for sums to be recovered	34,312	32,699	1,613	4.9
Total (item E.I)	420,620	423,363	-2,743	-0.6
Insurance and reinsurance companies	45,446	73,903	-28,457	-38.5
Total (item E.II)	45,446	73,903	-28,457	-38.5
Other receivables (Item E.III)	434,889	448,214	-13,325	-3.0
Total (item E)	900,955	945,480	-44,525	-4.7

Receivables deriving from reinsurance transactions

Receivables from policyholders

The item amounted to €158.215 million, of which €142.888 million for premiums in the year and €15.327 million for premiums relating to previous years. As at December 31st, 2017, the item amounted to €147.887 million.

The item was adjusted for a total of €11.131 million, of which €8.107 million relating to the non-life business and €3.024 million relating to the life business, for write-downs due to doubtful income, assumed on the basis of the experience of previous accounting periods.

The write-down allowance essentially includes €2.299 million attributable to the accident, injury and health classes, €1.853 million to the general TPL class, €420 thousand for the suretyship class, €228 thousand for the goods in transit class, €1.42 million for the fire & natural forces class, €1.195 million for other damage to assets, €451 thousand for the motor TPL class and €2.438 million for the class I life business.

Receivables from insurance brokers

The balance of receivables from brokers, amounting to €202.832 million, recorded a decrease compared with the previous year of €13.638 million.

Amounts receivable from agents are stated net of the write down allowance; it amounts to €14.476 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 write-down allowance for €381 thousand, amounts to €25.261 million, compared with €26.307 million in the previous year.

The write-down allowance, calculated analytically on the basis of valuations regarding the recoverability of the receivables, was used for €97 thousand.

Receivables from policyholders and third parties for sums to be recovered

The item, net of the allowance for doubtful accounts for €7.852 million, amounts to €34.312 million, compared with €32.699 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 €6.915 million and uses of €6.545 million.

Receivables deriving from reinsurance transactions

The item includes the entries with credit balances through reinsurance companies and brokers and amounted to €45.446 million (€73.903 million as at December 31st, 2017).

The receivables are stated net of the related allowance for doubtful accounts; the entity of the allowance, €5.114 million, is commensurate with the estimated losses due to non-collectability.

Other receivables

Other receivables amount to €434.889 million, with respect to the €448.214 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)	2018	2017	Changes	
			Amount	%
Receivables due from the tax authorities	225,452	220,089	5,363	2.4
Receivables for deferred tax assets	132,504	135,459	-2,955	-2.2
Receivables due from Group companies	30,895	32,061	-1,166	-3.6
Sundry receivables	46,038	60,605	-14,567	-24.0
Total (item E.III)	434,889	448,214	-13,325	-3.0

Receivables due from the tax authorities amounted to €225.452 million and compare with a balance of €220.089

million in the previous year. 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 €22.803 million; to the withholdings made on bank interest and other withholdings for €13.14 million; to amounts due from the tax authorities transferred to the Company by subsidiaries which have complied with the tax consolidation scheme for €4.291 million. Tax advances paid pursuant to Law no. 265 dated November 22nd, 2002, on the taxation of life reserves for €82.423 million and receivables from the tax authorities for the payment of the annual tax advance on insurance premiums, provided for by Article 9, paragraph 1-bis of Law no. 1216 of 1961, for €76.098 million, are also included.

Prepaid tax assets, recorded for €132.504 million, deriving from the deductible timing differences, such as write-downs and losses on receivables from policyholders for €36.157 million, the write-down of other receivables and the provisions for risks and charges for €17.73 million, the capital losses from valuation on shares amounting to €2.897 million, the change in the provision for outstanding claims for €15.557 million, the amortisation of the goodwill from business segments acquired for €10.302 million and other adjustments for €1.651 million.

Other assets also include €42.915 million in deferred tax assets recognised on goodwill and other intangible assets in accordance with Legislative Decree no. 185 dated November 29th, 2008.

The timing differences relating to IRAP amount to €5.295 million.

Receivables from Group companies amount in total to €30.895 million, of which €10.227 million for the transfer of tax positions represented by current IRES of the companies who have settled for the tax consolidation system and other intercompany receivables amounting to €20.618 million.

The remaining balance of other receivables, which amount to €46.038 million, mainly includes the receivables due for guarantee and restricted deposits amounting to approximately €25.144 million, amounts due from customers and advances to suppliers for €7.106 million, receivables due from unit-linked management funds and pension funds for €2.11 million, receivables from tenants of €878 thousand and receivables from guarantee funds of €264 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)	2018	2017	Changes	
			Amount	%
Furniture and equipment	1,909	2,313	-404	-17.5
Assets recorded in public registers	63	240	-177	-73.8
Plant and equipment	918	1,202	-284	-23.6
TOTAL (item F)	2,890	3,755	-865	-23.0

Table 42 - Tangible assets and inventories - gross depreciation amounts

(€ thousands)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Furniture and equipment	48,249	229	5	48,473
Assets recorded in public registers	841	0	174	667
Plant and equipment	3,544	28	0	3,572
TOTAL	52,634	257	179	52,712

Table 43 - Tangible assets and inventories – accumulated depreciation

(€ thousands)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Furniture and equipment	45,936	628	0	46,564
Assets recorded in public registers	601	95	92	604
Plant and equipment	2,342	312	0	2,654
TOTAL	48,879	1,035	92	49,822

The gross amounts come to €52.712 million compared with €52.634 million in the previous year. The accumulated depreciation amounts to €49.822 million. The figures compares with €48.879 million reported at the end of the previous year.

During the year, the increase in accumulated depreciation, totalling €1.035 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 €67.372 million. During the previous year it amounted to €64.304 million.

With regard to the change in the item, please see the Cash flow statement.

Other assets

Other assets amounted to €152.415 million. During the previous year, it amounted to €154.443 million.

The item includes the balance of the liaison account between the non-life and life sectors for €79.86 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 €20.546 million for the amount relating to the taxation on mathematical provisions for the life classes accrued during the year, €22.783 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 €6.451 million regarding the amounts relating to technical items for transactions under reconciliation to be settled as at the year-end date.

SECTION 7 - ACCRUALS AND DEFERRALS (Item G)

Table 44 - Accruals and deferrals

(€ thousands)	2018	2017	Changes	
			Amount	%
For interest	54,868	56,642	-1,774	-3.1
Other accruals and deferrals	906	585	321	54.9
TOTAL (item G)	55,774	57,227	-1,453	-2.5

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

(amounts in €)

Description of the Security	Nominal value	Book value	Currency	% interest rate as of Dec. 31 st ,2018	Early repayment clauses		
					Maturity Date	First call repayment date	Call repayment price
ABNANV 4 3/4 PERP	3,200,000	2,781,216	EUR	4.75000	PERPETUAL	22/09/2027	100.00
ACAFP 2 5/8 03/17/27	10,900,000	10,499,347	EUR	2.62500	17/03/2027		
ASSGEN 7 3/4 12/12/42	800,000	800,000	EUR	7.75000	12/12/2042		
AXASA 5 1/4 04/16/40	100,000	105,366	EUR	5.25000	16/04/2040		
BAC 0 05/06/19	1,000,000	948,633	EUR	1.14200	06/05/2019		
BACR 4 3/4 PERP	2,000,000	1,938,910	EUR	4.75000	PERPETUAL	15/03/2020	100.00
BACR 6 1/2 PERP	7,000,000	6,781,740	EUR	6.50000	PERPETUAL	15/09/2019	100.00
BAMIIM 4 3/8 09/21/27	6,300,000	5,797,638	EUR	4.37500	21/09/2027		
BAMIIM 6 11/05/20	6,000,000	5,952,403	EUR	6.00000	05/11/2020		
BAMIIM 6 3/8 05/31/21	3,319,000	3,255,873	EUR	6.37500	31/05/2021		
BAMIIM 7 1/8 03/01/21	1,300,000	1,352,747	EUR	7.12500	01/03/2021		
BBVASM 3 1/2 02/10/27	2,000,000	2,044,820	EUR	3.50000	10/02/2027		
BDC 3 7/8 03/15/28	2,500,000	2,282,625	EUR	3.87500	15/03/2028		
BKIASM 3 3/8 03/15/27	4,500,000	4,493,205	EUR	3.37500	15/03/2027		
BNP 2 1/4 01/11/27	8,700,000	8,532,003	EUR	2.25000	11/01/2027		
BNP 2 3/4 01/27/26	7,995,000	7,959,353	EUR	2.75000	27/01/2026		
BNP 2 5/8 10/14/27	10,700,000	10,721,155	EUR	2.62500	14/10/2027		
BNP 4 7/8 PERP	5,000,000	4,150,000	EUR	4.87500	PERPETUAL	17/10/2019	100.00
BPEIM 5 1/8 05/31/27	4,500,000	4,286,340	EUR	5.12500	31/05/2027		
C 4 1/4 02/25/30	2,500,000	2,917,693	EUR	4.25000	25/02/2030		
CABKSM 2 1/4 04/17/30	2,000,000	1,809,620	EUR	2.25000	17/04/2030		
CABKSM 2 3/4 07/14/28	1,000,000	980,910	EUR	2.75000	14/07/2028		
CMZB 4 03/23/26	4,300,000	4,335,121	EUR	4.00000	23/03/2026		
CMZB 6 3/8 03/22/19	106,000	98,144	EUR	6.37500	22/03/2019		
CRDEM 3 1/8 03/13/25	4,605,000	4,390,775	EUR	3.12500	13/03/2025		
CRSM 15/09/19 5.25% SUB	5,886,712	5,886,712	EUR	5.25000	15/09/2019		
DB 4 1/2 05/19/26	4,500,000	4,454,508	EUR	4.50000	19/05/2026		
HSBC 3 1/8 06/07/28	2,000,000	1,969,030	EUR	3.12500	07/06/2028		
HSBC 4 3/4 PERP	7,300,000	6,571,241	EUR	4.75000	PERPETUAL	04/07/2029	100.00
INTNED 2 1/2 02/15/29	2,000,000	2,017,200	EUR	2.50000	15/02/2029		
INTNED 3 5/8 02/25/26	6,350,000	6,340,347	EUR	3.62500	25/02/2026		
ISPIM 2.855 04/23/25	13,400,000	12,975,622	EUR	2.85500	23/04/2025		
ISPIM 3.928 09/15/26	10,250,000	10,170,543	EUR	3.92800	15/09/2026		
ISPIM 6 5/8 09/13/23	1,196,000	1,137,311	EUR	6.62500	13/09/2023		
ISPIM 8 3/8 PERP	650,000	650,000	EUR	8.37500	PERPETUAL	14/10/2019	100.00
LBBW 2 7/8 09/28/26	2,000,000	1,991,888	EUR	2.87500	28/09/2026		
LLOYDS 1 3/4 09/07/28	1,000,000	927,650	EUR	1.75000	07/09/2028		
LLOYDS 4 1/2 03/18/30	4,000,000	4,252,301	EUR	4.50000	18/03/2030		
LLOYDS 6 1/2 03/24/20	150,000	149,946	EUR	6.50000	24/03/2020		

(amounts in €)

Description of the Security	Nominal value	Book value	Currency	% interest rate as of Dec. 31 st ,2018	Early repayment clauses		
					Maturity Date	First call repayment date	Call repayment price
LOXAM 7 07/23/22	2,913,625	2,900,944	EUR	7.00000	23/07/2022		
MEDIOBANCA 22/03/29 SUBORDINATED	48,000,000	48,000,000	EUR	3.50000	22/03/2029		
RABOBK 2 1/2 05/26/26	1,000,000	998,397	EUR	2.50000	26/05/2026		
RABOBK 4 5/8 PERP	2,000,000	1,913,660	EUR	4.62500	PERPETUAL	29/12/2025	100.00
SANTAN 2 1/2 03/18/25	4,000,000	3,948,519	EUR	2.50000	18/03/2025		
SANTAN 2 1/8 02/08/28	3,000,000	2,739,690	EUR	2.12500	08/02/2028		
SANTAN 3 1/2 03/24/29	48,000,000	48,000,000	EUR	3.50000	24/03/2029		
SANTAN 3 1/4 04/04/2026	4,600,000	4,578,429	EUR	3.25000	04/04/2026		
SANTAN 3 1/8 01/19/27	2,800,000	2,775,873	EUR	3.12500	19/01/2027		
SANTAN 6 1/4 PERP	4,100,000	3,879,625	EUR	6.25000	PERPETUAL	12/06/2019	100.00
SNSBNK 6 1/4 10/26/20	850,000	38,250	EUR	0	26/10/2020		
SOCGEN 0 06/12/23	20,000,000	19,990,345	EUR	6.30000	12/06/2023		
STANLN 3 1/8 11/19/24	3,000,000	2,989,865	EUR	3.12500	19/11/2024		
TELEFO 3 3/4 PERP	300,000	300,000	EUR	3.75000	PERPETUAL	15/03/2022	100.00
UBIIM 4 1/4 05/05/26	14,100,000	13,743,693	EUR	4.25000	05/05/2026		
UBIIM 4.45 09/15/27	2,600,000	2,500,134	EUR	4.45000	15/09/2027		
UBS 4 3/4 02/12/26	2,100,000	2,147,438	EUR	4.75000	12/02/2026		
UCGIM 4 1/2 06/14/32	47,000,000	47,000,000	EUR	4.50000	14/06/2032		
UCGIM 4 3/8 01/03/27	5,250,000	5,193,054	EUR	4.37500	03/01/2027		
USIMIT 3 7/8 03/01/28	8,150,000	6,574,931	EUR	3.87500	01/03/2028		
VITTAS 5 3/4 07/11/28	36,000,000	36,000,000	EUR	5.75000	11/07/2028		
VLVY 4.2 06/10/75	1,900,000	1,896,649	EUR	4.20000	10/06/2075		
Total	424,671,337	416,819,433					

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)	Changes			
	2018	2017	Amount	%
Share capital	522,882	522,882	0	0
Share premium reserve	752,970	785,490	-32,520	-4.1
Revaluation reserve	62,499	62,499	0	0
Legal reserve	282,537	281,475	1,062	0.4
Other provisions	182,718	204,446	-21,728	-10.6
Profit (loss) for the period	3,465	5,309	-1,844	-34.7
Negative reserve for own shares in portfolio	-49,927	-46,945	-2,982	-6.4
TOTAL (item A)	1,757,144	1,815,156	-58,012	-3.2

Share capital

The fully subscribed and paid in share capital as at 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 €752.97 million and was used for €32.547 million to cover the loss to the life classes reported last year. It contains the payments of the shareholder admission fees totalling €27 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 Law no. 16, paragraph 10, of Legislative Decree No. 2, dated January 28th, 2009.

Legal reserve

The legal reserve raised from €281.475 million to €282.537 million following the allocation of the profit for 2017.

Other provisions

They are as follows:

- €114.626 million for the extraordinary reserve. The increase of €32.549 million is due to the allocation of the 2017 profit relating to the non-life business. The decrease of €56.757 million relates to the distribution of the extraordinary dividend as per the shareholders' resolution of April 28th, 2018;
- €62.205 million for the dividends reserve. During the year, €2.444 million was allocated to the reserve, resulting from the cancellation of the 2017 dividend on own shares and €37 thousand was allocated following the prescription of dividends relating to the distribution of the 2012 result;
- €1.103 million from the taxed reserve, which already existed at the end of 1982 and released pursuant to

Legislative Decree no. 467 dated December 18th, 1997;

- €689 thousand from the reserve represented by the remainder from the merger of the companies Plotino and San Zeno;
- €310 thousand from the reserve for restricted net exchange gains as per Legislative Decree No. 6 dated January 17th, 2003, pursuant to Article 2426, no. 8-bis for net gains from foreign exchange valuation;
- €4.217 million from the reserve for unrestricted net exchange gains, as established by the resolution dated April 28th, 2018, as a result of realised gains in 2017 amounting to €1.404 million;
- the "Reserve for amounts realised on disposal of difference from cancellation of own shares" recognised in accordance with ISVAP Regulation No. 22 which, as at December 31st, 2018, showed a negative balance of €441 thousand. The item was unchanged during 2018;
- €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 Article 1, of Legislative Decree August 18th, 2015, implementing Directive 2013/34/EU, own shares are recorded in the financial statements as a direct reduction of shareholders' equity, pursuant to the provisions of paragraph three of Article 2357-ter.

As a result, the "Negative reserve for own shares in portfolio" amounts to €49.927 million, of which €37.101 million pertaining to the non-life class and €12.826 million pertaining to the life class, corresponding to 7,036,907 shares, equal to 4.04% 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	Others reasons
Share capital	522,882				
Capital reserves					
Share premium reserve	752,970	a, b, c	703,043 (**)	51,504	
Revaluation reserve	62,499	a, b, c	62,499 (***)		
Other provisions	689	a, b	689		
Profit reserves					
Legal reserve	282,537	b	282,537		
Other provisions	182,029	a, b, c	181,719	4,637	93,359
Negative reserve for own shares in portfolio	-49,927				
Total	1,753,679		1,230,487	56,141	93,359
Restricted portion			283,226		
Residual unrestricted portion			947,261		

(*) 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 Article 2445, paragraphs 2 and 3, of the Italian Civil Code, as well as the provisions envisaged by the related laws on revaluation.

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 - transactions during the year

(€ thousands)	Share capital	Share premium reserves	Revaluation reserve	Legal reserve	Negative reserve for own shares	Others reserves	Retained profits	Profit for the year	Total
Shareholders' equity as of Dec 31st, 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		-50,545	-61,003
Allocation to reserves				12,742		9,735		-22,477	0
Other allocations									0
Coverage of life loss for 2016		-8,857				-457		9,314	0
Other uses									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 Dec 31st, 2017	522,882	785,490	62,499	281,476	-46,946	204,446	0	5,309	1,815,156
Allocation of profit (loss) for 2017									0
Dividend payment (€0.35 per share)						-56,757		-4,246	-61,003
Allocation to reserves				1,061		32,549		-33,610	0
Other allocations									0
Coverage of life loss for 2017		-32,547						32,547	0
Other uses									0
Other changes 2018:									0
Cancellation of dividend on own shares						2,443			2,443
Other		27			-2,981	37			-2,917
Profit (loss) for 2018								3,465	3,465
Shareholders' equity as of Dec 31st, 2018	522,882	752,970	62,499	282,537	-49,927	182,718	0	3,465	1,757,144

SECTION 9 - SUBORDINATED LIABILITIES (Item B)

Subordinated liabilities as at December 31st, 2018 comprised:

- a loan of €80 million granted by UBI Banca on September 30th, 2010 with the following specifications:
 - duration: unspecified;
 - early repayment: as at 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 on this loan amounted to €1.384 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 relating to this loan amounted to €7.25 million.

- a subordinated bond issue 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 relating to this loan amounted to €21.25 million.

SECTION 10 - TECHNICAL PROVISIONS (Item C)

Table 48 - Breakdown of technical provisions

(€ thousands)			Changes	
	2018	2017	Amount	%
Premium provision	679,638	680,099	-461	-0.1
Provision for outstanding claims	2,567,434	2,581,690	-14,256	-0.6
Other technical provisions	158	151	7	4.6
Equalisation provisions	13,724	13,235	489	3.7
Total non-life classes (item C.I)	3,260,954	3,275,175	-14,221	-0.4
Mathematical provisions	4,744,312	4,822,699	-78,387	-1.6
Premium provisions of supplementary insurance	500	571	-71	-12.4
Provision for outstanding claims	184,369	129,926	54,443	41.9
Provision for profit-sharing and repayments	33	44	-11	-25.0
Other technical provisions	35,470	30,757	4,713	15.3
Total life classes (item C.II)	4,964,684	4,983,997	-19,313	-0.4
TOTAL TECHNICAL PROVISIONS	8,225,638	8,259,172	-33,534	-0.4

Non-life business

Premium provision

The premium provision amounts to €679.638 million and comprises €594.372 million for the provision for unearned premiums (of which €571.328 million for direct business), €79.917 million for supplementary provisions of the provision for unearned premiums (of which €75.317 million for direct business) as well as €5.349 million for the provision for risks in progress (of which €3.672 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 Appendix 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 €3.166 million and to class 7, goods in transit, for €506 thousand (€6.454 million to class 13 and €287 thousand to class 8 as at December 31st, 2017). The unexpired risk provision relating to indirect business on class 10 for €1.677 million (as at December 31st, 2017, amounted to €1.183 million on the class 10 and €83 thousand on class 10).

In conclusion, supplementary provisions have been recognised for a total of €79.917 million (€72.223 million as at December 31st, 2017), of which €75.317 million on direct business (€12.096 million on class 1, accident and injury, €197 thousand on class 7, goods in transit, €29.57 million on class 8, fire & natural forces, €23.103 million on class 9, other damage to assets, €57 thousand on class 13, general TPL, €2 thousand on class 14, credit, €10.29 million on class 15, suretyship) and €4.6 million on indirect business (€7 thousand on class 1, accident and injury, €3 thousand on class 7, goods in transit, €4.59 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)	2018	2017	Changes	
			Amount	%
Classes:				
01 - Accident and injury	54,683	56,756	-2,073	-3.7
02 - Health	25,627	28,651	-3,024	-10.6
03 - Land vehicle hulls	37,606	38,770	-1,164	-3.0
04 - Railway rolling stock	6	111	-105	-94.6
05 - Aircraft hulls	20	114	-94	-82.5
06 - Ships (sea and inland water vessels)	1,152	347	805	n.s.
07 - Goods in transit	1,298	1,355	-57	-4.2
08 - Fire & natural forces	52,483	47,501	4,982	10.5
09 - Other damage to assets	47,410	47,604	-194	-0.4
10 - TPL - Land motor vehicles	258,501	260,938	-2,437	-0.9
11 - TPL - Aircraft	7	14	-7	-50.0
12 - TPL - Shipping (sea & inland)	892	980	-88	-9.0
13 - TPL - General	52,377	45,500	6,877	15.1
14 - Credit	7,625	8,099	-474	-5.9
15 - Suretyship	9,903	9,439	464	4.9
16 - Sundry financial losses	7,587	11,577	-3,990	-34.5
17 - Legal protection	4,073	3,962	111	2.8
18 - Assistance	10,078	9,615	463	4.8
TOTAL	571,328	571,333	-5	-0.0

n.s. = not significant

Table 50 - Provisions for unearned premium - indirect business

(€ thousands)	2018	2017	Changes	
			Amount	%
Classes:				
01 - Accident and injury	1,193	1,652	-459	-27.8
02 - Health	467	1,169	-702	-60.1
03 - Land vehicle hulls	1,638	2,288	-650	-28.4
06 - Ships (sea and inland water vessels)	6	6	0	0
07 - Goods in transit	17	45	-28	-62.2
08 - Fire & natural forces	10,524	11,694	-1,170	-10.0
09 - Other damage to assets	2,572	3,582	-1,010	-28.2
10 - TPL - Land motor vehicles	1,583	1,902	-319	-16.8
13 - TPL - General	1,111	1,710	-599	-35.0
15 - Suretyship	3,873	4,430	-557	-12.6
16 - Sundry financial losses	60	57	3	5.3
TOTAL	23,044	28,535	-5,491	-19.2

Provision for outstanding claims

The provision for outstanding claims amounts to €2,567.434 million and comprises €2,299.884 million for the provision for outstanding claims which have occurred and been reported, €178.502 million for the provision for outstanding claims which have occurred but have not yet been reported as well as €89.048 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 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 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 Appendix 13.

Table 51 – Provision for outstanding claims - direct business

(€ thousands)	Changes			
	2018	2017	Amount	%
Classes:				
01 - Accident and injury	95,650	87,706	7,944	9.1
02 - Health	40,523	30,955	9,568	30.9
03 - Land vehicle hulls	18,580	16,168	2,412	14.9
04 - Railway rolling stock	240	240	0	0
05 - Aircraft hulls	49	2,358	-2,309	-97.9
06 - Ships (sea and inland water vessels)	2,722	1,458	1,264	86.7
07 - Goods in transit	13,607	11,780	1,827	15.5
08 - Fire & natural forces	154,590	134,428	20,162	15.0
09 - Other damage to assets	67,473	58,890	8,583	14.6
10 - TPL - Land motor vehicles	1,251,019	1,234,459	16,560	1.3
11 - TPL - Aircraft	15	5	10	n.s.
12 - TPL - Shipping (sea & inland)	3,492	3,143	349	11.1
13 - TPL - General	842,794	915,918	-73,124	-8.0
14 - Credit	721	477	244	51.2
15 - Suretyship	30,497	34,556	-4,059	-11.7
16 - Sundry financial losses	4,371	2,583	1,788	69.2
17 - Legal protection	9,146	8,653	493	5.7
18 - Assistance	4,710	7,081	-2,371	-33.5
TOTAL	2,540,199	2,550,858	-10,659	-0.4

n.s. = not significant

Table 52 – Provision for outstanding claims - indirect business

(€ thousands)	2018	2017	Change	
			Amount	%
Classes:				
01 - Accident and injury	2,507	2,595	-88	-3.4
02 - Health	480	397	83	20.9
03 - Land vehicle hulls	755	902	-147	-16.3
06 - Ships (sea and inland water vessels)	35	58	-23	-39.7
07 - Goods in transit	64	65	-1	-1.5
08 - Fire & natural forces	3,455	4,163	-708	-17.0
09 - Other damage to assets	2,333	3,076	-743	-24.2
10 - TPL - Land motor vehicles	6,224	8,099	-1,875	-23.2
13 - TPL - General	9,541	9,073	468	5.2
14 - Credit	344	322	22	6.8
15 - Suretyship	1,493	2,075	-582	-28.0
16 - Sundry financial losses	4	7	-3	-42.9
TOTAL	27,235	30,832	-3,597	-11.7

Other technical provisions

The item amounts to €158 thousand (of which €155 thousand direct business and €3 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 Appendix 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 €13.724 million (of which €13.592 million for direct business and €132 thousand for indirect business), disclosing an increase of €489 thousand. In detail, by class, it comprises: €6.47 million relating to the fire & natural forces class, €4.436 million relating to the land vehicle hull class, €1.333 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 €36 thousand relating to other classes.

The calculation complies with the provisions of Article 1, paragraph 1 of Ministerial Decree no. 705 dated November 19th, 1996.

Life business

Mathematical provisions

They amount to €4,744.312 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 a decrease of €78.387 million.

Provisions for outstanding claims

The provisions for outstanding claims amount to €184.369 million (of which €49.893 million relating to class I, €19.162 million relating to class III, €54 thousand relating to class IV and €115.26 million relating class V).

These provisions reported an increase of €54.443 million.

Other technical provisions

Other technical provisions, amounting to €35.47 million, are made up of the provisions for future expense totalling €34.346 million (of which €23.942 million relating to Class I, €9.2154 million relating to Class III, €1.084 million relating to Class V, €88 thousand relating to class IV and €17 thousand relating to Class IV) and of the supplementary provision relating to Class I for €1.124 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 Appendix 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 €956.519 million, with a decrease of €132.528 million comparing 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 €202.256 million and are established in the presence of index and unit linked contracts, amounting respectively to €178 thousand and €202.078 million, reporting an increase of €64.909 million compared with December 31st, 2017, 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 €951.7 million to €754.263 million.

During 2018, 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 operates under a defined contribution system. It was established by the Company pursuant to Article 12 of Legislative Decree no. 252 dated December 5th, 2005, was authorised by provision of the Supervisory Commission on Pension Funds on July 29th, 1998 and began operating 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 DEPObank 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 at December 31st, 2018, the Fund had 7,517 assets recorded (7,528 at the end of 2017).

The Risparmio & Previdenza Open-End Pension Fund also operates under a defined contribution system. It was established pursuant to Article 12 of Legislative Decree no. 252 dated December 31st, 2005, was authorised by provision of the Supervisory Commission on Pension Funds on July 29th, 1998 and began operating 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 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 at December 31st, 2018, the Fund had 3,076 assets recorded (3,076 at the end of 2017).

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 €126.91 million. The change in the assets, positive, compared to 2017, amounted to €1.7 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)	2018	2017	Changes	
			Amount	%
Azionario Globale	19,311	20,330	-1,019	-5.0
Bilanciato Globale	17,633	17,693	-60	-0.3
Etico	1,581	1,489	92	6.2
Garantito	37,022	34,645	2,377	6.9
Monetario Globale	3,928	4,124	-196	-4.8
Obbligazionario Globale	7,221	7,200	21	0.3
Total Cattolica Gestione Previdenza open-end pension fund	86,696	85,481	1,215	1.4

Table 54 - Risparmio & Previdenza open-end pension fund - net asset value by segment

(€ thousands)	2018	2017	Changes	
			Amount	%
Bilanciato Globale	13,065	13,008	57.0	0.4
Etico	1,168	1,160	8.0	0.7
Garantito	14,182	13,897	285.0	2.1
Bilanciato Prudente	11,799	11,664	135	1.2
Total Risparmio & Previdenza open-end pension fund	40,214	39,729	485	1.2

In the following table, provisions, assets and premiums for the year relating to the open-end pension funds are compared with the balances as at December 31st, 2017;

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	
	2018	2017	2018	2017	2018	2017
Cattolica Gestione Previdenza open-end pension fund	86,696	85,481	86,696	85,481	9,675	9,451
Risparmio & Previdenza open-end pension fund	40,214	39,729	40,214	39,729	3,915	3,979

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	
	2018	2017	2018	2017	2018	2017
Azimet Previdenza open-end pension fund	0	147,520	0	147,520	3,776	46,721
Cometa	449,411	456,743	449,411	456,743	39,198	40,012
Journalists' fund	0	43,577	0	43,577	3,525	3,643
Fontex supplementary pension fund	0	6,223	0	6,223	27	782
Fopadiva	0	22,986	0	22,986	0	2,118
Solidarietà Veneto - Pension Fund	177,942	149,441	177,942	149,441	30,212	21,893
Total	627,353	826,490	627,353	826,490	76,738	115,169

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)
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)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Provision for pensions and similar commitments	2,337	54	193	2,198
Provision for taxation	5,755	0	1,568	4,187
Other provisions and allowances	52,922	15,379	9,845	58,456
TOTAL (item E)	61,014	15,433	11,606	64,841

The item, which increased from €61.014 to €64.841 million, includes provisions for retirement benefits and similar obligations for €2.198 million, deferred tax provisions for €4.187 million and other provisions for €58.456 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 raised from €52.922 million to €58.456 million. The increases for the year amounted in total to €15.379 million, while the decreases came to €9.845 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 2018, the agreements produced an overall liability of €3.132 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 €1.764 million.

The provision existing at the end of the year came to €6.12 million.

Furthermore, the item mainly comprised amounts set aside for:

- legal disputes and costs for €10.518 million (€3.306 million was provided and €2.727 million used during the year);
- liabilities pertaining to the financial requirements relating to length-of-service bonuses of employees for €7.224 million;
- sums to be paid out for agents' leaving indemnities, equal to €7.265 million (€566 thousand was provided during the year);
- liabilities pertaining to the financial requirements relating to health premiums of retired staff for €7.128 million;
- disputes pending with former trustees and sundry summons, pertaining to the claims area, amounting to €3.4 million (during the year, €950 thousand was set aside and €350 thousand was used);
- 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 €1.225 million (€475 thousand was set aside during the year);
- formal notices and reports on findings that can be served by the supervisory and control authority for €975 thousand (€525 thousand was set aside and €126 thousand used during the year).
- sums to be paid relating to the termination of senior management positions, amounting to €1.487 (during the year, €1.713 million was used)
- sanctions that can be entered in the register following rulings pronounced by the Court of Cassation on VAT under Article 6 within the group, amounting to €3.955 million (during the year, €61 thousand was set aside).

It should be noted that, during the year, provision was made to set aside €4.305 million, following the sentences recently filed in the Court of Cassation concerning the applicability of the VAT exemption to the delegation commissions under co-insurance contracts.

SECTION 13 - DEPOSITS RECEIVED FROM RE-INSURERS (Item F)

These are recorded in the financial statements for €20.474 million (€32.655 million at the end of the previous year) and represent payables for deposits which the Company withholds in the event of reinsurance payable.

SECTION 14 - PAYABLES AND OTHER LIABILITIES (Item G)

At the end of the year, these came to €365.458 million, compared with €406.404 million at the end of the previous year, of which €57.035 million for insurance and reinsurance transactions; €6.533 million for employee severance indemnities and €301.89 million for other payables and other liabilities.

Table 59 - Payables deriving from insurance and reinsurance transactions

(€ thousands)	Changes			
	2018	2017	Amount	%
Payables, deriving from direct insurance transactions, due to:				
Insurance brokers	15,835	14,005	1,830	13.1
Insurance companies - current accounts	4,376	2,991	1,385	46.3
Policyholders for guarantee deposits and premiums	13,327	30,313	-16,986	-56.0
Guarantee funds in favour of policyholders	54	50	4	8.0
Total (item G.I)	33,592	47,359	-13,767	-29.1
Payables, deriving from reinsurance transactions, due to:				
Insurance and reinsurance companies	23,443	13,305	10,138	76.2
Total (item G.II)	23,443	13,305	10,138	76.2

Payables deriving from direct insurance transactions

Payables deriving from direct insurance transactions amount to €33.592 million.

Payables due to direct insurance brokers

The item amounts in total to €15.835 million, of which €14.472 million regarding to the non-life business and €1.363 million to the life business. As at December 31st, 2017, it amounted to €14.005 million.

Payables due to insurance companies - current accounts

The item amounts in total to €4.376 million, fully attributed to the non-life business.

As at December 31st, 2017, it amounted to €2.991 million.

Payables due to policyholders for guarantee deposits and premiums

The item amounts in total to €13.327 million, of which €12.507 million attributable to the non-life business and €820 thousand to the life business, essentially pertaining to

amounts collected relating to contracts issued in the following year.

As at December 31st, 2017, it amounted to €30.313 million.

Payables deriving from reinsurance transactions

Payables due to insurance and reinsurance companies

The item amounts in total to €23.443 million, of which €22.009 million attributable to the non-life business and €1.434 thousand to the life business, compared with €13.305 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. No value had been recorded at the year-end date.

The balance of the item at the end of the previous year came to €7.199 million for credit facilities, usable for cash flexibility.

Employee severance indemnities

The employee severance indemnity provision (Article 2427.4 of the Italian Civil Code) disclosed the changes analytically indicated in Appendix 15 during the year.

Table 60 Employee severance indemnities

(€ thousands)	Jan 1, 2018	Increases	Decreases	Dec 31, 2018
Employee severance indemnities (item G.VII)	6,118	4,652	4,237	6,533

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)	2018	2017	Changes	
			Amount	%
For taxes payable by policyholders	30,083	29,809	274	0.9
For sundry tax charges	52,032	79,834	-27,802	-34.8
Amounts due to social security and welfare institutions	2,864	2,776	88	3.2
Sundry payables	97,199	96,463	736	0.8
Total (item G.VIII)	182,178	208,882	-26,704	-12.8

Payables for sundry tax charges

"Payables for sundry tax charges" mainly include €20.546 million for the current payable deriving from the assessment of the taxation on the mathematical provisions of the life business pertaining to the year, €9.328 million for the liability for IRES, €5.304 million for IRAP, as well as the payable, for €10.277 million, relating to the liability for IRES of the companies taking part in the tax consolidation.

Sundry payables

The item amounts to €97.199 million. The item mainly includes the amounts payable to Group companies for €25.83 million, sundry payables to personnel for €12.931 million, payables to management funds for €12.053 million, payables to Cassa Previdenza Agenti for €1.689 million, as well as payables to suppliers for €1.539 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 €14.758 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)	2018	2017	Changes	
			Amount	%
Commission for premiums being collected	23,768	22,154	1,614	7.3
Sundry liabilities	95,944	101,387	-5,443	-5.4
Total (item G.IX)	119,712	123,541	-3,829	-3.1

The item includes sundry liabilities for €95.944 million and commission for premiums being collected for €23.768 million.

The item "Sundry liabilities" comprises the balance of the liaison account between the non-life and life sectors for

€79.86 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 for €10.294 million.

SECTION 15 - ACCRUALS AND DEFERRALS

The item amounts to €6.735 million. Deferred income "for interest" includes €5.464 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 €1.271 million and in relation to which reference is made to the matters illustrated for the item "Land and buildings".

SECTION 16 - ASSETS AND LIABILITIES RELATING TO GROUP COMPANIES AND OTHER INVESTEES

Appendix 16 shows the statement of assets and liabilities relating to Group companies and other investees.

SECTION 17 - RECEIVABLES AND PAYABLES

Receivables outstanding, with a maturity beyond December 31st, 2019 and by December 31st, 2023, concern the agent portfolio indemnity recovery for €18.412 million and the receivables for insurance tax advance pursuant to Law No. 265 dated November 22nd, 2002 and subsequent amendments, regarding the taxation of life reserves for €82.423 million.

Receivables outstanding with a maturity of more than five years concern the agent portfolio indemnity recovery for €20.524 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 at December 31st, there were no payables with secured guarantees.

Pursuant to Article 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 17 BIS - INDIVIDUAL PENSION FUNDS

The Company did not set up any new, individual pension funds during the year pursuant to Article 13, paragraph 1, subparagraph a) and b) of Italian Legislative Decree No. 252 dated December 5th, 2005.

SECTION 18 - GUARANTEES, COMMITMENTS, POTENTIAL LIABILITIES AND OTHER MEMORANDUM ACCOUNTS

Table 63 - Guarantees, commitments and other memorandum accounts

(€ thousands)	2018	2017	Change	
			Amount	%
Guarantees given	78,079	107,021	-28,942	-27.0
Guarantees received	140,901	142,734	-1,833	-1.3
Commitments	388,164	145,190	242,974	n.s.
Third-party assets	33	39	-6	-15.4
Securities lodged with third parties	10,132,629	10,289,609	-156,980	-1.5
TOTAL	10,739,806	10,684,593	55,213	0.5

n.s. = not significant

Guarantees given

The item, totalling €78.079 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 at December 31st).

The item also includes, for €196 thousand, the contract entered into with ANIA for joining SISCO, relating to claims management of the non-life class with co-insurance.

Unsecured guarantees include €1.091 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 €140.901 million, mainly includes the value, amounting to € 27.092 million, of the guarantees pursuant to Article 4 ANA ed. 2003 received from agents enrolled in Gruppo Aziendale Agenti Cattolica, Gruppo Aziendale Agenti Cattolica ex Duomo, Gruppo Aziendale Agenti Cattolica formerly UniOne, Gruppi Aziendali Agenti formerly FATA, Gruppi Aziendali Agenti TUA and Circolo Agenti Cattolica for insurance guarantees stipulated with COFACE.

It also includes the value of the guarantees 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 (€406 thousand) and those deriving from the provision of bank sureties (€5.458 million).

The item also includes the value of the guarantees (€3.938 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 €371.458 million.

It also includes, for €5.672 million and for €11.034 million, the commitment undertaken, respectively, in relation to the subsidiary Cattolica Life and in relation to Vera Financial, 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 Article 1, paragraph 2 of Decree Law 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 at 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 €1,671.335 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 19 - INFORMATION CONCERNING THE TECHNICAL ACCOUNT - NON-LIFE BUSINESS (I)

The technical result of the non-life classes amounts to €99.553 million, of which €125.031 million attributable to direct business and -€25.478 million to reinsurance activities.

It is characterised by:

- the increase of premiums written from €1,524.263 million to €1,546.237 million;
- the decrease in claims costs, which declined from €1,027.179 to €999.927 million, representing 64.7% of the premiums earned (67.4% as at December 31st, 2017);
- the increase in the incidence of management expenses on relevant premiums, which rose from 27.9% to 29.2%: in absolute terms, these costs increased from €425.831 million to €452.119 million; specifically, other administrative expenses increased from €130.344 million to €142.794 million, whilst other management costs went from €295.487 million to

€309.325 million, accounting from 20% of premiums (19.4% in 2017);

- the balance of other technical items (including the change in other technical provisions and the equalisation provision), which increased from a negative balance of €10.533 million to a negative balance of €14.597 million;
- the positive contribution of financial operations, with a portion of profit transferred from the non-technical account for €19.959 million. Specifically, the contribution of financial operations of the non-life business was positive for €33.634 million (€61.447 million in net income as at December 31st, 2017).

As at December 31st, 2017, the technical account amounted to €98.378 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	1,725,978	-202,903	31,244	-2,155	1,552,164
Change in premium provision	-3,957	-3,602	2,089	-457	-5,927
Claims incurred	-1,111,498	128,213	-17,509	867	-999,927
Change in sundry technical provisions	-7	0	0	0	-7
Balance of other technical items	-15,762	1,911	-250	0	-14,101
Operating expenses	-488,861	45,728	-9,828	842	-452,119
Technical balance	105,893	-30,653	5,746	-903	80,083
Change in equalisation provisions	-480	0	-9	0	-489
Portion of profit from investments transferred from the non-technical account	19,618	0	341	0	19,959
Result of technical account	125,031	-30,653	6,078	-903	99,553

Gross premiums written

Gross premiums written amount to €1,757.222 million, of which €1,725.978 million for direct business and €31.244

million for indirect business. The premiums ceded and retroceded came to €205.058 million. In the "Management Report", table 6 shows the amounts of gross premiums written by class.

The gross premiums of the Company as at December 31st, 2017 came to €1,733.326 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 €19.959 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 €17.416 million (€30.736 million as at December 31st, 2017) and includes the use of the provision relating to the write-down of receivables due from policyholders for €6.222 million, cancellations of commission for €3.705 million, cancellations on premiums ceded for €2.648 million, the recovery of legal costs for €2.163 million and other technical items for €2.678 million, relating amongst other things to the incentives of the management fees of the direct compensation agreement.

Claims incurred

The claims incurred amounted in total to €999.927 million compared with €1,027.179 million in the previous year.

Table 65 - Claims settled - direct and indirect business

(€ thousands)	2018	2017	Changes	
			Amount	%
Compensation and expenses	1,056,600	1,089,238	-32,638	-3.0
Settlement costs	90,528	93,613	-3,085	-3.3
Contribution to road accident victim fund	18,955	19,279	-324	-1.7
Gross balance	1,166,083	1,202,130	-36,047	-3.0

Claims paid relating to the current year amounted to €491.64 million and include compensation and direct costs for €418.836 million, internal and external claims settlement costs for €53.849 million and the contribution in favour of the road accident victim guarantee fund for €18.955 million. The total amount of the item for claims settled relating to previous years came to €674.443 million and concerned compensation and direct costs for €637.764 million and settlement costs for €36.679 million. The reinsurance amount totalled €129.168 million.

The change in the gross amount of the provision for outstanding claims came to €13.055 million (revenue). During the previous year it amounted to €4.691 million (cost).

The reinsurance amount totalled €88 thousand (cost).

The value of the initial provision for outstanding claims amounted to €2,581.69 million (€2,550.858 million relating to direct business and €30.832 million relating to indirect business); this item at the end of the year amounted to

€2,567.434 million, of which €2,540.199 million relating to direct business and €27.236 million to indirect business.

The balance of portfolio changes at the end of the year was €1.2 million (cost).

Repayments and profit-sharing, net of reinsurance

The item, amounting to €250 thousand, includes amounts paid for profit-sharing.

Commissions and profit-sharing received from re-insurers

This item amounts to €46.57 million and mainly includes the commission received from reinsurers for €45.799 million.

Other technical charges

This balance amounts to €31.276 million and mainly includes the write-down of the receivables due from policyholders for the year amounting to €4.033 million, cancellations of prior years' premiums for technical reasons for €8.478 million, and cancellations of premiums due to non-collectability for €9.832 million.

The balance of the item at the end of the previous year came to €40.712 million.

Change in equalisation provisions

The negative change for the year amounting to €489 thousand includes the increase in the equalisation provision for natural calamity risks as per paragraphs 37 et seq. of Appendix 15 and paragraph 29 of Appendix 16 to ISVAP regulation No. 22 dated April 4th, 2008, as amended by IVASS provision No. 53 dated December 6th, 2016.

SECTION 20 - 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 €27.794 million compared with a negative result of €21.477 million in 2017 and was characterised by:

- the decrease in premiums written, which declined from €961.518 million to €814.416 million;
- the increase in the incidence of management expenses on relevant premiums, which rose from 5.6% to 6.5%: in absolute terms, these costs increased from €53.7 million to €53.186 million; specifically, other administrative expenses increased from €24.667 million to €26.088 million, whilst other management costs went from €29.033 million to €27.098 million, accounting from 3.3% of premiums (3% in 2017);
- the decrease in outstanding claims and the change in the technical provisions, which fell from €1,072.939 million to €866.077 million;
- the lower contribution of the class C financial operations with net income of €125.743 million compared with €139.384 million in 2017; 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 €38.101 million to €45.788 million; net profits on the realisation of investments fell from €4.305 million to €3.247 million; income, net of investment management charges, fell from €173.18 million to €168.284 million;
- net income of class D amounted to -€17.542 million compared with €19.693 million in the previous year;
- the balance of the other technical items whose result presented a negative balance of €4.765 million, compared with a negative balance of €6.187 million reported in 2017.

Premiums for the year, net of reinsurance

The overall amount of the gross premiums written totals 825.293 million, of which €825.257 million relating to direct business and €36 thousand relating to indirect business. The premiums ceded came to €10.877 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 €974.337 million. Premiums ceded totalled €12.819 million.

Life premiums disclosed a decrease of 15.3%.

Income from investments

Appendix 21 provides a breakdown of the income from investments.

Income from class C investments amounts to €203.704 million, of which €20.063 million deriving from shares and holdings (of which €16.161 million from shares and holdings of group companies and other investee companies), €161.646 million from other investments, €3.873 million from writebacks on investments written down in previous years and €18.122 million from profits on the realisation of investments.

In absolute terms, the item therefore recorded a decrease of €7.844 million, mainly due to lower income from other investments (-€11.27 million) and lower write-backs of value adjustments (-€8.795 million), offset by an increase in income from shares and quotas (for €8.19 million) and higher capital gains on realisation (for €4.031 million).

The balance of the item at the end of the previous year came to €211.548 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 €15.551 million and disclosed a decrease of €13.41 million.

The balance of the item at the end of the previous year came to €28.961 million.

Other technical income

The balance recorded for €4.104 million mainly includes income paid by mutual fund managers relating to the investment transactions essentially associated with class III and VI policies, for an amount of €3.79 million.

The item at the end of the previous year amounted to €5.595 million.

Claims incurred

The item in its entirety comes to €1,090.612 million and compares with a balance at the end of the previous year of €580.311 million.

The amounts paid for benefits totalled €1,003.355 million (of which €1,003.121 million relating to direct business and €234 thousand relating to indirect business). The balance includes settlement costs for the year which amounted to €2.006 million.

With reference to direct business, the repayment for redemptions amounted to €349.166 million, repayments for contracts which have matured amounted to €604.603 million and repayments for claims amounted to €47.346 million.

The reinsurance figure for claims paid came to €10.539 million.

The change in the gross amounts of the outlay provision amounted to €96.444 million (cost), whilst the reinsurance portion was almost unchanged, at €1.352 million (cost).

Change in technical provisions

The class C technical provisions amounted to €4,964.684 million (€4,983.997 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 €956.519 million (€1,089.047 million at the end of the previous year).

The change in technical provisions net of those charged to reinsurance amounted to €204.535 million (revenue). This change is mainly due, for €78.387 million (revenue), to

the class C mathematical reserves and for €132.528 million (revenue) to the class D technical reserves.

Equity and financial charges

The overall value, equating to €77.961 million, includes €13.425 million for investment management charges, €49.661 million for value adjustments on investments deriving from the year end valuations (of which €16.098 million relating to investments held in Group companies) and €14.875 million for losses deriving from the realisation of investments.

The balance of the item at the end of the previous year came to €72.164 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 €33.093 million.

The balance of the item at the end of the previous year came to €9.268 million.

Operating expenses

The item overall amounted to €53.186 million and is made up of income and acquisition commissions, the change in commission to be amortised and other acquisition costs for €28.284 million and other administrative expenses for €26.088 million; commission and profit-sharing received from re-insurers amounted to €1.186 million.

The balance of the item at the end of the previous year came to €53.7 million.

Other technical charges

Recorded for €8.869 million, these are mainly attributable to maintenance commission paid to the banking and agency network for a total of €5.947 million and the provision to the policyholder receivables write-down allowance for €538 thousand.

The item at the end of the previous year amounted to €11.724 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 valued on the basis of the criteria established by Article 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 €5.552 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 21 - 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 Appendix 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 Appendix 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 22 - INFORMATION CONCERNING THE NON-TECHNICAL ACCOUNT (III)

Income from investments

The item amounted in total to €168.547 million.

Income from shares and holdings amounted to €66.144 million and includes €62.364 million from shares and holding of subsidiaries, associated companies and other investees.

Income from other investments amounts to €88.06 million, the writebacks on investments written down in previous years amount to €1.605 million and profits on the realisation of investments amount to €12.738 million.

In absolute terms, the balance sheet item recorded an increase of €34.554 million, mainly due to the increase in income from shares and quotas for €39.916 million. Income resulting from other investments increased by €6.316 million, whilst capital gains on disposal decreased (-€9.346 million) and value adjustments recovered (-€2.332 million).

The balance of income from investments as at December 31st, 2017 amounted to €133.993 million.

The analytical statement of the income from investments is provided in Appendix 21.

Equity and financial charges

The overall value, equating to €134.913 million, includes €11.015 million for investment management charges, €112.003 million for value adjustments deriving from the year end valuations (of which €60.707 million relating to investments held in Group companies and other investments) and €11.895 million for losses deriving from the realisation of investments.

The balance of charges from investments as at December 31st, 2017 amounted to €72.545 million.

An analytical statement of the equity and financial charges is provided in Appendix 23.

Other income

The item is made up as follows:

Table 66 - Other income - breakdown

(€ thousands)	2018	2017	Changes	
			Amount	%
Exchange gains	17	69	-52	-75.4
Recoveries of administrative expenses and charges from third parties	403	2,147	-1,744	-81.2
Other income from Group companies	17,643	15,012	2,631	17.5
Recoveries from provision for risks and charges and write-downs	22,007	26,447	-4,440	-16.8
Other income	2,085	1,128	957	84.8
TOTAL (item III.7)	42,155	44,803	-2,648	-5.9

The item amounts to €42.155 million. This includes the uses of write-down provisions for risks and charges, for €12.162 million and €9.845 million respectively, for €22.007 million overall.

The item also includes recoveries from Group companies for €17.643 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 €403 thousand. Other income totalling €2.085 million, of which €2.006 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 €44.803 million.

Other charges

The item is made up as follows:

Table 67 - Other charges - breakdown

(€ thousands)	2018	2017	Changes	
			Amount	%
Exchange losses	28	18	10	55.6
Interest expense	29,975	9,955	20,020	n.s.
Amortisation of deferred charges	26,115	26,798	-683	-2.5
Other taxes	4,087	3,919	168	4.3
Provisions and allowances for risks and charges and write-down of	26,763	26,226	537	2.0
Other charges	26,162	34,674	-8,512	-24.5
TOTAL (item III.8)	113,130	101,590	11,540	11.4

n.s. = not significant

The item comes to €113.13 million and compares with a balance as at December 31st, 2017 of €101.59 million.

The item includes interest expense relating to the subordinated loans for €29.884 million; goodwill amortisation for €21.256 million, other deferred charges for €658 thousand, start-up and expansion costs for €4.186 million and leasehold improvements for €15 thousand; provisions and allowances for the write-down of risks and charges for €14.516 million and €12.247 million respectively, for an overall total of €26.763 million.

"Other charges", which amount to €26.162 million, mainly include costs incurred on behalf of Group companies and

charged to the same for €17.31 million, as well as charges consequent to the payment of the amounts due to former employees who joined the Intersectoral solidarity Fund for €2.265 million.

Extraordinary income

The item has a balance of €7.181 million and mainly includes €2.779 million relating to the adjustment of the estimate of income taxes for the previous year compared with the calculation carried out at the time of the payment thereof. The item also includes €3.133 million

resulting from contingent assets were recognised for income items relating to previous years. Lastly, €1.1 million is also included as income for economic regulation following the conversion into run-off of the distribution agreements entered into by Cattolica with Cassa di Risparmio di San Miniato (CARISMI). It should be recalled, as previously described in the Management Report, that, on June 14th, the sale of the equity investment held in CARISMI was completed.

The balance of the item at the end of the same period in the previous year came to €9.074 million.

Extraordinary charges

The item presents a balance of €7.708 million. It mainly includes the following components: taxes referred to previous years for €1.669 million, the charge for 2018 incurred following the activation of the appeal to the extraordinary section of the intersectorial solidarity fund for the insurance sector for the amount of €3.132 million and contingent liabilities for negative income components relating to previous years for €2.803 million.

The balance of the item at the end of the same period in the previous year came to €16.446 million.

Income taxes for the year

Income taxes for the year disclosed a balance of €16.019 million, made up of current taxes (IRES and IRAP) for €14.632 million, prepaid taxes for €1.399 million (cost) and deferred taxes for €1.568 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 amounting relating to the substitute tax as per Decree Law no. 185 dated November 29th, 2008, amounting to €4.354 million, results from the deferral of the charge for the substitute tax paid for the tax recognition of the deficit from the demerger of Duomo Uni One Assicurazioni and Cattolica Previdenza and that of the merger of San Miniato Previdenza, as well as a result of the redemptions of equity investments recorded in the consolidated financial statements.

Table 68 - Income taxes for the year

(€ thousands)	IRES	IRAP	Total
Current taxes	9,328	5,304	14,632
Change in prepaid taxes	-785	-614	-1,399
Change in deferred taxes	-1,311	-257	-1,568
Substitute tax as per Decree Law 185/2008	4,354	0	4,354
TOTAL	11,586	4,433	16,019

As per Article 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								
Change in provision for outstanding claims	82,309	19,754	0	0	17,488	4,197	64,821	15,557
Provisions and allowances for risks and charges	40,879	9,811	10,489	2,517	6,655	1,596	44,713	10,732
Write-down of receivables from policyholders	150,660	36,157	0	0	0	0	150,660	36,157
Allowance for write-down of other receivables	29,865	7,168	11,453	2,749	12,162	2,919	29,156	6,998
Valuation capital losses	3,757	902	9,785	2,348	1,470	353	12,072	2,897
Excess amortisation/depreciation	33,916	8,140	9,008	2,162	0	0	42,924	10,302
Other adjustments	6,570	1,577	6,878	1,651	6,570	1,577	6,878	1,651
Total	347,956	83,509	47,613	11,427	44,345	10,642	351,224	84,294
IRAP								
Write-down of receivables from policyholders	34,727	2,368	0	0	0	0	34,727	2,368
Excess amortisation/depreciation	33,916	2,313	9,008	614	0	0	42,924	2,927
Total	68,643	4,681	9,008	614	0	0	77,651	5,295
Other adjustments								
Total prepaid taxes		88,190		12,041		10,642		89,589
Net effect in Income statement						-1,399		

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								
Capital gains on fixed assets from FATA merger	838	201	0	0	838	201	0	0
Capital gains on stocks from FATA merger	20,551	4,932	0	0	4,625	1,110	15,926	3,822
Total	21,389	5,133	0	0	5,463	1,311	15,926	3,822
IRAP								
Capital gains on stocks from FATA merger	9,118	622	0	0	3,761	257	5,357	365
Total	9,118	622	0	0	3,761	257	5,357	365
Total Deferred taxes		5,755				1,568		4,187
Net effect in Income statement						-1,568		

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 %)	2018			2017		
	IRES	IRAP	Total	IRES	IRAP	Total
Ordinary rate applicable	24.00%	6.82%	30.82%	24.00%	6.82%	30.82%
Effect of increases (decreases) with respect to the ordinary rate:						
Permanent differences:						
Capital gains subject to the "participation exemption" regime	-0.30%			0.00%		
Capital losses subject to the "participation exemption" regime	86.99%			44.45%		
Adjustments due to the provisions on "dividend washing"	1.70%			0.89%		
Interest expense	1.47%			0.21%		
Dividends	-100.69%			-18.98%		
Non-deductible amortisation/depreciation	4.66%			1.99%		
Life provisions change	-1.63%			3.03%		
Co-insurance VAT potential liabilities provision	5.29%			0.00%		
Other non-deductible costs	19.08%	5.86%		11.13%	5.27%	
Other adjustments	18.78%	10.03%		7.19%	2.40%	
Effective rate	59.35%	22.71%	82.06%	73.91%	14.49%	88.40%

SECTION 23 - 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 (Appendix 30);
- summary statement of direct business premiums written (Appendix 31);
- statement of charges relating to staff, directors and auditors (Appendix 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.

Derivative transactions resulted in write-backs of €3.236 million.

Statement 2 – Operations on derivatives - C and D class

(€ thousands)	Nominal amount currency	Nominal (a)	Underlying type	Unit value (b)	Exchange rate (c)	Book value as of Dec 31, 2018 [(a*b)/100]/c
Class C derivative instruments - warrants						
WARRANT CAPITAL FOR PROGRESS 2	EUR	16,000	INDEX BASKET	0.00013	1.00	0
WARRANT EPS EQUITA SPA	EUR	15,390	INDEX BASKET	0.00845	1.00	1
WARR GPI SPA	EUR	25,000	INDEX BASKET	30.00000	1.00	7,500
WARRANT IDEAMI SPA	EUR	20,000	INDEX BASKET	0.00010	1.00	0
WARRANT ALP.I SPA	EUR	27,200	INDEX BASKET	0.00011	1.00	0
VEIONE 0 PERP	EUR	30,000	INDEX BASKET	0.00013	1.00	0
EPS EQUITA PEP SPAC SPA-CW22	EUR	7,064	INDEX BASKET	0.00028	1.00	0
Total class C derivative instruments - warrant		140,654				7,501
Class C derivative instruments - options						
OPTION CP FLEX 2020	EUR	182,802	MULTIPLE ASSETS/LIABILITIES	101.85978	1.00	186,201
OPTION CP FLEX 2025	EUR	1,418,179	MULTIPLE ASSETS/LIABILITIES	317.15056	1.00	4,497,764
OPTION CP FLEX 2030	EUR	579,571	MULTIPLE ASSETS/LIABILITIES	376.21900	1.00	2,180,455
OPTION CP FLEX 2035	EUR	298,040	MULTIPLE ASSETS/LIABILITIES	480.26402	1.00	1,431,377
Total class C derivative instruments - options		2,478,592				8,295,797
TOTAL CLASS C DERIVATIVE INSTRUMENTS						8,303,298
Class D derivative instruments - rights						
Total class D derivative instruments - rights						0
TOTAL CLASS D DERIVATIVE INSTRUMENTS						0
TOTAL CLASS C + D DERIVATIVE INSTRUMENTS						8,303,298

Statement 3 – Derivatives valued at fair value - C and D class

(€ thousands)	Market value
Class C derivative instruments - options	8,296
Class C derivative instruments - warrants	42
Class C derivative instruments - rights	0
Total class C derivative instruments	8,338
Class D derivative instruments - rights	0
Total class D derivative instruments	0
TOTAL CLASS C+D DERIVATIVE INSTRUMENTS	8,338

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, the table shows the indication, separately for the non-life and life classes, of the amount of each item of the shareholders' equity updated on the basis of the changes that will take place due to the proposed allocation of the result for the year, as previously referred to in the Management Report:

Table 72 - Changes 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	559,529	193,441	752,970	559,529	165,978	725,507
Revaluation reserve	37,232	25,267	62,499	37,232	25,267	62,499
Legal reserve	231,265	51,272	282,537	231,958	51,272	283,230
Other provisions	179,384	3,334	182,718	136,402	3,334	139,736
Retained profits (losses)	0	0	0	0	0	0
Profit (loss) for the year	30,928	-27,463	3,465	0	0	0
Negative reserve for own shares in portfolio	-37,101	-12,826	-49,927	-37,101	-12,826	-49,927
TOTAL (item A)	1,360,719	396,425	1,757,144	1,287,502	396,425	1,683,927
(*) 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 Article 149-duodecies of the CONSOB Issuers' Regulations supplemented by CONSOB Resolution No. 15915 dated May 3rd, 2007, illustrates the fees for 2018 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 nor 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	1,000
	Deloitte & Touche s.p.a.	Subsidiaries	836
	Deloitte & Touche network	Subsidiaries	166
Certification service ⁽¹⁾	Deloitte & Touche s.p.a.	Parent Company	1,056
	Deloitte & Touche s.p.a.	Subsidiaries	946
	Deloitte & Touche network	Subsidiaries	65
Other services	Deloitte & Touche s.p.a.	Parent Company	92
Total			4,161

(1) Fees for segregated management schemes, internal funds, pension funds, signing of tax declarations and Solvency II certification and Consolidated "Non-Financial" Statements.

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 €11.072 million for the non-life classes and €51.575 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 €8.172 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 Article 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 €5.05 million for the Directors and €611 thousand for the Statutory Auditors.

SIGNIFICANT EVENTS DURING THE FIRST FEW MONTHS OF 2019

Pursuant to Article 2427, no. 22-quater, of the Italian Civil Code, with reference to the nature, description and capital, financial and economic effect of the significant after the year-end", please refer to the specific paragraph in the Chapter "Other Information" of the Management Report.

PROPOSAL FOR THE ALLOCATION OF THE RESULT FOR THE YEAR

Pursuant to Article 2427, no. 22-septies, of Italian Civil Code, with reference to proposed allocation of the operating result, please refer to the second at the foot of the Management Report.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010, and subsequent amendments and additions, as of January 1st, 2011 the "Procedure for the management of transactions with related parties" 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.

Note that Cattolica Group has entered into several extraordinary transactions with related parties, not atypical and/or unusual, aimed at rationalising and reorganising the corporate structure of the same, or growth by external lines. These transactions, some of which directly involved the Company, are illustrated in another section of the Financial Statements.

Regarding to the relations with the Group companies pursuant to Article 2497-bis and with other related parties pursuant to Article 2427, paragraph 22-bis of the Italian Civil Code, the effects that these activities have had on the company and its results are reported.

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 2018 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, 60% of agreements of the subsidiaries ABC Assicurazioni, BCC Assicurazioni and TUA Assicurazioni are placed with the Company and the remaining 40% with the reinsurance market. Exceptions are the proportional coverage of BCC Assicurazioni, the sale of which to the Company amounts to 50%, whilst the remaining 50% is placed with the reinsurance market and the non-proportional coverage of ABC Assicurazioni, the sale of which to the Company amounts to 70%, whilst the remaining 30% is placed with the reinsurance market.

In some cases, based on the specific features of the business and the type of sale, the coverage is placed directly on the open market.

With regard to transactions with related parties, without prejudice 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 outstanding transactions, via the prior acquisition of the necessary information in relation to the 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 subsidiaries and their associated companies; the changes during the year are commented on in the "Significant events during the year" section.

With reference to equity transactions and, specifically, those relating to the tax consolidation, the item "Other receivables" mainly includes receivables from subsidiaries for the transfer of current IRES to Cattolica; the item "Other payables" mainly includes payables to subsidiaries for the income recognised for transferred tax losses and payables for the transfer of receivables from subsidiaries for withholdings, advances and tax credits on 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.

Table 74 – Equity position and economic transactions with companies subject to management and coordination, associated companies and other related parties

Statement of financial position transactions			
(€ thousands)	Subsidiaries	Associated companies and their subsidiaries	Total 2018
Assets			
Shares	1,595,641	2	1,595,643
Receivables of the insurance and reinsurance operations	1,052		1,052
Reinsurance technical provisions	2,824		2,824
Other receivables and other assets	30,939		30,939
Total	1,630,456	2	1,630,458
Liabilities			
Payables of the insurance and reinsurance operations	5,484		5,484
Reinsurance technical provisions	35,718		35,718
Other payables and other liabilities	26,313		26,313
Total	67,515	0	67,515
Economic transactions and relationships			
(€ thousands)	Subsidiaries	Associated companies and their subsidiaries	Total 2018
Profits and revenues			
Gross premiums written	2,194		2,194
Revenues from reinsurance transactions	28,097		28,097
Dividends	77,900		77,900
Other revenues	17,646		17,646
Total	125,837	0	125,837
Losses and expenses			
Costs for reinsurance transactions	25,139		25,139
Commissions	5,190		5,190
Other costs	128,018		128,018
Total	158,347	0	158,347

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>	2018	2017
A. CASH FLOWS DERIVING FROM OPERATING ACTIVITIES		
Profit (loss) for the period	3,465	5,309
Adjustments for non-monetary elements and other adjustments		
Adjustment of reserves:		
Change in non-life premiums provision	3,874	17,425
Change in provision for outstanding claims and other non-life technical provisions	5,215	22,457
Change in mathematical provisions and other life technical provisions	-148,750	529,081
Amortisation/depreciation	30,013	31,130
Increase in employee severance indemnity and contractual pension fund	4,051	3,514
Net increase in other funds/provisions	3,827	-4,839
Other non-monetary income and charges from financial activities	-11,751	-18,019
Capital gains and losses from valuation deriving from financial activities	180,513	88,605
Write-down of receivables and loans	-2,409	-5,372
(Increase) / decrease in trade receivables and other assets	66,850	-65,327
Increase / (decrease) in payables and other liabilities	-47,642	-6,479
CASH FLOW FROM OPERATING ACTIVITIES (A)	87,256	597,485
B. CASH FLOW DERIVING FROM INVESTMENT ACTIVITIES		
Intangible fixed assets	1,212	-1,180
Tangible fixed assets	-78	-1,123
Property	-33	-40
Purchases of financial fixed assets and current financial assets	-4,971,711	-5,508,086
Sales of financial fixed assets and current financial assets	4,958,523	4,515,730
Loans to third parties	248	391
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	-11,839	-994,308
C. CASH FLOW DERIVING FROM FINANCING ACTIVITIES		
Loan capital		
Increase/(decrease) in short-term payables due to banks	-7,199	-4,196
Loans taken out/(repaid)	0	500,000
Own equity		
Changes in shareholders' equity	27	-7
Sale/(purchase) of own shares	-2,982	-7,038
Seniority indemnity disbursed	-3,636	-4,055
Dividends	-58,559	-58,854
CASH FLOW FROM FINANCING ACTIVITIES (C)	-72,349	425,850
INCREASE / (DECREASE) IN CASH AT BANK AND CASH EQUIVALENT (A+B+C)	3,068	29,027
Cash in bank and cash equivalent as of January 1 st	64,304	35,277
Cash in bank and cash equivalent as of December 31 st	67,372	64,304
INCREASE / (DECREASE) IN CASH AT BANK AND CASH EQUIVALENT	3,068	29,027

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 2018

(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	2,474				
	4. Goodwill	8	111,827				
	5. Other long-term costs	9	3,263			10	117,564
C.	INVESTMENT						
I	- Land and buildings						
	1. Property used for business activities	11	59,470				
	2. Property used by third parties	12	35,955				
	3. Other property	13	0				
	4. Other realty rights	14	0				
	5. Property under construction and advance payments	15	0	16	95,425		
II	- Investments in Group companies and other investees						
	1. Company shares and holdings:						
	a) parent companies	17	0				
	b) subsidiaries	18	1,286,071				
	c) affiliated companies	19	0				
	d) associated companies	20	2				
	e) other companies	21	27,361	22	1,313,434		
	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	10,834	28	10,834		
	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	1,324,268
					to be carried forward		117,564

Financial Year 2018

Balances for the previous year

			181	0
182	0			
184	0			
186	0			
187	5,210			
188	124,450			
189	3,649		190	133,309
191	61,524			
192	36,823			
193	0			
194	0			
195	0	196	98,347	
197	0			
198	672,066			
199	0			
200	2			
201	33,439	202	705,507	
203	0			
204	0			
205	0			
206	0			
207	6,975	208	6,975	
209	0			
210	0			
211	0			
212	0			
213	0	214	0	215
			712,482	
	to be carried forward			133,309

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS
ASSETS

		carry forward		Balances for the year		
					117,564	
C.	INVESTMENTS (continued)					
III	- Other financial investments					
	1. Shares and holdings					
	a) Listed shares	36	25,504			
	b) Unlisted shares	37	2,913			
	c) Holdings	38	0	39	28,417	
	2. Units of mutual investment funds			40	660,384	
	3. Bonds and other fixed income securities					
	a) listed	41	2,014,524			
	b) unlisted	42	1,474			
	c) convertible bonds	43	709	44	2,016,707	
	4. Loans					
	a) loans with secured guarantee	45	1,749			
	b) loans on policies	46	0			
	c) other loans	47	90	48	1,839	
	5. Units in mutual investments			49	0	
	6. Deposits with credit institutions			50	0	
	7. Sundry financial investments			51	0	
				52	2,707,347	
IV	- Deposits with ceding companies			53	6,558	
				54	4,133,598	
D bis.	TECHNICAL PROVISIONS - REINSURANCE AMOUNT					
	I - NON-LIFE CLASSES					
	1. Premium provision			58	90,162	
	2. Provision for outstanding claims			59	377,999	
	3. Provision for profit-sharing and repayments			60	0	
	4. Other technical provisions			61	0	
					62	468,161
					4,719,323	
					to be carried forward	

Balances for the previous year

	carry forward			133,309
216	26,673			
217	1,782			
218	0	219	28,455	
		220	503,138	
221	2,813,342			
222	2,087			
223	709	224	2,816,138	
225	1,698			
226	0			
227	120	228	1,818	
		229	0	
		230	0	
		231	16	
		232	3,349,565	
		233	6,826	234
				4,167,220
		238	94,497	
		239	396,973	
		240	0	
		241	0	
	to be carried forward			242
				491,470
				4,791,999

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS

ASSETS

		Balances for the year	
		carry forward	4,719,323
E.	RECEIVABLES		
I	- Receivables, deriving from direct insurance transactions, due from:		
	1. Policyholders		
	a) for premiums for the year	<u>71</u> 130,048	
	b) for premiums for previous years	<u>72</u> 13,178	<u>73</u> 143,226
	2. Insurance brokers		<u>74</u> 163,539
	3. Insurance companies - current accounts		<u>75</u> 25,261
	4. Policyholders and third parties for sums to be recovered	<u>76</u> 34,312	<u>77</u> 366,338
II	- Receivables deriving from re-insurance transactions, due from:		
	1. Insurance and reinsurance companies	<u>78</u> 38,773	
	2. Reinsurance brokers	<u>79</u> 0	<u>80</u> 38,773
III	- Other receivables		<u>81</u> 288,242 <u>82</u> 693,353
F.	OTHER ASSET ITEMS		
I	- Tangible assets and inventories:		
	1. Furniture, office machines and internal means of transport	<u>83</u> 1,666	
	2. Movable assets recorded in public registers	<u>84</u> 56	
	3. Plant and equipment	<u>85</u> 896	
	4. Inventories and miscellaneous assets	<u>86</u> 0	<u>87</u> 2,618
II	- Cash in bank and cash equivalent		
	1. Bank and postal account deposits	<u>88</u> 30,650	
	2. Cheques and cash amounts	<u>89</u> 7	<u>90</u> 30,657
IV	- Other assets		
	1. Transitory reinsurance accounts - receivable	<u>92</u> 0	
	2. Sundry assets	<u>93</u> 33,178	<u>94</u> 33,178 <u>95</u> 66,453
	of which Liaison account with the life business	<u>901</u> 0	
G.	ACCRUALS AND DEFERRALS		
	1. For interest		<u>96</u> 15,085
	2. For rental fees		<u>97</u> 0
	3. Other accruals and deferrals		<u>98</u> 761 <u>99</u> 15,846
	TOTAL ASSETS		<u>100</u> 5,494,975

Balances for the previous year

	carry forward		4,791,999
<u>251</u>	<u>117,329</u>		
<u>252</u>	<u>7,652</u>	<u>253</u>	<u>124,981</u>
		<u>254</u>	<u>175,219</u>
		<u>255</u>	<u>26,307</u>
		<u>256</u>	<u>32,699</u>
		<u>257</u>	<u>359,206</u>
		<u>258</u>	<u>67,341</u>
		<u>259</u>	<u>0</u>
		<u>260</u>	<u>67,341</u>
		<u>261</u>	<u>293,235</u>
		<u>262</u>	<u>719,782</u>
		<u>263</u>	<u>2,014</u>
		<u>264</u>	<u>214</u>
		<u>265</u>	<u>1,167</u>
		<u>266</u>	<u>0</u>
		<u>267</u>	<u>3,395</u>
		<u>268</u>	<u>1,715</u>
		<u>269</u>	<u>4</u>
		<u>270</u>	<u>1,719</u>
		<u>272</u>	<u>0</u>
		<u>273</u>	<u>29,703</u>
		<u>274</u>	<u>29,703</u>
		<u>275</u>	<u>34,817</u>
		<u>903</u>	<u>0</u>
		<u>276</u>	<u>15,973</u>
		<u>277</u>	<u>0</u>
		<u>278</u>	<u>489</u>
		<u>279</u>	<u>16,462</u>
		<u>280</u>	<u>5,563,060</u>

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	559,529
III	- Revaluation reserves	103	37,232
IV	- Legal reserve	104	231,265
V	- Statutory reserves	105	0
VI	- Reserves for shares of the parent company	400	0
VII	- Other reserves	107	179,384
VIII	- Retained profits (losses)	108	0
IX	- Profit (loss) for the year	109	30,928
X	Negative reserve for own shares in portfolio	401	-37,101
		110	1,360,719
B. SUBORDINATED LIABILITIES			
		111	525,000
C. TECHNICAL PROVISIONS			
I - NON-LIFE BUSINESS			
	1. Premium provision	112	679,638
	2. Provision for outstanding claims	113	2,567,434
	3. Provision for profit-sharing and repayments	114	0
	4. Other technical provisions	115	158
	5. Equalisation provisions	116	13,724
		117	3,260,954
			5,146,673
			to be carried forward

Balances for the previous year

	281	359,482	
	282	559,509	
	283	37,232	
	284	230,203	
	285	0	
	500	0	
	287	201,135	
	288	0	
	289	37,857	
	501	-33,439	290 1,391,979
			291 525,000
292	680,099		
293	2,581,690		
294	0		
295	151		
296	13,235		297 3,275,175
to be carried forward			5,192,154

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year		
	carry forward			5,146,673
E.	PROVISIONS FOR RISKS AND CHARGES			
1.	Provision for pensions and similar commitments	128	1,805	
2.	Provision for taxation	129	4,187	
3.	Other provisions and allowances	130	48,304	131 54,296
F.	DEPOSITS RECEIVED FROM RE-INSURERS			132 9,919
G.	PAYABLES AND OTHER LIABILITIES			
I	- Payables, deriving from direct insurance transactions, due to:			
1.	Insurance brokers	133	14,472	
2.	Insurance companies - current accounts	134	4,376	
3.	Policyholders for guarantee deposits and premiums	135	12,507	
4.	Guarantee funds in favour of policyholders	136	54	137 31,409
II	- Payables, deriving from reinsurance transactions, due to:			
1.	Insurance and reinsurance companies	138	22,009	
2.	Reinsurance brokers	139	0	140 22,009
III	- Bond loans			141 0
IV	- Payables due to banks and financial institutions			142 0
V	- Payables with secured guarantee			143 0
VI	- Sundry loans and other financial payables			144 0
VII	- Employee severance indemnities			145 5,997
VIII	- Other payables			
1.	For taxes payable by policyholders	146	28,655	
2.	For sundry tax charges	147	20,585	
3.	Amounts due to social security and welfare institutions	148	733	
4.	Sundry payables	149	58,853	150 108,826
IX	- Other liabilities			
1.	Transitory reinsurance accounts - payable	151	0	
2.	Commission for premiums being collected	152	22,158	
3.	Sundry liabilities	153	91,312	154 113,470
	of which Liaison account with the life business	902	79,860	155 281,711
	to be carried forward			5,492,599

Balances for the previous year

carry forward		5,192,154
	308	1,923
	309	5,755
	310	40,669
	311	48,347
	312	19,767
313	13,135	
314	2,991	
315	10,916	
316	50	317 27,092
318	10,391	
319	0	320 10,391
	321	0
	322	4,872
	323	0
	324	0
	325	5,760
326	28,814	
327	39,238	
328	1,630	
329	66,435	330 136,117
331	0	
332	20,370	
333	94,767	334 115,137
904	90,738	335 299,369
to be carried forward		5,559,637

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		5,492,599
H.	ACCRUALS AND DEFERRALS		
	1. For interest	156	1,105
	2. For rental fees	157	0
	3. Other accruals and deferrals	158	1,271
		159	2,376
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	160	5,494,975

Balances for the previous year

carry forward		5,559,637		
	336	1,105		
	337	0		
	338	2,318	339	3,423
			340	5,563,060

Company CATTOLICA ASSICURAZIONI SOC. COOP.

STATEMENT OF FINANCIAL POSITION - 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	3	11,700					
	2. Other acquisition expenses	6	0					
	3. Start-up and expansion costs	7	1,124					
	4. Goodwill	8	23,415					
	5. Other long-term costs	9	569				10	36,808
C.	INVESTMENT							
I	- Land and buildings							
	1. Property used for business activities	11	0					
	2. Property used by third parties	12	0					
	3. Other property	13	0					
	4. Other realty rights	14	0					
	5. Property under construction and advance payments	15	0	16	0			
II	- Investments in Group companies and other investees							
	1. Company shares and holdings:							
	a) parent companies	17	0					
	b) subsidiaries	18	309,570					
	c) affiliated companies	19	0					
	d) associated companies	20	0					
	e) other companies	21	9,982	22	319,552			
	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	27,337	28	27,337			
	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	346,889	
					to be carried forward			36,808

Financial Year 2018

Balances for the previous year

			181	0
182	0			
183	13,128			
186	0			
187	2,574			
188	32,048			
189	640		190	48,390
191	0			
192	0			
193	0			
194	0			
195	0	196	0	
197	0			
198	135,469			
199	0			
200	0			
201	10,984	202	146,453	
203	0			
204	0			
205	0			
206	0			
207	23,526	208	23,526	
209	0			
210	0			
211	0			
212	0			
213	0	214	0	215
	to be carried forward			169,979
				48,390

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
ASSETS

				Balances for the year	
			carry forward		36,808
C.	INVESTMENTS (continued)				
III	- Other financial investments				
	1. Shares and holdings				
	a) Listed shares	36	19,096		
	b) Unlisted shares	37	24,014		
	c) Holdings	38	0	39	43,110
	2. Units of mutual investment funds			40	454,194
	3. Bonds and other fixed income securities				
	a) listed	41	4,310,104		
	b) unlisted	42	2,510		
	c) convertible bonds	43	5,238	44	4,317,852
	4. Loans				
	a) loans with secured guarantee	45	0		
	b) loans on policies	46	1,031		
	c) other loans	47	0	48	1,031
	5. Units in mutual investments			49	0
	6. Deposits with credit institutions			50	0
	7. Sundry financial investments			51	8
	IV - Deposits with ceding companies			52	4,816,195
				53	3,402
				54	5,166,486
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	202,256
II	- Investments deriving from the management of pension funds			56	754,263
				57	956,519
D bis.	TECHNICAL PROVISIONS - REINSURANCE AMOUNT				
	II - LIFE CLASSES				
	1. Mathematical provisions		63	17,319	
	2. Premium provision of supplementary insurance		64	0	
	3. Provision for outstanding claims		65	948	
	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
				69	18,267
			to be carried forward		6,178,080

Balances for the previous year

	carry forward		48,390
216	19,090		
217	24,223		
218	0	219	43,313
		220	407,325
221	4,542,813		
222	2,679		
223	5,245	224	4,550,737
225	0		
226	1,300		
227	0	228	1,300
		229	0
		230	0
		231	8
		232	5,002,683
		233	3,471
		234	5,176,133
		235	137,347
		236	951,700
		237	1,089,047
		243	19,058
		244	0
		245	2,300
		246	0
		247	0
		248	0
	to be carried forward	249	21,358
			6,334,928

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS

ASSETS

		Balances for the year	
	carry forward		6,178,080
E. RECEIVABLES			
I - Receivables, deriving from direct insurance transactions, due from:			
1. Policyholders			
a) for premiums for the year	71 12,840		
b) for premiums for previous years	72 2,149	73 14,989	
2. Insurance brokers		74 39,293	
3. Insurance companies - current accounts		75 0	
4. Policyholders and third parties for sums to be recovered		76 0	77 54,282
II - Receivables deriving from re-insurance transactions, due from:			
1. Insurance and reinsurance companies		78 6,673	
2. Reinsurance brokers		79 0	80 6,673
III - Other receivables			81 146,647 82 207,602
F. OTHER ASSET ITEMS			
I - Tangible assets and inventories:			
1. Furniture, office machines and internal means of transport		83 243	
2. Movable assets recorded in public registers		84 7	
3. Plant and equipment		85 22	
4. Inventories and miscellaneous assets		86 0	87 272
II - Cash in bank and cash equivalent			
1. Bank and postal account deposits		88 36,715	
2. Cheques and cash amounts		89 0	90 36,715
IV - Other assets			
1. Transitory reinsurance accounts - receivable		92 0	
2. Sundry assets		93 119,237	94 119,237 95 156,224
of which Liaison account with the non-life business		901 79,860	
G. ACCRUALS AND DEFERRALS			
1. For interest			96 39,783
2. For rental fees			97 0
3. Other accruals and deferrals			98 145 99 39,928
TOTAL ASSETS			100 6,581,834

Balances for the previous year

	carry forward		6,334,928
251	20,607		
252	2,299	253	22,906
		254	41,251
		255	0
		256	0
		257	64,157
		258	6,562
		259	0
		260	6,562
		261	154,979
		262	225,698
		263	299
		264	26
		265	35
		266	0
		267	360
		268	62,582
		269	3
		270	62,585
		272	0
		273	124,740
		274	124,740
		275	187,685
		903	90,738
		276	40,669
		277	0
		278	96
		279	40,765
		280	6,789,076

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	193,441
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	3,334
VIII	- Retained profits (losses)	108	0
IX	- Profit (loss) for the year	109	-27,463
X	Negative reserve for own shares in portfolio	401	-12,826
			110
			396,425
B. SUBORDINATED LIABILITIES			
			111
			155,000
C. TECHNICAL PROVISIONS			
II - LIFE BUSINESS			
1.	Mathematical provisions	118	4,744,312
2.	Premium provision of supplementary insurance	119	500
3.	Provision for outstanding claims	120	184,369
4.	Provision for profit-sharing and repayments	121	33
5.	Other technical provisions	122	35,470
			123
			4,964,684
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	202,256
II	Provisions deriving from the management of pension funds	126	754,263
			127
			956,519
	to be carried forward		6,472,628

Balances for the previous year

	281	163,400	
	282	225,981	
	283	25,267	
	284	51,272	
	285	0	
	500	0	
	287	3,311	
	288	0	
	289	-32,548	
	501	-13,506	290 423,177
			291 155,000
298	4,822,699		
299	571		
300	129,926		
301	44		
302	30,757		303 4,983,997
	305	137,347	
	306	951,700	307 1,089,047
to be carried forward			6,651,221

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		6,472,628
E.	PROVISIONS FOR RISKS AND CHARGES		
1.	Provision for pensions and similar commitments	128	393
2.	Provision for taxation	129	0
3.	Other provisions and allowances	130	10,152
			131
			10,545
F.	DEPOSITS RECEIVED FROM RE-INSURERS		132
			10,555
G.	PAYABLES AND OTHER LIABILITIES		
I	- Payables, deriving from direct insurance transactions, due to:		
1.	Insurance brokers	133	1,363
2.	Insurance companies - current accounts	134	0
3.	Policyholders for guarantee deposits and premiums	135	820
4.	Guarantee funds in favour of policyholders	136	0
			137
			2,183
II	- Payables, deriving from reinsurance transactions, due to:		
1.	Insurance and reinsurance companies	138	1,434
2.	Reinsurance brokers	139	0
			140
			1,434
III	- Bond loans		141
			0
IV	- Payables due to banks and financial institutions		142
			0
V	- Payables with secured guarantee		143
			0
VI	- Sundry loans and other financial payables		144
			0
VII	- Employee severance indemnities		145
			536
VIII	- Other payables		
1.	For taxes payable by policyholders	146	1,428
2.	For sundry tax charges	147	31,447
3.	Amounts due to social security and welfare institutions	148	2,131
4.	Sundry payables	149	38,346
			150
			73,352
IX	- Other liabilities		
1.	Transitory reinsurance accounts - payable	151	0
2.	Commission for premiums being collected	152	1,610
3.	Sundry liabilities	153	4,632
			154
			6,242
	of which Liaison account with the non-life business	902	0
	to be carried forward		155
			83,747
			6,577,475

Balances for the previous year

carry forward		6,651,221
	308	414
	309	0
	310	12,253
	311	12,667
	312	12,888
313	870	
314	0	
315	19,397	
316	0	317
		20,267
318	2,914	
319	0	320
		2,914
		321
		0
		322
		2,327
		323
		0
		324
		0
		325
		358
326	995	
327	40,596	
328	1,146	
329	30,028	330
		72,765
331	0	
332	1,784	
333	6,620	334
		8,404
904	0	335
to be carried forward		107,035
		6,783,811

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		6,577,475
H. ACCRUALS AND DEFERRALS			
1. For interest		156 4,359	
2. For rental fees		157 0	
3. Other accruals and deferrals		158 0	159 4,359
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160 6,581,834

Balances for the previous year

carry forward			6,783,811
	336	5,070	
	337	0	
	338	195	339 5,265
			340 6,789,076

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2018

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 99,553	21 -27,794	41 71,759
Income from investments	+ 2 168,547		42 168,547
Equity and financial charges	- 3 134,913		43 134,913
Portions of profit from investments transferred from the technical account - life business		+ 24 5,552	44 5,552
Portions of profit from investments transferred from the technical account - non-life business	- 5 19,959		45 19,959
Interim operating profit (loss)	6 113,228	26 -22,242	46 90,986
Other income	+ 7 31,670	27 10,485	47 42,155
Other charges	- 8 85,854	28 27,276	48 113,130
Extraordinary income	+ 9 5,215	29 1,966	49 7,181
Extraordinary charges	- 10 6,986	30 722	50 7,708
Profit (loss) before taxation	11 57,273	31 -37,789	51 19,484
Income taxes for the year	- 12 26,345	32 -10,326	52 16,019
Result for the year	13 30,928	33 -27,463	53 3,465

Notes to the Accounts - Attachment 4

Financial Year 2018

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	413,555	134,000
Increases during the year	+ 2	216	33
for: purchases or increases	3	216	33
reversal of impairment losses	4	0	0
revaluations	5	0	0
other changes	6	0	0
Decreases during the year	- 7	1,428	0
for: sales or decreases	8	0	0
permanent write-downs	9	0	0
other changes	10	1,428	0
Gross closing balances (a)	11	412,343	134,033
Amortisation/depreciation:			
Opening balances	+ 12	231,856	35,653
Increases during the year	+ 13	26,115	2,955
for: depreciation/amortisation charge for the year	14	26,115	2,955
other changes	15	0	0
Decreases during the year	- 16	0	0
for: reductions due to disposals	17	0	0
other changes	18	0	0
Closing balances - amortisation/depreciation (b) (*)	19	257,971	38,608
Book value (a - b)	20	154,372	95,425
Current value			106,448
Total revaluations	22		0
Total write-downs	23	0	0

Page deliberately left blank

Notes to the Accounts - Attachment 5

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

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	+	1 851,960	21 30,501	41 0
Increases during the year:	+	2 858,324	22 9,796	42 0
for: purchases, subscriptions or disbursements		3 852,709	23 9,727	43 0
reversal of impairment losses		4 0	24 0	44 0
revaluations		5 0		
other changes		6 5,615	26 69	46 0
Decreases during the year:	-	7 77,298	27 2,126	47 0
for: sales or reimbursements		8 5	28 1,249	48 0
write-downs		9 71,051	29 877	49 0
other changes		10 6,242	30 0	50 0
Book value		11 1,632,986	31 38,171	51 0
Current value		12 1,622,742	32 38,788	52 0
Total revaluations		13 0		
Total write-downs		14 71,051	34 877	54 0

The item C.II.2 includes:

Listed bonds	61	38,171
Unlisted bonds	62	0
Book value	63	38,171
of which convertible bonds	64	0

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Statement containing information relating to investee companies (*)

No. No. (**)	Type (1)	Listed or unlisted (2)	Assets carried out (3)	Name and registered offices	Currency
4	b	NL	1	BCC ASSICURAZIONI SPA - MILAN	242
7	b	NL	1	LOMBARDA VITA SPA - BRESCIA	242
9	b	NL	1	ABC ASSICURA SPA - VERONA	242
10	b	NL	4	CATTOLICA IMMOBILIARE SPA - VERONA	242
52	b	NL	9	CATTOLICA SERVICES SCPA - VERONA	242
57	b	NL	1	BERICA VITA SPA - VICENZA	242
59	b	NL	1	CATTOLICA LIFE - DUBLIN	242
67	b	NL	1	BCC VITA SPA - MILAN	242
71	b	NL	1	TUA ASSICURAZIONI SPA - MILAN	242
74	b	NL	9	CATTOLICA AGRICOLA - VERONA	242
75	b	NL	4	CATTOLICA BENI IMMOBILI - VERONA	242
80	b	NL	9	C.P. SERVIZI CONSULENZIALI SPA - VERONA	242
81	b	NL	1	AGENZIA GENERALE AGRIFIDES SRL - ROME	242
86	b	NL	1	VERA ASSICURAZIONI SPA - MILAN	242
87	b	NL	1	VERA VITA S.P.A. - VERONA	242
88	b	NL	1	CATTRE SA - LUXEMBOURG	242
89	b	NL	9	ESTINVEST SRL - VENICE	242
90	b	NL	1	SATEC SRL - VENICE	242
77	d	NL	9	ALL RISKS SOLUTIONS S.R.L. - ROME	242
30	e	NL	9	UCI SCARL - MILAN	242
35	e	NL	9	VERFIN SPA - VERONA	242
42	e	NL	3	EMIL BANCA CRED.COOP.SOC.COOP. - BOLOGNA	242
62	e	Q	3	UBI BANCA SPA - BERGAMO	242
73	e	NL	9	VERONAFIERE SPA - VERONA	242
78	e	Q	9	H-FARM SPA - RONCADE	242
82	e	NL	9	NUMMUS.INFO SPA - TRENTO	242
83	e	NL	3	BCA CRED POP SCPA - TORRE DEL GRECO	242
84	e	NL	3	BCC CAMPANIA CENTRO - CRA SCPA - BATTIAPAGLIA	242
85	e	NL	9	ESICERT ISTITUTO CERTIFICAZIONE ETICA - 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) Type

a = Parent companies
b = Subsidiaries
c = Affiliated companies
d = Associated companies
e = Others

(2) Indicate L for securities listed on organised markets

and NL for the others

(3) Activities carried out

1 = Insurance company
2 = Finance company
3 = Credit institution
4 = Real estate property company
5 = Trust company
6 = Mutual investment fund management or distribution company

7 = Consortium

8 = Industrial company
9 = Other company or body

(4) Amounts in original currency

(5) Indicate the total holding held

Notes to the Accounts - Attachment 6

Financial Year 2018

Share capital		Shareholders' equity (***)	Profit or Loss for the last year (***)	Holding (5)		
Amount (4)	Number shares			(4)	(4)	Direct %
14,448	2,889,600	10,331	-869	51.00		51.00
185,300	37,060,000	248,553	-3,573	60.00		60.00
8,925	17,500,000	9,635	-4,899	60.00		60.00
400	400,000	3,473	669	100.00		100.00
20,954	20,954,083	60,621	3	99.96	0.03	99.99
31,000	3,100,000	88,639	12,408	60.00		60.00
635	634,850	18,317	-2,175	60.00		60.00
62,000	62,000,000	178,682	10,449	51.00		51.00
23,161	4,632,126	128,122	3,641	99.99		99.99
35,500	35,500,000	142,925	233	100.00		100.00
7,000	7,000,000	44,067	-2,203	100.00		100.00
120	24,000	1,803	-2,058	100.00		100.00
0	0	0	0	0		0
63,500	63,500,000	95,442	27,311	65.00		65.00
219,600	43,920,001	251,595	-2,309	65.00		65.00
3,600	3,600,000	21,544	-391	100.00		100.00
81	80,798	3,954	-1	100.00		100.00
135	135,416	2,042	366	15.87	84.13	100.00
10	10,000	81	18	20.00		20.00
532	1,044,000			2.17	1.81	3.98
6,553	1,270,000			3.94		3.94
103,126	3,994,018			0.09		0.09
2,843,177	1,144,285,146			0.50		0.50
63,265	63,264,569			7.11		7.11
8,924	89,241,650			4.49		4.49
580	580,000			10.78		10.78
20,039	7,766,938			1.01		1.01
2,710	1,050,403			2.54	3.95	6.49
270	270,000			3.70		3.70

(***) 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

No. No. (1)	Type (2)	(3)	Name	Increases during the year		
				For purchases		Other increases
				Quantity	Value	
4	b	D	BCC ASSICURAZIONI SPA	0	0	0
7	b	D	LOMBARDA VITA SPA	0	0	0
7	b	V	LOMBARDA VITA SPA	0	0	0
9	b	D	ABC ASSICURA SPA	0	0	0
10	b	D	CATTOLICA IMMOBILIARE SPA	0	0	0
10	b	V	CATTOLICA IMMOBILIARE SPA	0	0	0
52	b	D	CATTOLICA SERVICES SCPA	0	0	0
52	b	V	CATTOLICA SERVICES SCPA	0	0	0
57	b	D	BERICA VITA SPA	0	0	0
57	b	V	BERICA VITA SPA	0	0	0
59	b	D	CATTOLICA LIFE	0	0	0
59	b	V	CATTOLICA LIFE	0	0	0
67	b	D	BCC VITA SPA	0	0	0
67	b	V	BCC VITA SPA	0	0	0
71	b	D	TUA ASSICURAZIONI SPA	0	0	0
71	b	V	TUA ASSICURAZIONI SPA	0	0	0
74	b	D	CATTOLICA AGRICOLA	0	0	2,300
75	b	D	CATTOLICA BENI IMMOBILI	0	0	0
80	b	V	C.P. SERVIZI CONSULENZIALI SPA	0	0	2,000
81	b	D	AGENZIA GENERALE AGRIFIDES SRL	0	0	0
86	b	D	VERA ASSICURAZIONI SPA	31,781,750	252,381	358
86	b	V	VERA ASSICURAZIONI SPA	9,493,250	75,387	107
87	b	D	VERA VITA S.P.A.	21,981,961	378,770	0
87	b	V	VERA VITA S.P.A.	6,566,040	113,139	0
88	b	D	CATTRE SA	3,600,000	25,432	0
			Total C.II.1			
	a		Parent companies			
	b		Subsidiaries			
	c		Affiliated companies			
	d		Associated companies			
	e		Others			
			Total D.I			
			Total D.II			

(1) Must correspond with that indicated in Appendix 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 2018

Decreases during the year			Book value (4)		Purchase cost	Current value
For sales		Other decreases	Quantity	Value		
Quantity	Value					
0	0	0	1,473,696	5,139	10,639	5,139
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	2,979	10,500,000	5,269	15,649	5,269
0	0	0	313,250	2,366	3,433	2,366
0	0	0	86,750	655	951	655
0	0	0	20,900,369	60,349	65,537	60,349
0	0	0	45,714	132	141	132
0	0	0	930,000	32,550	45,000	32,550
0	0	0	930,000	32,550	45,000	32,550
0	0	318	190,455	6,782	16,550	6,782
0	0	318	190,455	6,782	16,550	6,782
0	0	0	15,810,000	42,904	59,854	42,904
0	0	0	15,810,000	42,904	59,854	42,904
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	0	35,500,000	143,800	143,800	143,800
0	0	2,514	7,000,000	46,608	53,400	46,608
0	0	1,915	24,000	1,802	13,971	1,802
5,100	5	0	0	0	0	0
0	0	15,837	31,781,750	236,902	251,545	236,902
0	0	4,730	9,493,250	70,764	75,137	70,764
0	0	32,031	21,981,961	346,740	375,159	346,740
0	0	9,568	6,566,040	103,571	112,061	103,571
0	0	2	3,600,000	25,430	25,430	25,430

(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

No. No. (1)	Type (2)	(3)	Name	Increases during the year		
				For purchases		Other increases
				Quantity	Value	
89	b	D	ESTINVEST SRL	80,798	6,394	787
90	b	D	SATEC SRL	21,488	1,206	63
77	d	D	ALL RISKS SOLUTIONS S.R.L.	0	0	0
30	e	D	UCI SCARL	0	0	0
35	e	D	VERFIN SPA	0	0	0
42	e	D	EMIL BANCA CRED.COOP.SOC.COOP.	0	0	0
62	e	D	UBI BANCA SPA	0	0	0
73	e	V	VERONAFIERE SPA	0	0	0
78	e	D	H-FARM SPA	0	0	0
78	e	V	H-FARM SPA	0	0	0
82	e	D	NUMMUS.INFO SPA	0	0	0
83	e	V	BCA CRED POP SCPA	0	0	0
84	e	D	BCC CAMPANIA CENTRO - CRA SCPA	0	0	0
84	e	V	BCC CAMPANIA CENTRO - CRA SCPA	0	0	0
85	e	D	ESICERT ISTITUTO CERTIFICAZIONE ETICA	0	0	0
			Total C.II.1		852,709	5,615
	a		Parent companies			
	b		Subsidiaries		852,709	5,615
	c		Affiliated companies			
	d		Associated companies		0	0
	e		Others		0	0
			Total D.I		0	0
			Total D.II		0	0

(1) Must correspond with that indicated in Appendix 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 2018

Decreases during the year			Book value (4)		Purchase cost	Current value
For sales		Other decreases	Quantity	Value		
Quantity	Value					
0	0	0	80,798	7,180	7,180	7,180
0	0	0	21,488	1,270	1,270	1,270
0	0	0	2,000	2	2	2
0	0	0	22,664	0	7	0
0	0	0	50,000	429	516	460
0	0	0	3,734	202	317	166
0	0	5,970	5,681,426	26,308	38,031	14,357
0	0	0	4,496,673	7,152	10,148	8,586
0	0	108	531,111	293	478	293
0	0	709	3,475,000	1,918	3,145	1,918
0	0	0	62,500	78	78	78
0	0	294	78,521	871	2,376	871
0	0	0	13,345	41	41	185
0	0	0	13,345	41	41	185
0	0	0	10,000	10	10	0
	5	77,293		1,632,986	1,861,494	1,622,742
	5	70,212		1,595,641	1,806,304	1,595,641
	0	0		2	2	2
	0	7,081		37,343	55,188	27,099
	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:	0	21	28,417	29,496	28,417	29,496
a) listed shares	0	22	25,504	25,552	25,504	25,552
b) unlisted shares	0	23	2,913	3,944	2,913	3,944
c) holdings	0	24	0	0	0	0
2. Units of mutual investment funds	0	25	660,384	731,968	660,384	731,968
3. Bonds and other fixed income securities	750,273	26	1,266,434	1,276,199	2,016,707	2,038,545
a) listed government bonds	440,654	27	890,256	897,894	1,330,910	1,338,666
a) other listed securities	308,857	28	374,757	376,884	683,614	697,661
b) unlisted government securities	0	29	0	0	0	0
b) other unlisted securities	53	30	1,421	1,421	1,474	1,475
c) convertible bonds	709	31	0	0	709	743
5. Units in mutual investments	0	32	0	0	0	0
7. Sundry financial investments	0	33	0	16	0	16

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:	0	141	43,110	47,234	43,110	47,234
a) listed shares	0	142	19,096	20,591	19,096	20,591
b) unlisted shares	0	143	24,014	26,643	24,014	26,643
c) holdings	0	144	0	0	0	0
2. Units of mutual investment funds	0	145	454,194	492,542	454,194	492,542
3. Bonds and other fixed income securities	1,696,121	146	2,621,731	2,694,475	4,317,852	4,448,368
a) listed government securities	1,307,204	147	1,908,594	1,959,198	3,215,798	3,289,339
a) other listed securities	382,824	148	711,482	733,561	1,094,306	1,150,973
b) unlisted government securities	915	149	903	910	1,818	1,825
b) other unlisted securities	0	150	692	746	692	746
c) convertible bonds	5,178	151	60	60	5,238	5,485
5. Units in mutual investments	0	152	0	0	0	0
7. Sundry financial investments	0	153	8	26	8	26

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 securities.
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	0 21	0 41	2,312,776 81	0 101	0 0
Increases during the year:	0 22	0 42	219,309 82	0 102	0 0
for: purchases	0 23	0 43	207,699 83	0 103	0 0
reversal of impairment losses	0 24	0 44	0 84	0 104	0 0
transfers from non-permanent portfolio	0 25	0 45	0 85	0 105	0 0
other changes	0 26	0 46	11,610 86	0 106	0 0
Decreases during the year:	0 27	0 47	85,691 87	0 107	0 0
for: sales	0 28	0 48	83,194 88	0 108	0 0
write-downs	0 29	0 49	0 89	0 109	0 0
Transfers to the short-term portfolio	0 30	0 50	0 90	0 110	0 0
other changes	0 31	0 51	2,497 91	0 111	0 0
Book value	0 32	0 52	2,446,394 92	0 112	0 0
Current value	0 33	0 53	2,516,239 93	0 113	0 0

Notes to the Accounts - Attachment 10

Financial Year 2018

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Changes in loans and deposits with credit institutions during the year (items C.III.4, 6)

		Loans C.III.4		Deposits with credit institutions C.III.6
Opening balances	+ 1	3,118	21	0
Increases during the year:	+ 2	157	22	0
for: disbursements	3	107		
reversal of impairment losses	4	0		
other changes	5	50		
Decreases during the year:	- 6	405	26	0
for: reimbursements.....	7	405		
write-downs	8	0		
other changes	9	0		
Book value	10	2,870	30	0

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. 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	0. 25	0. 45	0. 65	0
IV. Other financial investments:				
1. Shares and holdings	178. 26	251. 46	208. 66	219
2. Bonds and other fixed income securities	0. 27	0. 47	0. 67	0
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	0. 30	0. 50	0. 70	0
VI. Cash in bank and cash equivalent	0. 31	0. 51	0. 71	0
Other liabilities	0. 32	0. 52	0. 72	0
.....	0. 33	0. 53	0. 73	0
Total	178. 34	251. 54	208. 74	219

Notes to the Accounts – Attachment 11

Financial Year 2018

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: 02 Fund description: Unit

	Current value		Previous year	Acquisition cost			
	Financial Year	01		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	149,706	25	99,014	45	153,035	65	96,934
IV. Other financial investments:							
1. Shares and holdings	0	26	0	46	0	66	0
2. Bonds and other fixed income securities	43,106	27	36,052	47	45,816	67	37,261
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	9,460	30	2,292	50	9,460	70	2,292
VI. Cash in bank and cash equivalent	1,160	31	793	51	1,160	71	793
Other liabilities	-1,354	32	-1,055	52	-1,354	72	-1,055
Total	202,078	34	137,096	54	208,117	74	136,225

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		Previous year	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	149,706	25	99,014	45	153,035	65	96,934
IV. Other financial investments:							
1. Shares and holdings	178	26	251	46	208	66	219
2. Bonds and other fixed income securities	43,106	27	36,052	47	45,816	67	37,261
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	9,460	30	2,292	50	9,460	70	2,292
VI. Cash in bank and cash equivalent	1,160	31	793	51	1,160	71	793
Other liabilities	-1,354	32	-1,055	52	-1,354	72	-1,055
.....	0	33	0	53	0	73	0
Total	202,256	34	137,347	54	208,325	74	136,444

Notes to the Accounts - Attachment 12

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

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 ⁴¹	0 ⁶¹	0
2. Bonds	280 ²²	0 ⁴²	299 ⁶²	0
II: Other financial investments:				
1. Shares and holdings	18,358 ²³	24,793 ⁴³	24,412 ⁶³	25,103
2. Bonds and other fixed income securities	697,616 ²⁴	841,930 ⁴⁴	705,828 ⁶⁴	840,529
3. Units of mutual investment funds	31,555 ²⁵	55,957 ⁴⁵	33,289 ⁶⁵	52,903
4. Deposits with credit institutions	0 ²⁶	0 ⁴⁶	0 ⁶⁶	0
5. Sundry financial investments	0 ²⁷	21 ⁴⁷	0 ⁶⁷	21
III. Other assets	4,847 ²⁸	2,906 ⁴⁸	4,847 ⁶⁸	2,906
IV. Cash in bank and cash equivalent	3,774 ²⁹	27,940 ⁴⁹	3,774 ⁶⁹	27,940
Other liabilities	-2,167 ³⁰	-1,847 ⁵⁰	-2,167 ⁷⁰	-1,847
	0 ³¹	0 ⁵¹	0 ⁷¹	0
Total	754,263 ³²	951,700 ⁵²	770,282 ⁷²	947,555

Notes to the Accounts - Attachment 13

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

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	1 674,289	11 672,091	21 2,198
Provisions for risks in progress	2 5,349	12 8,008	22 -2,659
Book value	3 679,638	13 680,099	23 -461
Provision for outstanding claims:			
Provision for compensation and direct expenses	4 2,299,884	14 2,294,647	24 5,237
Provision for settlement costs	5 89,048	15 95,944	25 -6,896
Provision for claims not reported	6 178,502	16 191,099	26 -12,597
Book value	7 2,567,434	17 2,581,690	27 -14,256

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2018

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 4,650,775	11 4,734,932	21 -84,157
Premium carry forward.....	2 20,760	12 22,665	22 -1,905
Provision for mortality risk	3 9,790	13 6,329	23 3,461
Integration provisions	4 62,987	14 58,773	24 4,214
Book value	5 4,744,312	15 4,822,699	25 -78,387
Provision for profit-sharing and repayments.....	6 33	16 44	26 -11

Notes to the Accounts - Attachment 15

Company CATTOLICA ASSICURAZIONI SOC. COOP. Financial Year 2018

Liabilities - Changes during the year in provisions for risks and charges (item E) and employee severance indemnity (item G.VII)

	Provisions for pensions and similar commitments	Provision for taxation	Other provisions and allowances	Employee severance indemnities
Opening balances	+ 1 2,337 11	5,755 21	52,922 31	6,118
Provisions for the year	+ 2 54 12	0 22	15,379 32	4,068
Other increases	+ 3 0 13	0 23	0 33	584
Uses for the year	- 4 193 14	1,568 24	9,845 34	4,237
Other decreases	- 5 0 15	0 25	0 35	0
Book value	6 2,198 16	4,187 26	58,456 36	6,533

Analytical statement of assets and liabilities relating to group companies and other investees

I: Assets

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Others	Total
Shares and holdings.....	0 2	1,595,641 3	0 4	2 5	37,343 6	1,632,986
Bonds	0 8	0 9	0 10	0 11	38,171 12	38,171
Loans.....	0 14	0 15	0 16	0 17	0 18	0
Units in mutual investments.....	0 20	0 21	0 22	0 23	0 24	0
Deposits with credit institutions.....	0 26	0 27	0 28	0 29	0 30	0
Sundry financial investments	0 32	0 33	0 34	0 35	0 36	0
Deposits with insurers	0 38	0 39	0 40	0 41	0 42	0
Investments relating to benefits associated with investment funds and stock market indices.....	0 44	0 45	0 46	0 47	0 48	0
Investments deriving from the management of pension fund.....	0 50	0 51	0 52	0 53	0 54	0
Receivables deriving from direct insurance transactions	0 56	567 57	0 58	0 59	0 60	567
Receivables deriving from reinsurance	0 62	485 63	0 64	0 65	0 66	485
Other receivables	0 68	30,895 69	0 70	0 71	0 72	30,895
Bank and postal account deposits	0 74	0 75	0 76	0 77	25,647 78	25,647
Sundry assets.....	0 80	44 81	0 82	0 83	0 84	44
Total	0 86	1,627,632 87	0 88	2 89	101,161 90	1,728,795
of which subordinated activities.....	0 92	0 93	0 94	0 95	16,244 96	16,244

Analytical statement of assets and liabilities relating to group companies and other investees

II: Liabilities

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Others	Total
Subordinated liabilities	97	0	0	0	80,000	80,000
Deposits received from re-insurers	103	0	0	0	0	0
Payables deriving from direct insurance transactions	109	0	0	0	0	0
Payables deriving from reinsurance	115	0	0	0	0	0
Payables due to banks and financial institutions	121	0	0	0	0	0
Payables with secured guarantee	127	0	0	0	0	0
Other loans and other financial payables	133	0	0	0	0	0
Sundry payables	139	0	0	0	0	0
Sundry liabilities	145	0	0	0	0	0
Total	151	0	0	0	80,000	111,797

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2018

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	70,243	33	98,132
d) other unsecured guarantees given in the interests of parent, subsidiary and affiliated companies.....	4	1,091	34	2,144
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	6,745
m) assets lodged under deposit for reinsurance transactions.....	11	0	41	0
Total	12	78,079	42	107,021
II: Guarantees received:				
a) from Group and associated companies and other investees	13	0	43	0
b) from third parties	14	140,901	44	142,734
Total	15	140,901	45	142,734
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	388,164	51	145,190
Total	22	388,164	52	145,190
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	10,132,629	54	10,289,609
Total	25	10,132,629	55	10,289,609

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	101	0	21	0	121	0	41	0
on bonds	0	102	0	22	0	122	0	42	0
on currency	0	103	0	23	0	123	0	43	0
on rates	0	104	0	24	0	124	0	44	0
other	0	105	0	25	0	125	0	45	0
Options:									
on shares	0	106	0	26	0	126	0	46	0
on bonds	0	107	0	27	0	127	0	47	0
on currency	0	108	0	28	0	128	0	48	0
on rates	0	109	0	29	0	129	0	49	0
other	0	110	8,296	30	0	130	0	50	0
Swaps									
on currency	0	111	0	31	0	131	0	51	0
on rates	0	112	0	32	0	132	0	52	0
other	0	113	0	33	0	133	0	53	0
Other transactions									
	0	114	0	34	0	134	0	54	0
Total	0	115	8,296	35	0	135	0	55	0

Only the transactions on derivative contracts outstanding as at 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

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

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)	1 237,007 ²	241,943 ³	140,676 ⁴	73,391 ⁵	-4,668
TPL - Land motor vehicles (class 10)	6 792,866 ⁷	795,303 ⁸	588,638 ⁹	210,462 ¹⁰	-7,335
Land vehicle hulls (class 3)	11 112,939 ¹²	114,103 ¹³	68,799 ¹⁴	34,181 ¹⁵	-1,642
Maritime, aeronautical and transport insurance (classes 4, 5, 6, 7, 11 and 12)	16 12,846 ¹⁷	11,873 ¹⁸	8,347 ¹⁹	3,550 ²⁰	1,842
Fire and other damage to assets (classes 8 and 9)	21 328,320 ²²	315,468 ²³	245,788 ²⁴	89,423 ²⁵	1,993
TPL - General (class 13)	26 170,079 ²⁷	166,490 ²⁸	35,231 ²⁹	48,053 ³⁰	-15,888
Credit and suretyship (classes 14 and 15)	31 14,946 ³²	16,450 ³³	8,206 ³⁴	7,706 ³⁵	-1,057
Sundry financial losses (class 16)	36 13,078 ³⁷	17,068 ³⁸	6,520 ³⁹	3,524 ⁴⁰	-995
Legal protection (class 17)	41 11,980 ⁴²	11,869 ⁴³	2,039 ⁴⁴	4,883 ⁴⁵	-2,238
Assistance (class 18)	46 31,917 ⁴⁷	31,454 ⁴⁸	7,254 ⁴⁹	13,688 ⁵⁰	-665
Total direct insurance	51 1,725,978 ⁵²	1,722,021 ⁵³	1,111,498 ⁵⁴	488,861 ⁵⁵	-30,653
Indirect insurance	56 19,479 ⁵⁷	21,430 ⁵⁸	10,793 ⁵⁹	6,161 ⁶⁰	-903
Total Italian portfolio	61 1,745,457 ⁶²	1,743,451 ⁶³	1,122,291 ⁶⁴	495,022 ⁶⁵	-31,556
Foreign portfolio	66 11,765 ⁶⁷	11,903 ⁶⁸	6,716 ⁶⁹	3,667 ⁷⁰	0
Grand total	71 1,757,222 ⁷²	1,755,354 ⁷³	1,129,007 ⁷⁴	498,689 ⁷⁵	-31,556

Notes to the Accounts - Attachment 20

Company CATTOLICA ASSICURAZIONI SOC. COOP. Financial Year 2018

Summary information concerning the life classes relating to premiums and the reinsurance balance

	Direct business	Indirect business	Total
Gross premiums:	1 825,257	11 36	21 825,293
a) 1. for individual contracts	2 616,905	12 36	22 616,941
2. for collective contracts	3 208,352	13 0	23 208,352
b) 1. periodic premiums	4 330,055	14 36	24 330,091
2. single premiums	5 495,202	15 0	25 495,202
c) 1. for contracts without profit-sharing.....	6 35,646	16 0	26 35,646
2. for contracts with profit-sharing	7 610,030	17 36	27 610,066
3. for contracts when the investment risk is borne by the policyholders and pension funds	8 179,581	18 0	28 179,581

Reinsurance balance	9 -2,243	19 0	29 -2,243
---------------------------	----------	------	-----------

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2018

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	62,364	41	16,161	81	78,525
Dividends and other income from shares and holdings of other companies	2	3,780	42	3,902	82	7,682
Total	3	66,144	43	20,063	83	86,207
Income from investments in land and buildings	4	1,466	44	0	84	1,466
Income deriving from other investments:						
Income on bonds of group companies and investees	5	352	45	868	85	1,220
Interest on loans to Group companies and investees	6	0	46	0	86	0
Income deriving from units of mutual investment funds	7	31,304	47	26,794	87	58,098
Income on bonds and other fixed income securities	8	54,882	48	133,802	88	188,684
Interest on loans	9	50	49	33	89	83
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	6	53	149	93	155
Total	14	86,594	54	161,646	94	248,240
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	0	57	0	97	0
Other shares and holdings	18	0	58	0	98	0
Other bonds	19	226	59	9	99	235
Other financial investments	20	1,379	60	3,864	100	5,243
Total	21	1,605	61	3,873	101	5,478
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	2,312	65	1,094	105	3,406
Profits on other bonds	26	9,359	66	16,647	106	26,006
Profits on other financial investments	27	1,067	67	380	107	1,447
Total	28	12,738	68	18,122	108	30,860
GRAND TOTAL	29	168,547	69	203,704	109	372,251

Notes to the Accounts - Attachment 22

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

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	0
Investments in Group companies and investees	0
Units of mutual investment funds	1,110
Other financial investments	1,123
- of which income from bonds	1,123
Other assets	0
Total	2,233
Profits on realisation of investments	
Capital gains deriving from the sale of land and buildings	0
Profits on investments in Group companies and investees	0
Profits on units of mutual investment funds	423
Profits on other financial investments	10
- of which bonds	10
Other income	1
Total	434
Unrealised capital gains	784
GRAND TOTAL	3,451

II: - Investments deriving from the management of pension funds

	Amounts
Income deriving from:	
Investments in Group companies and investees	27
Other financial investments	5,475
- of which income from bonds	3,977
Other assets	74
Total	5,576
Profits on realisation of investments	
Profits on investments in Group companies and investees	0
Profits on other financial investments	4,644
- of which bonds	2,951
Other income	781
Total	5,425
Unrealised capital gains	1,099
GRAND TOTAL	12,100

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2018

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	6,434	31	10,777	61	17,211
Charges relating to investments in land and buildings	2	691	32	0	62	691
Charges relating to bonds	3	3,613	33	1,979	63	5,592
Charges relating to units of mutual investment funds	4	0	34	52	64	52
Charges relating to units in mutual investments	5	0	35	0	65	0
Charges relating to sundry financial investments	6	89	36	225	66	314
Interest on deposits received from re-insurers	7	188	37	392	67	580
Total	8	11,015	38	13,425	68	24,440
Adjustment on investments relating to:						
Land and buildings	9	868	39	0	69	868
Shares and holdings of Group companies and investees	10	54,953	40	16,098	70	71,051
Bonds issued by Group companies and investees	11	436	41	441	71	877
Other shares and holdings	12	5,754	42	2,834	72	8,588
Other bonds	13	38,323	43	22,995	73	61,318
Other financial investments	14	11,669	44	7,293	74	18,962
Total	15	112,003	45	49,661	75	161,664
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	6,241	47	1,287	77	7,528
Losses on bonds	18	5,043	48	12,633	78	17,676
Losses on other financial investments	19	611	49	955	79	1,566
Total	20	11,895	50	14,875	80	26,770
GRAND TOTAL	21	134,913	51	77,961	81	212,874

Notes to the Accounts - Attachment 24

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

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	0
Investments in Group companies and investees	0
Units of mutual investment funds	0
Other financial investments	12
Other assets	110
Total	122
Losses on realisation of investments	
Capital losses deriving from the sale of land and buildings	0
Losses on investments in Group companies and investees	0
Losses on units of mutual investment funds	220
Losses on other financial investments	62
Other charges	2
Total	284
Unrealised capital losses	7,597
GRAND TOTAL	8,003

II: - Investments deriving from the management of pension funds

	Amounts
Operating expenses deriving from:	
Investments in Group companies and investees	0
Other financial investments	1,340
Other assets	1,835
Total	3,175
Losses on realisation of investments	
Losses on investments in Group companies and investees	343
Losses on other financial investments	2,959
Other charges	0
Total	3,302
Unrealised capital losses	18,613
GRAND TOTAL	25,090

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.....	+	1 167,264	1 69,743	
Change in premium provision (+ or -)	-	2 -1,912	2 -3,024	
Claims incurred.....	-	3 74,696	3 65,980	
Change in sundry technical provisions (+ or -) (1)	-	4 0	4 7	
Balance of other technical items (+ or -)	+	5 -2,307	5 -1,457	
Operating expenses	-	6 61,006	6 12,385	
Technical balance of direct business (+ or -)	A	7 31,167	7 -7,062	
Profit (loss) of liability reinsurance transactions (+ or -)	B	8 -3,663	8 -1,005	
Net result of indirect business (+ or -)	C	9 214	9 474	
Change in equalisation provisions (+ or -)	D	10 4	10 0	
Portion of profit from investments transferred from the non-technical	E	11 966	11 460	
Result of technical account (+ or -) (A + B + C - D + E)		12 28,680	12 -7,133	

	Class code 07		Class code 08	
	Goods in transit		Fire & natural forces	
	(name)		(name)	
Direct business gross of transfers under reinsurance				
Premiums written.....	+	1 6,460	1 125,184	
Change in premium provision (+ or -)	-	2 463	2 10,325	
Claims incurred.....	-	3 4,259	3 96,919	
Change in sundry technical provisions (+ or -) (1)	-	4 0	4 0	
Balance of other technical items (+ or -)	+	5 -316	5 -1,367	
Operating expenses	-	6 1,219	6 37,036	
Technical balance of direct business (+ or -)	A	7 203	7 -20,463	
Profit (loss) of liability reinsurance transactions (+ or -)	B	8 1,509	8 12,372	
Net result of indirect business (+ or -)	C	9 8	9 -750	
Change in equalisation provisions (+ or -)	D	10 0	10 485	
Portion of profit from investments transferred from the non-technical	E	11 18	11 1,133	
Result of technical account (+ or -) (A + B + C - D + E)		12 1,738	12 -8,193	

	Class code 13		Class code 14	
	TPL - General		Credit	
	(name)		(name)	
Direct business gross of transfers under reinsurance				
Premiums written.....	+	1 170,079	1 499	
Change in premium provision (+ or -)	-	2 3,589	2 -474	
Claims incurred.....	-	3 35,231	3 400	
Change in sundry technical provisions (+ or -) (1)	-	4 0	4 0	
Balance of other technical items (+ or -)	+	5 -3,203	5 2	
Operating expenses	-	6 48,053	6 1,040	
Technical balance of direct business (+ or -)	A	7 80,003	7 -465	
Profit (loss) of liability reinsurance transactions (+ or -)	B	8 -15,888	8 -118	
Net result of indirect business (+ or -)	C	9 744	9 -22	
Change in equalisation provisions (+ or -)	D	10 0	10 0	
Portion of profit from investments transferred from the non-technical	E	11 5,114	11 21	
Result of technical account (+ or -) (A + B + C - D + E)		12 69,973	12 -584	

(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 2018

accounts by individual class - Italian portfolio

Class code Land vehicle hulls (name)	03	Class code Railway rolling stock (name)	04	Class code Aircraft hulls (name)	05	Class code Maritime vessels (name)	06
1	112,939	1	175	1	86	1	4,420
2	-1,164	2	-106	2	-94	2	805
3	68,799	3	95	3	66	3	2,509
4	0	4	0	4	0	4	0
5	-364	5	-5	5	0	5	-209
6	34,181	6	615	6	34	6	758
7	10,759	7	-434	7	80	7	139
8	-1,642	8	-92	8	2	8	249
9	310	9	0	9	0	9	0
10	0	10	0	10	0	10	0
11	389	11	0	11	0	11	8
12	9,816	12	-526	12	82	12	396

Class code Other damage to assets (name)	09	Class code TPL - Land motor vehicles (name)	10	Class code TPL - Aircraft (name)	11	Class code TPL - Maritime vessels (name)	12
1	203,136	1	792,866	1	12	1	1,693
2	2,527	2	-2,437	2	-7	2	-88
3	148,869	3	588,638	3	11	3	1,407
4	0	4	0	4	0	4	0
5	-363	5	-2,985	5	-31	5	19
6	52,387	6	210,462	6	4	6	920
7	-1,010	7	-6,782	7	-27	7	-527
8	-10,379	8	-7,335	8	-15	8	189
9	1,353	9	599	9	0	9	1
10	0	10	0	10	0	10	0
11	825	11	10,634	11	0	11	30
12	-9,211	12	-2,884	12	-42	12	-307

Class code Suretyship (name)	15	Class code Sundry financial losses (name)	16	Class code Legal protection (name)	17	Class code Assistance (name)	18
1	14,447	1	13,078	1	11,980	1	31,917
2	-1,030	2	-3,990	2	111	2	463
3	7,806	3	6,520	3	2,039	3	7,254
4	0	4	0	4	0	4	0
5	-2,894	5	-83	5	-46	5	-153
6	6,666	6	3,524	6	4,883	6	13,688
7	-1,889	7	6,941	7	4,901	7	10,359
8	-939	8	-995	8	-2,238	8	-665
9	546	9	96	9	0	9	0
10	0	10	0	10	0	10	0
11	168	11	70	11	17	11	46
12	-2,114	12	6,112	12	2,680	12	9,740

Notes to the Accounts - Attachment 26

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2018Summary 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.....	1,725,978 ¹¹	202,903 ²¹	19,479 ³¹	2,155 ⁴¹	1,540,399
Change in premium provision (+ or -).....	3,957 ¹²	-3,602 ²²	-1,951 ³²	-457 ⁴²	6,065
Claims incurred.....	1,111,498 ¹³	128,213 ²³	10,793 ³³	867 ⁴³	993,211
Change in sundry technical provisions (+ or -).....	7 ¹⁴	0 ²⁴	0 ³⁴	0 ⁴⁴	7
Balance of other technical items (+ or -).....	-15,762 ¹⁵	-1,911 ²⁵	0 ³⁵	0 ⁴⁵	-13,851
Operating expenses.....	488,861 ¹⁶	45,728 ²⁶	6,161 ³⁶	842 ⁴⁶	448,452
Technical balance (+ or -).....	105,893¹⁷	30,653²⁷	4,476³⁷	903⁴⁷	78,813
Change in equalisation provisions (+ or -).....					489
Portion of profit from investments transferred from the non-technical account.....	19,618 ²⁹		281 ³⁹		19,899
Result of technical account (+ or -).....	125,511²⁰	30,653³⁰	4,757⁴⁰	903⁵⁰	98,223

Notes to the Accounts - Attachment 28

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

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	Retrocaded risks 4	
Premiums written	825,257 ¹¹	10,877 ²¹	36 ³¹	0 ⁴¹	814,416
Claims incurred	1,099,577 ¹²	9,187 ²²	222 ³²	0 ⁴²	1,090,612
Change in mathematical provisions and sundry technical provisions (+ or -)	-206,271 ¹³	-1,739 ²³	-14 ³³	0 ⁴³	-204,546
Balance of other technical items (+ or -)	-5,607 ¹⁴	0 ²⁴	0 ³⁴	0 ⁴⁴	-5,607
Operating expenses	54,369 ¹⁵	1,186 ²⁵	3 ³⁵	0 ⁴⁵	53,186
Income from investments net of the portion transferred to the non-technical account (*)	102,504		145		102,649
Result of technical account (+ or -)	-25,521¹⁷	2,243²⁷	-30³⁷	0⁴⁷	-27,794

(*) 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

Notes to the Accounts - Attachment 29

Company CATTOLICA ASSICURAZIONI SOC. COOP. Financial Year 2018

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	1,270
Change in equalisation provisions (+ or -).....	D	10	0
Portion of profit from investments transferred from the non-technical account.....	E	11	60
Result of technical account (+ or -)..... (A + B + C - D + E)		12	1,330

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 -)..... (A + B + C)		10	0

(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

Notes to the Accounts - Attachment 30

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

Transactions with Group companies and other investees

I: Income

		Parent companies	Subsidiaries	Affiliated companies	Associated companies	Others	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	77,900 9	0 10	0 11	625 12	78,525
Income on bonds	13	0 14	0 15	0 16	0 17	1,221 18	1,221
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	77,900 39	0 40	0 41	1,846 42	79,746
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	3 51	0 52	0 53	0 54	3
Recoveries of administrative expenses and charges.....	55	0 56	17,643 57	0 58	0 59	0 60	17,643
Other income and recoveries	61	0 62	0 63	0 64	0 65	0 66	0
Total	67	0 68	17,646 69	0 70	0 71	0 72	17,646
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	95,546 87	0 88	0 89	1,846 90	97,392

Transactions with Group companies and other investees

II: Expenses

		Parent companies	Subsidiaries	Associated companies	Affiliated companies	Others	Total
Charges for management of investments and interest expense:							
Charges relating to investments	91	0	0	0	0	0	0
Interest on subordinated liabilities	97	0	0	0	0	1,384	1,384
Interest on deposits received from re-insurers	103	0	0	0	0	0	0
Interest on payables deriving from direct insurance transactions	109	0	0	0	0	0	0
Interest on payables deriving from reinsurance transactions	115	0	0	0	0	0	0
Interest on payables due to banks and financial institutions	121	0	0	0	0	0	0
Interest on payables with secured guarantee	127	0	0	0	0	0	0
Interest on other payables	133	0	0	0	0	0	0
Losses on receivables	139	0	0	0	0	0	0
Administrative charges and expenses on behalf of third parties	145	0	128,018	0	0	0	128,018
Sundry charges	151	0	5,190	0	0	0	5,190
Total	157	0	133,208	0	0	1,384	134,592
Charges and unrealised capital losses on investments benefiting policyholders who bear the risk and deriving from the management of pension funds.							
	163	0	0	0	0	0	0
Losses on realisation of investments (*)	169	0	0	0	0	0	0
Extraordinary charges	175	0	0	0	0	0	0
GRAND TOTAL	181	0	133,208	0	0	1,384	134,592

(*) With reference to the counterparty in the transaction

Notes to the Accounts - Attachment 31

Financial Year 2018

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Summary statement of direct business premiums written

	2.1 Non-life business		Life business		Total	
	Establishment	L.P.S.	Establishment	L.P.S.	Establishment	L.P.S.
Premiums written:						
in Italy	1 1,718,755 ₅	0 ₁₁	824,722 ₁₅	0 ₂₁	2,543,477 ₂₅	0
in other European Union countries	2 0 ₆	2,748 ₁₂	0 ₁₆	0 ₂₂	0 ₂₆	2,748
in third countries	3 0 ₇	4,475 ₁₃	0 ₁₇	535 ₂₃	0 ₂₇	5,010
Total	4 1,718,755 ₈	7,223 ₁₄	824,722 ₁₈	535 ₂₄	2,543,477 ₂₈	7,758 ₂₈

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2018

Statement of charges relating to staff, directors and auditors

I: Personnel costs

	2.1 Non-life business		Life business		Total	
Costs for subordinate work services:						
Italian portfolio:						
- Remuneration	1	50,130	31	10,327	61	60,457
- Social security contributions	2	16,727	32	3,092	62	19,819
- Provision for employee severance indemnities and similar commitments	3	0		0		0
		3,391	33	660	63	4,051
- Miscellaneous costs pertaining to personnel	4	7,041	34	1,431	64	8,472
Total	5	77,289	35	15,510	65	92,799
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	77,289	40	15,510	70	92,799
Costs for freelance work services:						
Italian portfolio	11	42,830	41	0	71	42,830
Foreign portfolio	12	0	42	0	72	0
Total	13	42,830	43	0	73	42,830
Total costs for work services	14	120,119	44	15,510	74	135,629

II: Description of the items booked

	Non-life business		Life business		Total	
Operating expenses relating to investments	15	1,388	45	3,086	75	4,474
Claims incurred	16	44,162	46	-24	76	44,138
Other acquisition costs	17	30,068	47	5,266	77	35,334
Other administrative expenses	18	41,916	48	5,725	78	47,641
Administrative charges and expenses on behalf of third parties	19	2,585	49	1,457	79	4,042
	20	0	50	0	80	0
Total	21	120,119	51	15,510	81	135,629

III: Average headcount during the year

	Number	
Executives	91	45
Office employees	92	827
Workers	93	0
Other	94	9
Total	95	881

IV: Directors and statutory auditors

	Number		Fees due	
Directors	96	18	98	5,050
Statutory Auditors	97	4	99	611

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	December 31 st , 2017	December 31 st , 2018	REVALUATIONS	WRITEDOWNS	December 31 st , 2018 (*)
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
VERONA	L.GE CANGRANDE, 16	18,981	32,176,203	32,206,944	26,172,198	-4,476,529	53,902,613
ROME	VIA URBANA, 169 A/171	6,814	8,317,631	8,319,787	26,528,081	0	34,847,869
TOTAL		44,736	54,068,342	54,101,240	85,213,418	-5,281,513	134,033,144

(*) Gross of accumulated depreciation for properties amounting to €38,608,001 as of December 31st 2018

Managing Director
Mr 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 2018.

2. The adequacy of the administrative and accounting procedures in place for preparing the financial statements as at December 31st, 2018, 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, 2018:

- 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 7th, 2019

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,

The 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, 2018, which presented a net profit of €3,464,895.

The Consolidated Financial Statements of the Cattolica for 2018 are also presented. The year closed with a net consolidated profit of €136.626 million, of which €106.934 million pertaining thereto, as is, in a separate edition, the Consolidated Non-Financial Statement – Sustainability Report (hereinafter referred to as the "Sustainability Report"), provided for by Legislative Decree no. 254/2016. 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 Financial Statements were prepared in accordance with the current provisions of Legislative Decree no. 209/2005, ISVAP Regulation no. 22/2008, as amended by IVASS Provisions no. 53/2016, and with Legislative Decree no. 173/1997, as amended to implement Directive 2009/138/EC, Solvency II and Directive 2013/34/EU Accounting.

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 2018 Consolidated Financial Statements have been drawn up by Cattolica Assicurazioni, in its capacity as Parent Company, in accordance with Article 154-ter, paragraph 1, of Legislative Decree No. 58/1998 and

Article 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, as well as the provisions provided for by the CONSOB regulation adopted by Resolution no. 11971/1999 and subsequent amendments and additions.

Lastly, we acknowledge that the Sustainability Report was prepared by the Directors in accordance with Articles 3 and 4 of Legislative Decree no. 254/2016.

Reporting on the activities carried out, we hereby inform you of the following:

1. The Board of Statutory Auditors oversaw compliance with the law and Articles of Association, taking into account the rules of conduct of the Board of Statutory Auditors of listed companies recommended by the National Council of Chartered Accountants and Accounting Experts and, where appropriate, the indications provided by CONSOB Notification no. 1025564 dated April 6th, 2001 and subsequent amendments and additions, as well as pursuant to Article 153 of Legislative Decree no. 58 dated February 24th, 1998 (hereinafter also referred to as the T.U.F.) and Article 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 Article 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, the Directors reported to the Board, according to the statutory procedures and at least on a quarterly basis, the activity carried out, through news and data presented at the meetings of the Board of Directors, which the Board has always attended. It also

reported the most significant economic, financial and capital transactions carried out by the Company and its subsidiaries, in accordance with the provisions of Article 150, paragraph 1, dated Legislative Decree no. 58/1998 and Article 42 of the Articles of Association. Regarding these transactions and further facts and/or circumstances of a significant nature, the Board of Directors shall provide an account, in its Management Report, in the chapter "Significant events during the year", in which, *inter alia*, mention is made to the approval, at the beginning of 2018, of the 2018-2020 Business Plan and the adoption of the "one-tier" corporate governance model, approved by the extraordinary shareholders' meeting in April 2018, as well as the acquisition of the VERA companies in execution of the partnership agreements with Banco BPM. While the significant events that occurred in the first months of 2019 are described in another chapter of the same Report, followed by another in which the Directors, pursuant to CONSOB Communication DEM/6064293 dated July 28th, 2006, report the absence of atypical and/or unusual operations entered into during the year under review and, as regards significant non-recurring events and transactions with significant effects on the Groups' accounts, the aforementioned acquisition of the companies VERA Assicurazioni and VERA Vita for a total value of €819.7 million. 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. In carrying out its activity, the Board of Statutory Auditors did not come across any atypical and/or unusual transactions with third parties, related parties or intercompany. In this regard, it is hereby disclosed that, pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010 and subsequent amendments, the Company has, for a period of time, put in place and periodically updated 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. Ordinary transactions with related and/or intragroup parties are disclosed in specific paragraphs of the Management Report (please see: "Significant events during the year" and "Related party transactions") and of the Notes to the Accounts (please see Part C – Other information: "Related party transactions"), to which reference is also made for qualitative and quantitative indications on the characteristics of said transactions, as well as on 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. For companies subject to management and coordination pursuant to Article 2497 et seq. of the Italian Civil Code, the Board refers to the clarifications provided in the chapter of the Management Report dedicated to these activities. To this end, the Board has no specific comments, sharing, as a whole 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. On the date hereof, the Auditing Firm Deloitte & Touche S.p.A. issued the reports pursuant to Article 14 of Legislative Decree no. 39/2010, Article 10 of EU Regulation no. 537/2014 and Article 102 of Legislative Decree no. 209/2005, for the Company's Financial Statements and for the Group's Consolidated Financial Statements as at December 31st, 2018, from which it results that the financial statement documents provide a true and correct representation of the equity and financial situation on that date and of the economic result for the year, in accordance with the standards and reference regulations. An opinion 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 and an opinion on their compliance with the law are also expressed. This is followed by statements pursuant to Article 14, paragraph 2, section e), issued on the basis of knowledge and understanding of the company and its context acquired during the audit, without any evidence. 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 - Article 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 Article 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 Article 19, paragraph 1, sub-

paragraph a), of Legislative Decree No. 39/2010, without observations.

6. On February 5th, 2019, a new complaint was received by the Board of Statutory Auditors pursuant to Article 2408 of the Italian Civil Code submitted by Ms Claudia Romele, lawyer, of Brescia, who spoke on behalf of the Shareholder, Tavernini Silvestro. This brought to the attention of the Board of Statutory Auditors the same facts indicated in the previous complaint submitted on March 15th, 2018, associated with further requests for information and clarifications, referring, *inter alia*, to the possible knowledge of penal provisions against unspecified "senior management". In this regard, the Board, after the relevant examination, acknowledged that: (i) the facts and matters in question have already been subject to verification by the Board and the resulting obligations, also during a shareholders' meeting, also informing IVASS and CONSOB thereof; (ii) there are no new nor even reprehensible facts, in relation to said matters, requiring further investigation; (iii) there is no awareness, nor is there any requirement of awareness, of any initiatives taken by the aforementioned Shareholder towards the Company or its representatives; (iv) it is not the responsibility of the supervisory body to respond to clarifications and information, such as those further requested, having to comply with the forms and methods of law. The aforementioned notification was sent to Ms Romele, lawyer and, for information, to the Supervisory Authorities. On March 5th, 2019, the Board received an additional note from Ms Romele, lawyer, mentioned above, on behalf of the Shareholder FINEMA S.R.L., concerning: Complaint pursuant to Article 2408 of the Italian Civil Code and simultaneous request for information. With this document, the complainant Shareholder requested the Chairman (of the Board of Directors or, it is unclear, of the Control Body) and the Board of Statutory Auditors to report to the Shareholders' Meeting on the reasons for certain conduct, in addition to information and assessments by said Board pertaining to certain investments made by the Group in terms of securities and real estate and the choices made in terms of reinsurance, specifically with companies, attributable to a Shareholder of the Company. In this regard, it has been preliminarily stated that this complaint appears, in various ways, associated with or linked, due to some factual profiles, to previous complaints pursuant to Article 2408 of the Italian Civil Code, formulated by the same lawyer on March 15th, 2018 and February 5th, 2019, both of which were previously subject to feedback, having taken into account the imminent deadline for filing this report, the Board launched a structured activity - which is still in progress - aimed, firstly, at defining which of the arguments contained in the complaint can in fact be classified as potentially censurable facts pursuant to the rule referred

to and on which, therefore, the related follow-up and, in any case and at the same time, independent checks must be carried out, in order to be able to acquire knowledge on facts presented. All with the aim of reporting to the Shareholders in a timely manner at the next Shareholders' Meeting, to which, therefore, reference is made for the subsequent conclusions.

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", € 12,474;
- b. examination of the "annual internal funds management report", €188,888;
- c. certification of the annual rate of return for segregated management schemes, €104,718;
- d. Solvency II certification, €660,000;
- e. Consolidated Non-Financial Statement certification pursuant to Legislative Decree 254/16, €72,000;
- f. checking the 2018 Unico and 770 form, €17,637;
- g. other responsibilities: €5,706 for reviewing the consolidated financial statements in English, €5,706 for reviewing the half-yearly consolidated report in English, €15,377 for reviewing the individual financial statements in English, €12,000 for reviewing the Report on Solvency and Financial Conditions in English, €6,000 for reviewing the Consolidated Non-Financial Statement, pursuant to Legislative Decree 254/16 and €47,000 for activities relating to the Consolidated Non-Financial Statement pursuant to Legislative Decree 254/16.

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 2018 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 € 945,801 (excluding out-of-pocket expenses and VAT).

The Financial Statements show the summary table (Table 73) of the services provided to the Company and to the subsidiaries by the Auditing Firm and by the entities belonging to its network, with an indication of the fees paid.

In its role as Internal Control and Auditing Committee, the Board of Statutory Auditors previously examined service proposals other than statutory auditing offered by the

Auditing Firm and by the Companies belonging to its network, assessing their compatibility with the limits referred to in Article 5 of EU Regulation 537/2014 and the absence of potential risks due to the independence of the statutory audit.

The Board also obtained a letter from the Auditing Firm Deloitte & Touche S.p.A., as an annual confirmation of independence pursuant to Article 6, paragraph 2, section a) of EU Regulation 537/2014 and pursuant to paragraph 17 of the ISA Italia 260. Having specified this, the Board believes that no critical aspects emerged regarding the independence of the Auditing Firm.

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.

The Auditing Firm, with a note dated January 16th, 2019 addressed to the Company, regarding its "network" as defined pursuant to Article 149-bis, paragraph 2 of the Issuers' Regulation (limited to the countries in which entities of the Cattolica Assicurazioni Group operate), stated:

- that the operating entities with registered offices in Italy are: Deloitte Central Mediterranean S.r.l., Deloitte Consulting S.r.l., Deloitte Finance Process Solutions S.r.l., 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, Office Innovazione S.r.l., Quantum Leape S.r.l., Telnext S.r.l. a socio unico, Clustin S.r.l. a socio unico, Deloitte Legal-Studio Legale Associato, Studio Tributario e Societario, Consorzio Deloitte Consulting and Fondazione Deloitte;
- that the operating entities that have their registered office in Ireland are as follows: all entities that have the term "Deloitte" in their corporate name, Emblem Brands Limited and DT Tech Solution UK Limited;
- that the operating entities that have their registered office in Luxembourg are as follows: all entities that have the term "Deloitte" in their corporate name, Aerogolf Business Center S.à r.l. Fiduciaire Générale de Luxembourg S.à r.l.

The investigations carried out do not show that the Company or other companies of the Group have conferred any task other than auditing to companies of the Network of the Auditing Firm Deloitte&Touche S.p.A.

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 activity of the Board of Statutory Auditors during 2018 resulted in a total of 40 meetings, of which 19

held jointly with the Control and Risk Committee, which normally attends in the context of its supervisory activity, as well as for the purposes of a more effective coordination of the control departments. Furthermore, the Board of Statutory Auditors took part in the general shareholders' meeting last year, was always present during the Board meetings which numbered 24, as well as the meetings of the Executive Committee which numbered 15. The following meetings of other Board Committees were also held, which are normally attended by the Chairman of the Board of Statutory Auditors or, in the event of his impediment, a statutory auditor appointed for this purpose: Remuneration Committee, 12 meetings; Investments Committee, 9 meetings; Corporate governance Committee, 7 meetings; the Related Parties Committee, 5 meetings. Pursuant to CONSOB Notification DAC/RM/97001574 dated February 20th, 1997 and the aforementioned Rules of Conduct of the Board of Statutory Auditors for listed companies, in order to ensure the acquisition and exchange of information necessary to fulfil the functions for which it is responsible, as well as to better ensure the coordination of supervisory activity, in accordance with the current legislation and, specifically, with Article 151, paragraph 2 of Legislative Decree 58/98, the Board of Statutory Auditors met the Boards of Statutory Auditors of the subsidiary insurance companies. It also conducted joint verification activities to promote the analysis and implementation of adequate procedures of common interest for compliance with the legislation on preventing and combating the risk of money laundering pursuant to Legislative Decree no. 231/2007.

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 knowledge and oversaw the adequacy of the organisational structure of the Company and Group, called upon to meet the commitments dictated by operational requirements and an evolving regulatory compendium, also as a result of the issuance of IVASS Regulation no. 38/2018, containing provisions on the corporate governance system. The Company launched the activities required for implementing the new provisions, whilst continuing, in 2018, the organisational renewal launched the previous year through the rotation

of professional figures in roles of responsibility and the reorganisation of skills with a view to strengthening and rationalising the structure. This process also affected the internal control system and, specifically, some fundamental department due to both the changeover of manager (Internal Audit Department) and due to an internal reorganisation (Department for Checking Internal Compliance), as well as fulfilling the role of CRO to further strengthen the requirements of independence and separateness of the functions coordinated thereby. In this specific context, the Board of Statutory Auditors followed the developments in the decision-making process, sharing the proposed solutions and expressing, where required, the relevant opinions. More generally, the Board also carried out its fact-finding and supervisory action through the direct collection of information from company managers and the exchange of information with the company appointed to carry out the statutory audit. Reportedly, the Board believes that no elements worth mentioning emerged and that the organisational structure is substantially adequate.

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, approving the Annual Plans, as well as via the direct collation of information from the respective managers. In particular, it examined the periodic reports and final reports issued by the Internal Audit Department and by the Risk Management, Regulatory Compliance, Actuarial and Anti-Money Laundering Units, monitoring the outcomes and the consistency of the checks with the aforementioned Annual Plans. Both at the joint meetings with the Control and Risk Committee and in separate meetings, the Board discussed with the Manager in charge of preparing the corporate accounting documents, such as the controlling role in the management of risks pertaining to financial information pursuant to Article 154-bis of the T.U.F., and with the Supervisory Body, pursuant to Legislative Decree no. 231/2001, examining the periodic reports and receiving information on the activities carried out, as well as observing the process of updating the Organisation, Management and Control Model for the transposition, *inter alia*, of the 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. Specifically, 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, other than those resolved upon by the Shareholders' Meeting and to the managers with strategic responsibilities, it has expressed, where required, the prior opinion referred to in Article 7 of CONSOB Regulations, relevant to the procedure for managing transactions with related parties. In the context of overseeing the internal control system, the Board acknowledges that the Company has dealt with the relevant regulatory production (*inter alia*, reference is made to Legislative Decree no. 68/2018 (IDD) governing the insurance distribution; EU Regulation 2016/679 (GDPR) concerning the processing and circulation of personal data; IVASS Regulation 38/2018 concerning the regulation of the corporate governance system) by activating the processes of timely adaptation to the new requirements in a context that already makes use of regulatory, procedural and organisational controls required by sector regulations. 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 the adaptation of the adopted system. It should be noted that Group carried out the annual internal assessment of the risk and solvency profile (Own Risk and Solvency Assessment – ORSA) in line with the 2018-2020 Business Plan. The Cattolica Group's solvency position and that of all Companies belonging thereto was consistent with the thresholds defined by the Risk Appetite system, in confirmation of its current and future solidity. The final report was sent to IVASS on June 19th, 2018, following approval by 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 (Solvency II) and by the Eiopa Guidelines with regard to disclosure for the purpose of financial stability, sending the Supervisory Body the relating reports. Having said this, from the analysis performed and on the basis of the elements acquired, 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. In order to perform the supervisory duties pursuant to Article 19, paragraph 1, sections b) and c) of Legislative Decree 39/2010 on financial reporting, the activity included in the monitoring of the related process and effectiveness of the internal quality control and risk management systems associated with said reporting for the purposes of Law 262/05. The action included in-depth sessions and discussions with the Manager in charge of preparing the accounting documents pursuant to Article 154-bis of T.U.F., during which specific aspects concerning this information were analysed, the activities included in the relative annual plan were assessed, the results of the periodic checks carried out by the relevant organisation department were examined and the interventions and actions for strengthening the internal control system relating to said information planned for 2019 were shared. In this regard, the Board acknowledges the progress achieved, both by the Company and the Group, in mapping the relevant processes and in the activities aimed at assessing the adequacy and effectiveness of the administrative and accounting procedures for preparing the financial statements and consolidated financial statements. The Managing Director and Manager in charge of preparing the corporate accounting documents issued the certificated required by Article 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. The Board of Statutory Auditors monitored compliance with the provisions governing the drafting and publication of the Consolidated Non-Financial Statement pursuant to Legislative Decree No. 254/2016. N.254/2016. Specifically, the activity took place through meetings with the manager of the operating unit in charge of the Communication and Institutional Relations Department, during which the implementation of the processes and procedures aimed at providing information

required by the legislation in question was monitored by the auditing firm Deloitte & Touche, responsible for making the declaration of conformity of the statement in question pursuant to Article 3, paragraph 10, of the aforementioned decree and, conclusively, in the examination of the final report. Deloitte & Touche issued its attestation report with no findings and, to the extent for which it is responsible, the Board can therefore certify that the Consolidated Non-Financial Statement has been prepared in accordance with the requirements of Articles 3 and 4 of the aforementioned regulation.

17. In accordance with the matters envisaged by Article 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. Management and coordination activities were also carried out with regard to Articles 2497-2497-septies of the Italian Civil Code in accordance with the guidelines described by the Directors in the specific chapter of the Management Report. 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 Article 150, paragraph 3, of Legislative Decree No. 58/98, no significant aspects emerged, as well as further to the periodic check as per Article 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 Article 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 2018. The Board of Directors specifically implemented this with the establishment and regulation to the following internal committees: the "Audit and Risks Committee", the "Remuneration Committee" the "Related Parties Committee", the "Corporate Governance Committee" and the "Investments Committee" Lastly, at the end of the preliminary investigation phase, during the first few days in January

2019, the Board of Directors established the "Appointments Committee", approving the regulation thereof. In the manner described above, 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. Also, in January 2019, in compliance with the Borsa Italiana Code of Conduct and ISVASS Regulation No. 38/2018 (formerly ISVAP 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.

As stated in the Report on Corporate Governance, the process made use of the preliminary investigation of the Appointments Committee, which defined the terms and conditions for the processing thereof, with the support of a specifically appointed consulting firm. The related conclusions are duly specified in the Report on Corporate Governance and Ownership Structures and confirm the overall adequacy of the Board of Directors, with some suggestions for improving the functioning of the body in view of the new *governance* structure, following the Shareholders' Meeting. With specific regard to the criteria and assessment procedures used by the Board during the process in question, 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 12th, 2019. It is also highlighted that, on February 6th, 2019, following the completion of the respective self-assessment process implemented in accordance with the provisions contained in the Rules of Conduct of the Board of Statutory Auditors of listed companies (Standard Q.1.1.), the Board confirmed the eligibility of its members and the adequacy of its composition as regards the requirements of professionalism, competence, integrity and independence required by the legislation and, specifically, by Article 148, paragraph 3, sections b. and c. and Article 148-bis, paragraph 1, of Legislative Decree no. 58/98, providing compliant information to the administrative body. As regards the conditions for the existence of the independence requirement, it is recalled 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 Board of Statutory Auditors notes that the Board of Directors of March 7th, 2019 approved the "Report on Remuneration Policies for 2019" prepared pursuant to IVASS Regulation no. 38/2018, Article 123-ter of the T.U.F. and Article 84-quater of the Issuers' Regulation. 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 21st, 2018, 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 6th 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 reported above.

21. In relation to the proposals to be presented to the Shareholders' Meeting pursuant to Article 153, paragraph 2, of Legislative Decree 58/98, please refer to what shall be specified subsequently to certain considerations, including those of the insurance and cooperation sectors.

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 have 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 Article 12 of IVASS Regulation No. 24 dated June 6th, 2016, in force as of October 1st, 2016 and found no irregularities in this regard. 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;

d. transactions on financial derivatives and those on complex assets, carried out during 2018, 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 also certifies the coherence of these transactions according to Article 12, paragraph 1, section 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 acknowledged, in the chapter entitled "Significant events during the year" of its Report on auditing activities and disputes that occurred during the year by the FIU, Guardia di Finanza and Italian Revenue Agency, relating to which it kept the Board of Statutory Auditors informed and making, where appropriate, prudential allocations to the Provision for Risks and Charges;

g. as regards the social security forms activated by Società Cattolica Assicurazioni, during the year, the Board met with the Manager and Supervisory Body for the purposes of monitoring performance. The Auditing Firm 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 at December 31st, 2018 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 2018, the Board of Arbitrators did not hold any meeting;

i. pursuant to Article 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 chapter, "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 specific 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" chapter.

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 at December 31st, 2018, 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.

Lastly, in recalling that, with the appointment of the members of the Board of Directors and Management

Control Committee for financial years 2019 – 2021 provided for below in the agenda, the mandate of this Board of Directors is about to expire, we wish to reiterate our thanks to the Shareholders for their trust and the Company for its attention and collaboration with us in fulfilling the mandate.

Verona, March 21st, 2019.

THE BOARD OF STATUTORY AUDITORS

Mr Giovanni Glisenti – Chairman

Ms Federica Bonato – Statutory Auditor

Mr Cesare Brena – 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, 2018, 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, 2018 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, 2018 the Company recorded, in the item C.II "Investments in Group companies and in other investees", investments in subsidiaries for Euro 1,595.6 million.

This item has increased by Euro 788.1 million compared to December 31, 2017, mainly due to the acquisition of the shareholding in Vera Vita S.p.A. and in Vera Assicurazioni S.p.A.

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, which are based on the projections of the economic results for the period 2019-2021, approved by the Board of Directors, and on the distribution plans negotiated at the time of acquisition as regards the shareholding in Vera Vita S.p.A. and in Vera Assicurazioni S.p.A., 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 described above 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, as well as of the relevance of the item, we considered the assessment of the recoverability of investments in subsidiaries a key audit matter of the financial statements as at December 31, 2018 of the Company.

Audit procedures performed

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;
- acquisition and analysis of the documentation relating to the shareholdings acquired by the Company during the year;
- verification of the completeness and adequacy of the information provided by the Company in accordance with the applicable regulation.

Valuation of unlisted debt securities and debt securities listed on non-active markets

Description of the key audit matter

The financial statements of the Company as at December 31, 2018 includes, in the item C.III "Other financial investments", unlisted debt securities and debt securities listed on non-active markets (hereinafter "debt securities not listed on active markets") for a total amount of Euro 891.8 million.

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 and the main evaluation techniques 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 debt securities 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 debt securities not listed on active markets a key audit matter of the Company's financial statements for the year ended December 31, 2018.

Audit procedures performed

We have preliminarily acquired a knowledge of the investment process followed by the Company, which included the understanding of management 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 management policies.

With reference to debt securities not listed on active markets, we have carried out 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 debt securities 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 completeness and adequacy of the information provided by the Company with respect to the provisions of 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 matter

At December 31, 2018 the Company recorded, in the item C.I " Technical provisions – Non life business", provisions for outstanding claims for a total amount of Euro 2,567.4 million, of which Euro 1,257.2 million related to the Ministerial class 10 TPL – Land motor vehicles class (Euro 1,251.0 related to direct business and Euro 6.2 million for indirect business) and Euro 852.3 million related to Ministerial class 13 TPL – General class (Euro 842.8 million pertaining to direct business and Euro 9.5 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 interval 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, 2018.

Audit procedures performed

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, with reference to the TPL – Land motor vehicles classes;
- performing comparative analyses through the recalculation of the relevant indices observed in historical series and an examination of their correlation with other significant indicators. In particular we analyzed appropriate technical indicators and 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, where applicable;
- 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, 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;
- verification of the completeness and adequacy of the information provided by the Company with respect to the provisions of the applicable regulations.

Valuation of mathematical provisions

Description of the key audit matter

At December 31, 2018, the Company recorded in the financial statements in the item C.II "Technical provision - Life business" mathematical provisions for a total amount of Euro 4,744.3 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 nature 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, 2018.

Audit procedures performed

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 Function 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 in the portfolio, of the value of the mathematical provision component as at December 31, 2018, 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;
- verification of the completeness and adequacy of the information provided by the Company with respect to the provisions of 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, and, in preparing the financial statements, for the appropriateness of using the going concern assumption, as well as for adequate disclosure in matter.

The Directors use the going concern assumption in the preparation of the financial statements unless they have assessed that the conditions exist for the liquidation of the Company or for the interruption of the activity or do not have realistic alternatives 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 unintentional behaviour or events, 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 unintentional behaviour or events 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or unintentional behaviour or events, 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 unintentional behaviour or events, 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 no. 39 of January 27, 2010, and art. 123-bis, paragraph 4, of Legislative Decree no. 58 of February 24, 1998.

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, 2018, 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 no. 58 of February 24, 1998, with the financial statements of Società Cattolica di Assicurazione – Società Cooperativa as at December 31, 2018 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, 2018 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree no. 39 of January 27, 2010, 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 of September 7, 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, 2018. 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 of September 7, 2005, with the ISVAP Regulation n. 22 of April 4, 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, 2018 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 of April 4, 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 of September 7, 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, 2018. 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 of September 7, 2005, with the ISVAP Regulation n. 22 of April 4, 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, 2018 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 of April 4, 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.

Vittorio Frigerio
Partner

Milan, March 21, 2019

This report has been translated into the English language solely for the convenience of international readers.



CATTOLICA
ASSICURAZIONI
DAL 1896

abc ASSICURAZIONI

BCC Assicurazioni

CATTRe

TUA
ASSICURAZIONI

VERA Assicurazioni

BCC Vita

BERICA VITA

CATTOLICA
LIFE

LombardaVita

VERA Financial

VERA Protezione

VERA Vita

