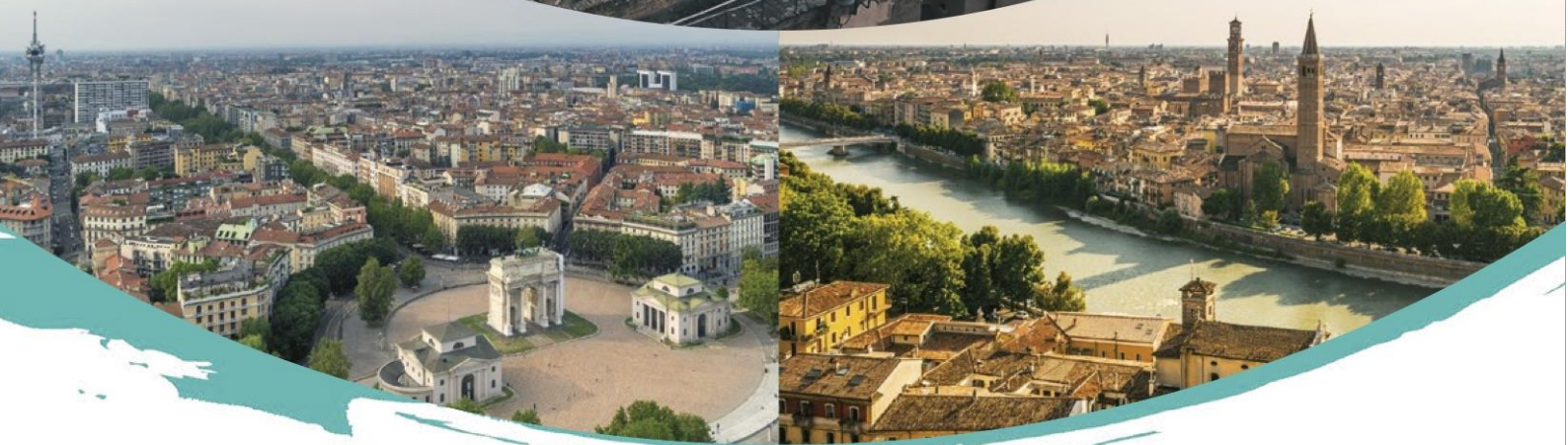




COURAGE
TO DO AND
TO LEARN



2019

ANNUAL REPORT AND
FINANCIAL STATEMENTS

CATTOLICA
ASSICURAZIONI
DAL 1896

YOUR WORLD,
ALL AROUND.

The evolution of serenity

The uniqueness of individuals enriches the community. Together we make up a world of amazing values and talents. When we are connected with others, we realise how great our human potential is.

Our symbol is completed graphically and lights up with images that talk about the world (with a desire to protect it) through the eyes of our employees, through their photographs.

We know we face great challenges ahead of us and we're ready to do all that is needed, with flexibility and commitment, to increase and protect the overall good, with a mutual serenity intent.



CONSOLIDATED
FINANCIAL STATEMENTS

SUSTAINABILITY
REPORT

FOCUS ON
RESULTS

YOUR WORLD,
ALL AROUND.

INTEGRITY

MERITOCRACY

COURAGE
TO DO AND
TO LEARN

COHESION

REPORT ON
REMUNERATION POLICES
AND FEES PAID

REPORT ON
CORPORATE GOVERNANCE AND
THE OWNERSHIP STRUCTURES

2019 ANNUAL REPORT AND FINANCIAL STATEMENTS

Approved by the Board of Directors on March 18th, 2020

124th FINANCIAL YEAR

LETTER FROM THE CHAIRMAN



In a context characterised by an increasingly pervasive fluidity and rapidly evolving processes, **Cattolica's identity remains the firm and indispensable element in every possible development for the company.** ”

2019 was a positive year for the Cattolica Assicurazioni Group, characterised by many challenges that we were able to accept and face with courage and determination. In an increasingly competitive environment, results have once again confirmed the growth recorded in recent years.

Our Company has proved to be one of the most important players in the domestic insurance sector, continuing with commitment the work defined in the Business Plan.

The figures on investments made, together with the various indices provided in these Financial Statements, reflect the solidity of the Company, which, over the years, has increased its assets with well-considered choices and far-sighted decisions.

This is a trend and a pathway that Cattolica intends to meticulously pursue in order to continue to respond in a timely and targeted manner to the interests and needs of its customers, shareholders and all stakeholders.

In 2019, the Group also dedicated time and resources to supporting and implementing the transformation project underway, increasing business, growth opportunities and the well-being of the communities in which it operates.

In a context characterised by an increasingly pervasive fluidity and rapidly evolving processes, Cattolica's identity remains the firm and indispensable element in every possible development for the company. The cooperative business model and the resulting values have once again proven to be more relevant than ever and capable of guaranteeing the future of a company that chooses to stick by the principles that have distinguished it since its inception, the first and foremost being social responsibility towards the territories where it operates.

Thanks to the activities of the distribution network, employees and collaborators, the Group closes another year with its accounts in order and with the possibility of allocating new resources to investments, representing the best pathway to meeting new targets.

Thank you all.

A handwritten signature in black ink, which appears to read 'Paolo Bedoni'. The signature is fluid and cursive, with a distinct flourish at the end.

Paolo Bedoni
Chairman

LETTER FROM THE GENERAL MANAGER



At the end of 2019, the Cattolica Assicurazioni Group's profile is that of a solid Company with a growing business. The financial results, achieved in an increasingly challenging market environment, record positive technical and equity indicators and show a strong increase in production, with premiums written reaching € 7 billion. The operating result amounted to € 302 million, confirming the Group's managerial and industrial capacity.

These are positive results that we have achieved by continually operating with the business strategy presented to the markets in order to make Cattolica a stronger and more competitive company, with innovation and dynamism as two distinctive features of our Company, ensuring that our business activities are increasingly sustainable. I believe that these efforts have been recognised and appreciated by all our stakeholders, starting with the more than 3.5 million individuals who have relied on the Group's insurance solutions.

But there's more to it than that, numbers alone can't tell the whole story. This is the precious work of all employees, collaborators and agents of the Cattolica Assicurazioni Group, whose commitment is sprinkled between the lines of these Financial Statements. They deserve my heartfelt thanks.

A handwritten signature in black ink, appearing to read 'Carlo Ferraresi'.

Carlo Ferraresi
General Manager



But there's more to it than that, numbers alone can't tell the whole story.

This is the precious work of all employees, collaborators and agents of the Cattolica Assicurazioni Group.



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GROUP HIGHLIGHTS

Total premiums written

6,944.4

€ mln (+19.9%)

Operating result

301.5

€ mln (+3.1%)

Operating ROE

7.9%

(+0.4 pp)

Consolidated profit

103.0

€ mln (-24.6%)

Cattolica net profit

120.2

€ mln (+116.7 mln)

Solvency II Ratio ¹

175%

Our People

1,778

(+5.1%)

726 (+5.7%)

WOMEN

1,052 (+4.7%)

MEN

Our Customers ²

3,555,878

(-0.7%)

¹ The Board of Directors reserved the right to formulate its proposal for the allocation of profits at and during the Shareholders' Meeting that is called to approve the Financial Statements, providing the appropriate information.

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



NON-LIFE SEGMENT

Gross premiums written - direct non-life business

2,156.9
€ mln (+2.5%)

Operating result

148.8
€ mln (-11.8%)

Combined ratio of retained business

94.3%
(+0.9 pp)



LIFE SEGMENT

Gross premiums written - direct life business

4,771.7
€ mln (+30%)

Operating result

156.9
€ mln (+23.2%)

Our Distributors

1,887 (-2.2%)
AGENTS

1,395 (-3.4%)
AGENCIES

6,075 (+0.3%)
BRANCHES

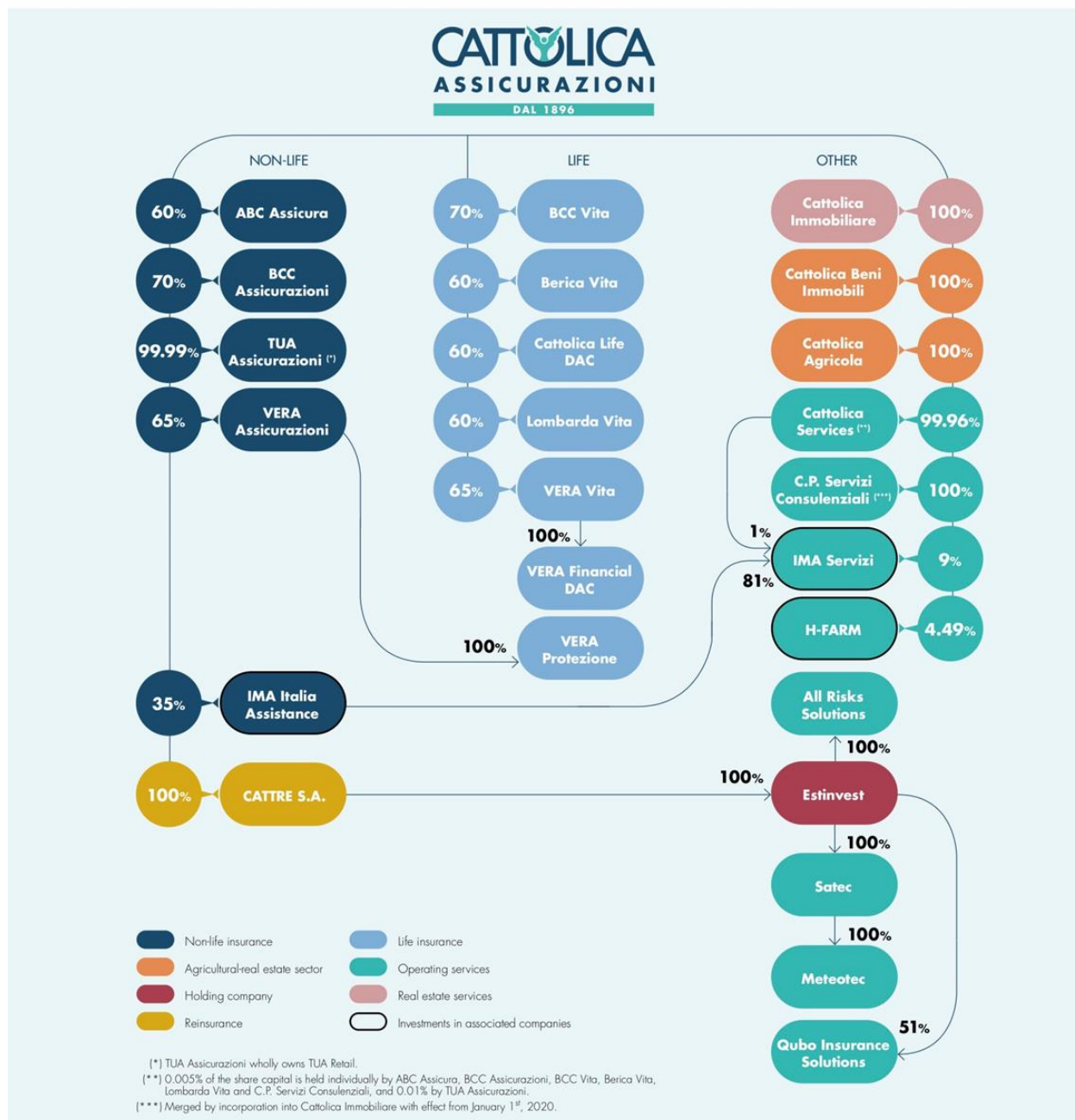


13 Life/Non-life insurance companies

10 Non-insurance companies

GROUP STRUCTURE

GROUP STRUCTURE



As of December 31st, 2019



CORPORATE BODIES

CORPORATE BODIES

BOARD OF DIRECTORS

Chairman	Paolo Bedoni
Vice Deputy Chairman	Aldo Poli
Deputy Chairman	Barbara Blasevich
Secretary	Alessandro Lai
Directors	Federica Bonato (*) Cesare Brena (*) Piergiuseppe Caldana Bettina Campedelli Luigi Castelletti Rosella Giacometti Giovanni Glisenti (*) Alberto Minali Carlo Napoleoni Pierantonio Riello Chiara de' Stefani Anna Strazzerà Eugenio Vanda

GENERAL MANAGEMENT

General Managers	Carlo Ferraresi Valter Trevisani
Deputy General Managers	Nazzareno Cerni Samuele Marconcini Enrico Mattioli

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

2019 SIGNIFICANT EVENTS

2019 SIGNIFICANT EVENTS

FEBRUARY

On February 6th, and July 4th, the acquisition by Estinvest S.r.l. of 31% and 49% respectively of **All Risks Solutions S.r.l.** ("ARS"), a Rome-based insurance brokerage company, was completed, for € 33 thousand and € 43 thousand.

MARCH

On March 25th, Cattolica and Inter Mutuelles Assistance S.A. announced that they had completed the closing of the transaction, which involves the entry of Cattolica into **IMA Italia Assistance S.p.A.** with a 35% shareholding, achieved through the subscription of a reserved share capital increase against payment for a total amount of € 8.58 million. Through this partnership, Cattolica and the IMA Group put their industrial competence together, providing momentum to the growth of IMA Italia Assistance S.p.A., which from April 1st onwards has been the new sole provider of the assistance services offered by the Group's networks.

APRIL

On April 13th, the ordinary **Shareholders' Meeting** of Cattolica Assicurazioni was held and approved all items on the agenda, including the proposal of the Board of Directors concerning the draft 2018 Financial Statements, to distribute a dividend of € 0.40 per share, based on the 2018 Financial Statements.

The Shareholders' Meeting, based on the new Articles of Association approved by the Shareholders' Meeting of April 28th, 2018, appointed the members of the Board of Directors for the three-year period 2019-2021.

The directors Giovanni Gilsenti, Cesare Briena and Federica Bonato were also appointed as members of the Management Control Committee for the three-year period 2019-2021, with Giovanni Gilsenti as chairman.

The Meeting also resolved with regard to the determination of the related fees.

In accordance with MASS regulation No. 38 dated July 3rd, 2018, the Shareholders' Meeting approved the Remuneration Policies for the year 2019 with reference to the Group and to Cattolica relating to the directors and officers, the key personnel and other parties contemplated as recipients of general principles by said Regulation. Following the entry into force of this regulation, the Shareholders' Meeting approved the revision of the 2018-2020 Performance Share Plan, already approved by the Shareholders' Meeting of April 28th, 2018.



JULY

The Boards of Directors of **Cattolica** and **ICCREA Banca**, which met on July 3rd and 5th, 2019 respectively, resolved the renewal of the bancassurance partnership and the terms of the shareholding reorganisation of the joint ventures **BCC Vita S.p.A.** and **BCC Assicurazioni S.p.A.**, formalising the related contracts on July 12th, 2019. On July 29th, Cattolica closed the purchase, from **ICCREA Banca**, of 19% of the share capital of the subsidiaries **BCC Vita S.p.A.** and **BCC Assicurazioni S.p.A.**, thus increasing its own shareholding in both companies from 51% to 70%, for a total price of € 42.5 million. At the same time, a new shareholders' agreement relating to the governance of the same companies and a new commercial bancassurance agreement were signed for the continuation of activities for the brokerage of insurance products of the joint ventures through the co-operative lending banks belonging to the newly established **ICCREA Banca Co-operative Banking Group**, with the assumption, by the parent company **ICCREA Banca**, of specific promotion commitments. Upon expiration, scheduled for December 31st, 2022, the agreements will be automatically renewed for additional periods of 12 months, without prejudice to the possibility of renegotiating its contents and duration or, alternatively, to terminate the partnership through the exercise of symmetrical call and put options.

OCTOBER

On October 31st, Cattolica's Board of Directors revoked the Managing Director Alberto Minali's operating powers and, after consulting the Appointments Committee, granted all powers to the **General Manager**, Carlo Ferraresi.

DECEMBER

On December 10th, 2019, Cattolica signed a binding agreement for the acquisition of 40% of **Cattolica Life DAC** from **Banca Popolare di Vicenza**, in compulsory administrative liquidation. This acquisition follows the binding agreement signed on November 7th between Cattolica and the reinsurance group **Monument Re** concerning the sale of 100% of **Cattolica Life DAC**. The entire transaction is expected to be completed by the first half of 2020 and is subject to the issue of the necessary authorisations by the competent authorities. The sale of **Cattolica Life** is part of the wider context of rationalisation and simplification of the **Cattolica Group**.

On December 12th, as part of the corporate reorganisation of **Specialty Lines**, the following transactions were completed, at market conditions:

- transfer in favour of the Luxembourg subsidiary **CattRe S.A.** of the interest held in **Estinvest S.r.l.**, equal to 100% of the share capital;
- transfer in favour of **Estinvest S.r.l.** of the shares held in **Satec S.r.l.** (equal to 15.87%) and **All Risk Solutions S.r.l.** (equal to 20%).

The transfers are part of the development of the **Specialty Lines** project, in line with the guidelines of the **Business Plan** and with the objective of perfecting the layout of the deputy corporate structure, grouping all the **MGAs** into a single set dedicated to special risks, at the top of which **CattRe S.A.** is positioned.

On December 18th, Cattolica subscribed 70 **Equity Financial Instruments** with a nominal value of € 100,000 each, issued by **H-FARM S.p.A.** on December 14th, paying on the same date a total consideration of € 7 million. Even though the transaction did not affect the quota of ordinary shares held in **H-FARM S.p.A.**, which remained unchanged and equal to 4.49%, Cattolica considered that all the relationships with the investee company, following the subscription of the **Equity Financial Instruments**, entailed its qualification as a related party.



Market share

6.3%
non-life

4.6%
life

REFERENCE SCENARIO

REFERENCE SCENARIO

MACROECONOMIC SCENARIO

The macroeconomic environment in the first half of 2019 was characterised by a deterioration of the main current and forecast indicators, leading to a downward revision of global growth estimates. The slowdown in various economic areas has been mainly due to the global trade, which has witnessed a sharp contraction due to the tariff war between United States and China and, at the same time, the manufacturing sector, weakened by less international trade. Subsequently, starting from the third quarter, the situation settled thanks to a mitigation of the pessimism incorporated in the initial forecasts and the effects of renewed support from expansionary monetary policies.

The United States, after their 2018 exploits, closed 2019 with a growth of around 2.3%, continuing what can be considered the longest expansion cycle in their history. However, peak growth has been left behind and moderation is evident in the second and third quarters. The figures, 2.3% and 2.1% respectively, are a clear sign of it.

Industrial production, which is more sensitive to global trade dynamics, has particularly suffered throughout the year due to geopolitical uncertainties and the increased tensions between the US and China in relation to the trade war. The rivalry between the two superpowers, with President Trump threatening new duties and placing restrictions on American multinationals working with Chinese companies, especially in the technology and communications sectors, had a negative impact on the confidence indicators of the manufacturing sector, which stabilised in the second half of the year.

On the other hand, the indicators pertaining to the services sector, mainly driven by internal consumption, are still in a widely expansive growth territory, albeit at a slower rate. On this front, it should be pointed out that the labour market remains sound, with the unemployment rate falling from 4% to 3.5% during the year and a workforce participation rate that rose above 63%.

In his war against Chinese competition, Trump also involved the Federal Reserve, repeatedly clamouring for more accommodating policies, a weakening of the US Dollar and less competitive imports. Governor Powell, while reaffirming the Fed's autonomy from the US government, recognised the current slowdown and that

expected on the basis of confidence indices and reversed the rate hike planned last year, making three cuts of 25 basis points. The reduction in the key rate should also be considered in relation to not particularly impressive inflationary dynamics, with the year-on-year variation that at different stages of the year has moved away from the 2% target.

European growth dynamics have declined even more sharply than those in the US. Confidence indicators in the manufacturing sector deteriorated in the first half, dropping below the threshold between expansion and recession, continuing their decline in the third quarter and then rebounding slightly in the latter part of the year. After ending 2018 with 1.9% growth, the European GDP was around +1.2% for 2019.

Industrial and more export-oriented countries, like Germany and Italy, were the hardest hit by the contraction in international trade, which particularly impacted the automotive sector.

The indicators for the service sector are holding up in the expansion zone. The unemployment rate continued its six-year decline, reaching 7.5%. Inflation, after rising to 1.7% in the spring, fell sharply to 0.7% in the autumn, before rising to 1.3% at the end of the year.

Several geopolitical factors such as Brexit and the European elections weighed on the Eurozone during the year. The failure to reach an agreement on the UK's exit from the EU and the disorientation of UK domestic policy have created considerable uncertainty in the macroeconomic environment.

However, the outcome of the European elections brought some calm in the political landscape. The *status quo* remained essentially unchanged, with the two main Eurocentric parties, i.e. Socialists and Popular, while forced to find new alliances, retaining ample power in the formation of the commission.

The European Central Bank continued to provide support to the Eurozone's economy in this setting of overall cooling growth, keeping the budget unchanged through the reinvestment of coupons and maturities. Like the Federal Reserve also the ECB reacted in advance to the weakness projected by indicators and restored a particularly accommodating monetary policy stance. The

changeover from Mario Draghi to Christine Lagarde took place under the banner of continuity in the Frankfurt institution, which reassured the financial markets and made the environment generally more stable.

The performance of the key Italian economic indicators did not stray from that described for the rest of the Eurozone, with a divergence between the manufacturing and the services sector. The former, as in most other countries, is still in negative territory, while the latter is barely in expansionary territory.

Overall growth for 2019 has settled not far from 0.2%. Positive signs are instead coming on the front of unemployment, which dropped below 10% for the first time in seven years.

After a period of volatility experienced by domestic government securities during the summer, stabilisation of the domestic policy and the passing of a stability law in line with European restrictions led to a normalisation of the differential towards the corresponding German stocks, with a relative benefit for public finances.

The Japanese economy continues along its path to recovery, albeit characterised by a certain volatility. After a stable first quarter (+0.6%), driven by the improvement in the trade balance due to the collapse of imports, progress continued with moderation and an overall result of 1% is the target for 2019. Raising the VAT from 8% to 10%, implemented in October, led to a decline in the confidence of consumers, who, in spite of the increase in prices, are not liable to increase purchases of durable goods. The risk of new tariffs, the slowdown of the global economy and the appreciation of the Yen meant that the net contribution of the trade balance remained negative. Inflation, quite far from the 2% target, induced the Bank of Japan to hold the key rate at -0.10%, in part also to contrast the moves of the other central banks.

Emerging countries, China first and foremost, are slowing down much less markedly than developed countries, although they are still suffering from the downturn in global trade.

China's growth rate remains above 6%, experiencing a soft descent and confidence indicators show an opposite trend compared to developed countries. The services and agriculture sectors are contracting, while manufacturing is growing, but both remain in expansive territory above 50 points. Among the most positive signs are retail sales, which grew strongly in spite of the decline in the automotive sector. Solid wage growth, tax cuts and consumer confidence have supported consumption, but the issue of financial risk control remains in the background, which has limited and will continue to limit the degree of loosening of fiscal and monetary policy.

Bond markets

2019 was characterised by a substantial change in the macroeconomic environment, which had an impact on interest rates. From the first months of the year, central banks have taken note of the succession of unsatisfactory macroeconomic data and have gradually changed their monetary policy approach. Monetary policy decisions have therefore had an impact on the dynamics of rates, which have reached, at least in Europe, historical lows. The German ten-year bond opened the year at +0.24% and reached a record level of -0.70% at the end of August. In the third and fourth quarters, the less significant geopolitical uncertainties relieved the pressure on the Bund, which closed the year at -0.18%.

The Italian ten-year bond has experienced a similar dynamic. The market reacted positively to the government alliance formed at the end of the summer. The Italian ten-year rate, after starting the year around 2.7%, reached 1.4% at the end of December. The spread also showed similar dynamics: in the first months of the year it remained around 250 bps, fluctuating with peaks of over 280; in the summer months it compressed by over 100 bps to 140 and then closed the year at around 160 bps.

Stock markets

The stock markets recorded a particularly impressive year, not only recovering from the losses of the previous year, but experiencing one of the most impressive performances since the 2008 crisis. The balance was positive for all geographical areas and the MSCI World All Country Index, with a performance of 27%, broke new records, driven by the US stock exchanges, which are also at historic highs.

While on one hand the macroeconomic scenario was not favourable, with events that fuelled a climate of uncertainty, such as Brexit, the tariff war between China and the USA and global political tensions, on the other hand the US economy grew and the main central Banks maintained an accommodating attitude, which in fact limited market losses during periods of greater uncertainty. In particular, the Fed, in addition to cutting rates three times during the year, has once again expanded its performance, providing liquidity through very short-term transactions in order to guarantee liquidity for the banking system.

In general, the losses incurred by the stock exchanges when negative events were announced were more than offset by recoveries following positive news. Furthermore, at the end of the year, the tensions from the US-China trade war were partially calmed and the continuing

uncertainty surrounding the Brexit issue was significantly reduced following the general elections in the UK.

In detail, 2019 saw the following performance before dividends among European stock exchanges: the FTSE MIB + 33.8%, the German DAX +25.5%, the French CAC 40 +30.5% and the Spanish IBEX 35 +16.5%.

In the United States, the S&P 500 grew by +31.5%, the Nasdaq by +36.7% and the Dow Jones by +25.3%. Japan ended the year with an increase of 20.7% while the MSCI emerging countries index closed at +18.6%, with Shanghai at +39.2% and Hong Kong at +13%.

Foreign exchange markets

In a context of low volatility of the currency market, the Euro saw a moderate weakening against the dollar for much of the year. The single currency has been weighed down by the relative weakness of macroeconomic figures in Europe, compounded by a worsening of expectations. This scenario prompted the ECB, during the course of the year, to provide a new accommodative impetus to its monetary policy. In the last quarter, thanks to the disappearance of a number of geopolitical tensions and the rise in the risk-free rate, the Euro regained strength. After hitting a low of just under \$1.09 at the end of September, the Euro-Dollar exchange rate closed the year at 1.123.

The Yen strengthened in the first part of the year, especially during the phase of significant tension in the USA-China trade negotiations, reaching its peak in August, when 105 Yen was worth a Dollar. The American currency regained strength in the latter part of the year, with the easing of trade tensions between the USA and China, closing at 108.6, not far from the levels of the previous year.

Real estate market

The real estate sector in Italy in 2019 set a new record: with € 12.3 billion in investments, it is the highest value ever recorded. The previous record of 2017, when investments in the real estate sector amounted to € 11.2 billion, was therefore broken and the previous value recorded in 2018 was outperformed by 36%.

The Italian real estate market has therefore confirmed its attractiveness with an expected value of investments for the last quarter of the year of € 4 billion. The figure is

significantly higher than the average of € 7.9 billion recorded over the last 5 years.

23% of capital flows came from domestic investors and 77% from international markets: 22% from North America, followed by France (23%), the United Kingdom (10%), Germany (8%), Asia Pacific (5%) and other investments "segmented" from the remaining financial markets (9%).

A particularly interesting asset class has been identified, tourism: thanks to its fifth position among the world's favourite destinations, Italy recorded over € 2.6 billion in investments in the hospitality sector at the end of September 2019, with an aggregate growth trend of 26%.

With reference to the other sectors of the real estate market, the logistics market grew, with investment volumes of over € 1.3 billion. A negative trend, on the other hand, was seen in the retail sector, which fell from € 2.2 billion in 2018 to € 2 billion in 2019, and the residential sector, which fell from € 763 million in investments raised in 2018, to € 687 million in investments.

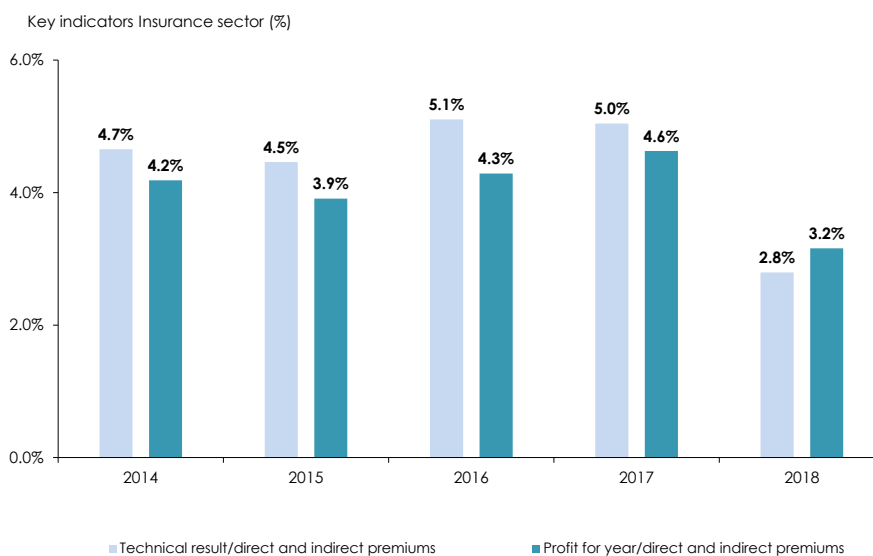
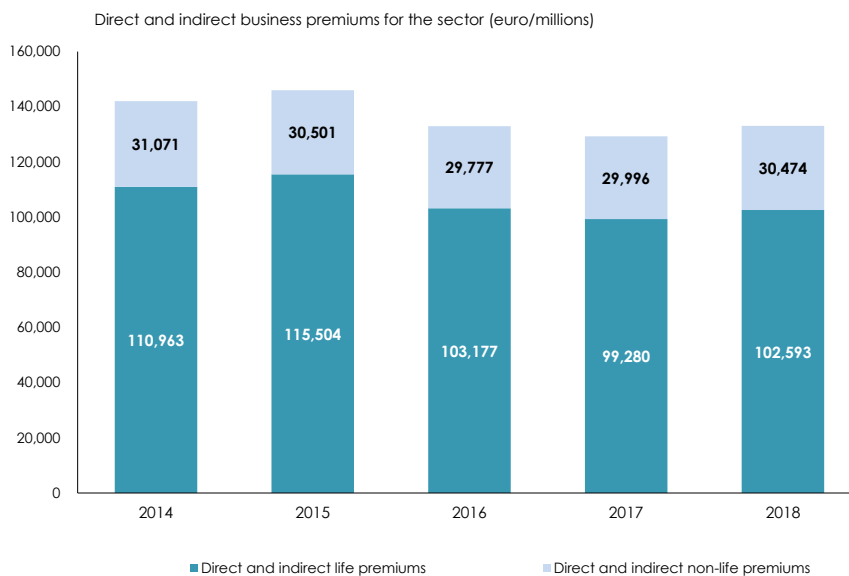
Finally, it should be noted that the Italian market has recorded a significant demand for high quality on the tertiary front, with the search for flexible spaces, in prime locations, which meet high sustainability criteria, and that possess certifications of global excellence, at the forefront of technology.

In particular, the Milan market, with a yield of 3.4% (source: Coima), confirmed its position as a market capable of guaranteeing returns similar to those of London and Madrid (3.5%) and higher than those of other European cities such as Frankfurt (3%) and Paris (2.75%).

In light of the COVID-19 emergency, the outlook for the development of the real estate market is changing radically and at the same time it is not possible to provide certainty to investors who are slowing down or suspending activities while waiting to assess the duration and evolution of the health emergency situation. The general expectations seem to go towards a lowering of prices for some asset classes such as Retail and Hospitality, whilst also considering important repercussions in the corporate office sector.

INSURANCE INDUSTRY

The graphs below show certain summary figures published by ANIA¹ for the insurance industry for the period 2014-2018.



¹ Source ANIA - *L'assicurazione italiana* 2018-2019, publication dated July 2019.

According to ANIA, in 2019, total premiums written (life and non-life) for the Italian direct portfolio of companies with their registered offices in Italy should come close to € 140 billion, up 2.6% with respect to 2018. The insurance business would thus continue its moderately expansionary phase, in line with the growth of the previous year (+3.2% in 2018). The positive development both of the non-life business premiums (+3.2%) and of the life business premiums (+2.5%) would contribute to the 2019 result. Total premiums written as a percentage of GDP would slightly rise, from 7.7% in 2018 to 7.8% in 2019.

Premiums written for the Italian direct portfolio of the **non-life business** in 2019 would exceed € 34 billion, up 3.2% with respect to 2018, consolidating the positive performance that started in 2017 (+1.2%) and continued in 2018 (+2.3%), after the overall decline of over 12% in the previous five years (2012-2016). A contribution to this trend would come both from the stationary performance of the TPL motor class and from additional growth in all the other non-life classes differing from TPL motor (+5.3%).

In particular, already in 2018 in the TPL motor class a marginal increase in premiums written (+0.1%) as a result of a growth in the number of the insured vehicles (+0.9%) that just exceeded the decline recorded by the average price applied the same year (-0.8%) had been observed; it is estimated that the same trend, with similar values, can be confirmed in 2019 and thus the total premiums written in this class would be unchanged for the second consecutive year. The weight of the TPL motor class premiums on total non-life premiums written would thus continue to drop (39%, 40% in 2018 and 41% in 2017).

The growth of the premiums of non-life business other than TPL motor would be confirmed (on average, over 5% for a volume of nearly € 21 billion), although our country still remains under-insured in this business. The impetus would come from continuous technological innovation, which affects the creation of ever more attractive and usable products. Specifically, the increase would be tied both to the greater propensity of individuals and households to purchase voluntary insurance coverage, in particular in the health sector (injuries and illness) and of property (other damages to goods and fire), and to the growing

demand for corporate insurance coverage (also in the health sector) and of professionals (e.g. in the general TPL motor class).

The premiums of the land vehicle hulls class (i.e. fire/theft and vehicle collision guarantees) would grow less in 2019 than in the previous years: +4.5% compared to increases approaching or exceeding 6% of the previous three years. This would depend on a progressive decline in the number of new vehicle registrations in 2019 (-2.9% from January to May versus +1.1% in the same period of 2018); the premiums volume would nevertheless exceed € 3 billion returning to the levels of 10 years ago. In 2019, non-life premiums as a percentage of GDP would remain unaltered (1.9%).

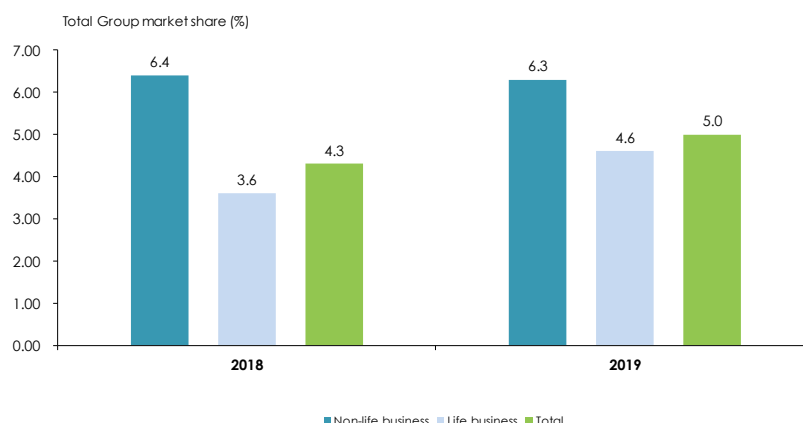
In the **life business**, the trend already observed in 2018 would be confirmed: the premiums on growth rates would remain around 2.5% for a volume of nearly € 105 billion.

The new life production of individual policies at the end of May recorded a volume of new premiums amounting to € 37.1 billion versus € 36.4 billion of the first five months of 2018 (with a growth of near 2%).

The increase in new life production premiums is totally due to Class I revaluable policies which, with a volume of over € 27 billion, grew by 17.1% at the end of May; in the same period, Class III unit-linked policies contracted by nearly 26%, for a new premium volume of € 9 billion.

Overall, the incidence of the volume of premiums written in the life business with respect to GDP would rise from 5.8% in 2018 to 5.9% in 2019.

On the basis of the market figures for gross premiums written as of September 30th, 2019, of Italian companies and non-EU representative agencies, (Ania Trends, No. 10, December 2019) total life and non-life premiums were up 0.2%, the non-life classes were up 3.6% and the life classes down 0.8%. The non-life classes rose 0.4% in the motor classes and 7% in the non-motor classes.



SECTOR REGULATIONS

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

IVASS Regulations, amendments and letters to the market

IVASS Regulation No. 43 dated February 12th, 2019

The Regulation concerns the implementation of the provisions on the temporary suspension of capital losses in non-durable securities introduced by Italian Decree Law No. 119 of October 23rd, 2018, containing urgent provisions on tax and financial matters, converted into Italian Law No. 136 of December 17th, 2018.

The regulation was subsequently amended by IVASS Provision No. 92 of November 19th, 2019, implementing the provisions of the Italian Decree of the Ministry of Economy and Finance of July 15th, 2019, published in the Italian Official Gazette No. 233 of October 4th, 2019, which provide for the extension to the 2019 financial year of the provisions on the temporary suspension of capital losses in non-durable securities. The Company, as in 2018, did not adhere to this option.

IVASS Regulation No. 44 dated February 12th, 2019

The Regulation lays down the implementing provisions of Italian Legislative Decree No. 231 of November 21st, 2017, (as amended by Italian Legislative Decree No. 90 of May 25th, 2017 implementing Directive (EU) 2015/849), concerning organisation, procedures, internal controls and adequate verification of customers to prevent the use of insurance companies for money-laundering and terrorism financing purposes. The regulation takes into account the joint Guidelines of European Supervisory Authorities on simplified and enhanced measures for adequately verifying the customers and on the factors to be considered in assessing the risk of money-laundering

and terrorism financing associated with continuous relations and with occasional transactions as part of the exercise of insurance activities in the life business. The regulation was published in the Italian Official Gazette No. 48 of February 26th, 2019 and entered into force on May 1st.

IVASS Provision No. 84 dated February 13th, 2019

The provision introduces procedures and terms for communicating to IVASS the information about equity investments and close ties of those enrolled in the RUI (Consolidated Register of Insurance Brokers), in accordance with Art. 3, Paragraph 1 of Italian Legislative Decree No. 68 of May 21st, 2018 and with Art. 105 of IVASS Regulation No. 40 of August 2nd, 2018. The provision became effective the day following its publication in the Italian Official Gazette No. 45 of February 22nd, 2019.

IVASS Provision No. 86 dated May 14th, 2019

The provision contains changes to IVASS Regulation No. 1 of October 8th, 2013 and IVASS Regulation No. 39 of August 2nd, 2018, concerning the procedure for applying monetary administrative fines and the implementing provisions per Title XVIII (penalty and penalty proceedings) of Italian Legislative Decree No. 209 dated September 7th, 2005 ("CAP"). The provision became effective the day of its publication in the Italian Official Gazette No. 120 of May 24th, 2019.

IVASS Provision No. 90 of November 5th, 2019

The provision introduces amendments to IVASS Regulation No 39 of August 2nd, 2018, on the procedure for the imposition of administrative sanctions, IVASS Regulation No 1 of October 8th, 2013, and IVASS Regulation No. 2 of October 8th, 2013, on the procedure for the imposition of administrative fines and the procedure for the application of disciplinary sanctions, respectively, applicable to proceedings initiated for infringements committed up to

September 30th, 2018. In particular, the amendments are aimed at implementing the reorganisation of the internal organisational structure of IVASS. The provision became effective the day of its publication in the Italian Official Gazette No. 281 of November 30th, 2019.

Other legislative innovations

Italian Law No. 3 of January 9th, 2019, "Anti-Corruption Law"

The Italian law introduced, inter alia, some significant changes to the rules on the administrative liability of companies and entities prescribed by Italian Legislative Decree No. 231 of June 8th, 2001, which include, in particular: i) the inclusion of trafficking illicit influence in the catalogue of offences that may give rise to the liability of the entity (Art. 346-bis of the Italian Criminal Code); ii) the stiffer disqualifying penalties prescribed by Art. 9, paragraph 2 of the Italian Decree, if an offence of extortion, bribery to give or promise utility or corruption was perpetrated, iii) the introduction of the benefit of the reduction of disqualifying penalties for the offence of involving extortion, bribery to give or promise utility or corruption (for a time period between 3 months and 2 years) if the entity worked to prevent the criminal activity from reaching further consequences, ensure the evidence of the offences and identify those responsible or seize the amounts or other utilities transferred and it eliminated the organisational deficiencies that caused the offence through the adoption and implementation of organisational models suitable to prevent offences like the one that occurred; iv) making the offences of corruption among private parties and instigation to corruption among private parties prosecutable ex officio.

Italian Legislative Decree No. 19 of February 13th, 2019

The Italian legislative decree changes domestic regulations to make them conform with Regulation (EU) 2016/1011, on the indicators used as reference parameters in financial instruments and in financial agreements or to measure the performance of investment funds, and with Regulation (EU) 2015/2365, on the transparency of financing operations using securities and reutilisation. The decree was published in the Italian Official Gazette No. 61 of March 13th, 2019.

Italian Law No. 31 of April 12th, 2019, Class action provisions

The Italian law introduces class action provisions. Active legitimation is attributed to all holders of "homogeneous individual rights", such as to configure a "class", regardless of their position as consumers or otherwise, and to non-profit organisation or industry associations, whose

objectives include the safeguard of the aforesaid rights and that are registered in a public list established with the Italian Ministry of Justice. Passive legitimation is attributed to companies and agencies providing public services or utilities, "in relation to actions and conducts carried out in the performance of their activities" (Art. 840-bis of the Italian Code of Civil Procedure). The objective context of the action seems to be not only contractual, but also extra-contractual (see Art. 840-bis of the Italian Code of Civil Procedure). The Italian law, published in the Italian Official Gazette No. 92 of April 18th, 2019, will enter into force from November 19th, 2020.

Italian Legislative Decree No. 125 of October 4th, 2019

The Italian decree makes significant changes to Italian Legislative Decree No. 231 of November 21st, 2007, on Anti-Money Laundering, compared to the previous implementation in 2017 following the implementation of the European IV Directive.

The main innovations concern: the widening of the range of recipients of anti-money laundering obligations, the introduction of enhanced verification measures for banking or financial intermediaries in relation to customers operating in countries with a high risk of money laundering or terrorist financing, the criteria for determining the actual ownership of customers other than natural persons, the introduction of various instruments that can be used by supervisory authorities to mitigate the risk associated with third countries, the prohibition of the issuance and use of anonymous electronic money products. The Italian legislative decree was published in the Italian Official Gazette No. 252 of October 26th, 2019 and entered into force on November 10th, 2019.

EU Regulation 2018/815 on the single electronic communication format

Directive 2013/50/EU has included a new provision in the regulation on annual financial reporting, according to which this set of documents must be prepared in a single electronic communication format in accordance with the technical standards adopted by the European Commission with Regulation 2018/815.

Accordingly, listed issuers, pursuant to Art. 154-ter of the Consolidated Law on Finance, must make available to the public within four months of the end of the financial year and publish at least 21 days before the Shareholders' Meeting, an annual financial report that complies with the principles of Regulation 2018/815 (XHTML format of the entire report and XBRL marking of certain items in the Consolidated Financial Statements). The use of the new single electronic communication format shall take effect from the annual financial reports containing the Financial Statements for financial years starting on or after January 1st, 2020.

TAX MEASURES

The main innovations, which characterised the year are described as follows.

VAT Group

The VAT Group became operational in Italy on January 1st; it is regulated at the European level by Art. 11 of Directive 2001/112/EC, confirmed by the MEF Italian decree of 6 April 2018. The legal notion was transposed in Italian law by the Arts. from 70-bis to 70-duodecies, of Italian Presidential Decree No. 633 of October 26th, 1972. It allowed VAT taxpayers established in Italy, among whom there are determined constraints (financial, economic and organisational), to have a single VAT number for the transactions carried out by the companies that participate in the Group.

Budget Law 2018 (Italian Law No. 205 of December 27th, 2017)

The Italian law introduced:

- the obligation to issue electronic invoices starting on January 1st, 2019 for the sale of goods and the provision of services carried out between parties residing, established, or identified in the territory of the Italian State. Electronic invoices are sent and received in XML format through the Inter-exchange System (Sistema di Interscambio, SDI) to the financial administration that transmits them to the recipients;
- from January 1st, 2019, it eliminated the so-called "Spesometro", i.e. the obligation to transmit to the Italian Revenue Agency, figures from invoices issued and those received and recorded, as well as figures for the related changes.

Italian Law No. 136 of December 17th, 2018.

The Italian Law No. 136 of December 17th, 2018 (Italian Official Gazette No. 293 of December 18th, 2018) for conversion of Italian Decree Law No. 119 of October 23rd, 2018, containing "Urgent tax and financial measures", so-called "Connected to the 2019 Budget Law", in force since December 19th, 2018, provided for specific provisions that had an impact during the year:

- the facilitated settlement of the reports on findings delivered no later than October 24th, 2018, which pertains only to the reports for which, at the aforesaid date, the notice of assessment has not yet been served or the invitation to the joint proceeding per Art. 5, Par. 1 of Italian Legislative Decree No. 218 of June 19th, 1997. It requires the presentation of a dedicated return to regularise the observed violations pertaining to IRES/IRPEF and additional taxes, pension

contributions and withholding taxes, substitute taxes, IRAP, IVIE, IVAFE and VAT;

- reopening the terms for the facilitated settlement of the charges entrusted to the collection agent from 2000 to 2017 (so-called "Rottamazione-ter", i.e. "Scrapping-Fourth Iteration"). This involves the possibility of extinguishing the debt, without penalties and interest, making the payment in full or in instalments, of the amounts entrusted to the collection agent by way of principal and interest or accrued in favour of the collection agent by way of premium and reimbursement of the expenses for enforcement procedures / service of the payment notice. For the purposes of determining the amount due, only the amounts already paid by way of principal and interest included in the entrusted charges, as well as premium and expense reimbursement, are considered;
- facilitated settlement of the disputes attributed to the tax jurisdiction in which the Italian Revenue Agency is a part, pending in every state and degree, including before the Court of Cassation and also as a result of a postponement, upon request of the party that proposed the action introducing the proceeding or of the party that took over or is authorised to do so. The definition requires payment of an amount equal to the value of the dispute i.e. the amount of the tax net of interest and of any penalties imposed with the impugned document. It is possible to settle the disputes whose first degree appeal was notified no later than October 24th, 2018, and for which as at the date of filing of the settlement request the proceeding had not been completed with a definitive decision
- the possibility of regularising errors made in the tax return, provided that they are formal irregularities that do not affect the determination of the taxable base for the purposes of income tax, VAT, IRAP and the payment of taxes, committed until October 24th, 2018. In such cases, a payment of € 200 is provided for each tax period.

Italian Law No. 58 of June 28th, 2019.

The Italian Decree Law No. 34 of April 30th, 2019 ("Growth Decree") on "urgent measures for economic growth and for the resolution of specific crisis situations", has been converted into Italian Law No. 58 of June 28th, 2019, published in the Italian Official Gazette No. 151 of June 29th, 2019, in force since June 30th, 2019.

The main measures that had an impact on the Group's tax position are listed below:

– **SUPER-DEPRECIATION**

Art. 1 reintroduced an increase in depreciation for 2019 in the rate of 30%, introducing a maximum investment ceiling of € 2.5 million. In particular, the facilitating measure applies to parties earning business income and to those exercising arts and professions who make investments, in new operating tangible assets, from April 1st, 2019 to December 31st, 2019, or no later than June 30th, 2020, provided that no later than December 31st, 2019 the related order is accepted by the seller and advances have been paid for at least 20% of the acquisition cost. The change from the previous regulations pertains to the irrelevance of investments amounting to more than € 2.5 million. Therefore, the value of investment exceeding the aforesaid limit may not benefit from the facilitating measure. Please note that Italian Law No. 160 of December 27th, 2019 (Budget Law 2020), in force since January 1st, 2020, introduced a new tax credit for investments in operating assets, which replaces, *de facto*, the extension of super-depreciation and hyper-depreciation.

– **PATENT BOX**

Parties earning business income who opt for the Patent box may choose, as an alternative to the tax ruling procedure, to determine and declare eligible income directly, indicating the information required for the determination in appropriate documentation, which must be prepared in accordance with a provision of the Director of the Italian Revenue Agency. The option applies from the tax period in progress at the date of entry into force of the Italian Law Decree (therefore from 2019, for "calendar" parties).

Italian Law No. 160 of December 27th, 2019 (Stability Law for 2020)

Below are the main innovations introduced by Italian Law No. 160 of December 27th, 2019 (Italian Official Gazette No. 304 of December 30th, 2019) of interest to the Group:

– **IMU**

the 50% deductibility of the IMU relating to property used from business and self-employment income is confirmed for the tax period subsequent to that in progress as at December 31st, 2018.

– **REINSTATEMENT OF ACE**

Following the repeal of Art. 1, paragraph 1080 of Italian Law No. 145 of December 30th, 2018 (Budget Law 2019), ACE (Art. 1 of Italian Decree Law No. 201

of December 6th, 2011) was reinstated as of the 2019 "calendar" tax period.

For those whose business year coincides with the calendar year, ACE will be reinstated as early as 2019, with no interruption from one year to the next in its use.

The same Budget Law 2020 has further reduced the benefit related to the increase in own capital, as the remuneration ratio drops to 1.3% (this measure is expected when fully implemented).

– **REPEAL OF THE SO-CALLED "MINI IRES"**

The so-called "mini IRES" (Italian Law Decree No. 34 of April 30th, 2019, Art. 2, paragraphs 1 to 8) was repealed from the tax period following the one in progress as at December 31st, 2018, also linked to the capitalisation of companies.

As a result of the reinstatement of ACE the "mini IRES" shall never find concrete application.

– **DEDUCTIBILITY OF WRITE-DOWNS AND LOSSES ON LOANS FROM BANKS AND INSURANCE COMPANIES**

The transitional regime provided for in Art.16, paragraphs 3, 4 and 8, 9 of the Italian Law Decree No. 83 of June 27th, 2015, is further amended, with regard to deductibility, for IRES and IRAP purposes, of losses on loans from banks, financial companies and insurance companies.

For both IRES (corporate income tax) and IRAP (regional business tax) purposes, the 12% deduction, originally due for the tax period in progress as at December 31st, 2019 (2019, for "calendar" parties), is deferred, on a straight-line basis, to the tax period in progress as at December 31st, 2022, and the following three tax periods (2022, 2023, 2024 and 2025, for "calendar" parties).

– **DEDUCTIBILITY OF AMORTISATION OF GOODWILL AND OTHER INTANGIBLE ASSETS**

For both IRES (corporate income tax) and IRAP (regional business tax) purposes, the deduction of 5% of the amortisation of goodwill and other intangible assets, originally due for the tax period in progress as at December 31st, 2019, is deferred, on a straight-line basis, to the tax period in progress as at December 31st, 2025, and the following four tax years (2025, 2026, 2027, 2028 and 2029, for "calendar" parties), therefore, with reference to 2019, no deduction is due.

For the purposes of determining the IRES and IRAP advance payments due for the tax period in progress as at December 31st, 2019, (2019, for "calendar" parties), the innovation under examination is not taken into account.

MANAGEMENT REPORT



Total premiums written

2,394.3
€ MLN

MANAGEMENT REPORT

The Company in 2019

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

THE COMPANY IN 2019

HIGHLIGHTS

Dear Shareholders,

During the year, the Cattolica Group was able to maintain its growth rates in the Life business and the Non-life business, as well as with the ongoing precious contribution of the agency network, also thanks to the contribution of the bancassurance agreements, in particular with the increase in premiums written with Banco BPM.

In particular, operating profit, which is the bellwether, is still growing, even in 2019 just ended, albeit with a 2020 projection slightly lower than the targets of the 2018-2020 Plan, taking into account the more unfavourable than expected financial and insurance scenarios. In the first months of 2020, new 2020 projections were approved with an expected operating result in a range between € 350 million and € 375 million compared to €375/400 million before.

The Cattolica Group closed the year with an operating result² up by 3.1% to € 301.5 million (€ 292.4 million in 2018), suffering the effect of various extraordinary negative entries on the consolidated profit, which amounted to € 103 million (-24.6%) and with the Group net profit of € 75.1 million (-29.7%). The Group's profit was mainly affected by the loss deriving from the transfer of Cattolica Life, which will be completed in 2020 (€ 7 million) communicated to the market in December, the impairment of the goodwill of Vera Vita (€ 13 million), property write-downs of € 10 million and other residual and segmented entries totalling € 16 million.

The adjusted Group result³ came to € 103 million (-13.2%).

In particular, in the non-life business, the operating result, weighted down by the weather events recorded in the second half of the year, is € 148.8 million (-11.8%), while in the life business amounts to € 156.9 million (+23.2%).

² The operating result excluded more volatile components (realisations, write-downs, other one-offs). In detail, the Non-life operating result is defined as the sum of the re-insurers net technical balance, ordinary financial income, other net non-technical costs (amortisation/depreciation, write-down of insurance receivables, etc.); excluded from the operating result are realised (plus/minus) financial results, valuation and impairment; write-downs of other assets, the cost of financial debt (subordinated), amortisation of the VOBA (Value of Business acquired), exit incentives, the cost of the Solidarity Fund, and other one-offs. 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 It is defined as the measure of Group profit less the amortisation of VOBA (value of business acquired) and goodwill impairment, which have an impact on Group profit but do not affect the Solvency position.

Operating ROE (Return on Equity)⁴ was 7.9%, up by 0.4 percentage points.

The increase in volumes and the technical profitability of life and non-life, which remains solid even though it was affected by the major weather events recorded in particular in the third quarter, led to a growing operating result, demonstrating the solidity of the Group's core business.

Total premiums written for direct and indirect life and non-life business came to € 6,944.4 million (+19.9%), up by 13.1% on a like-for-like basis⁵.

Premiums written for direct non-life business amounted to € 2,156.9 million (+2.5%): growth amounted to 1.6% on a like-for-like basis.

In the motor sector, premiums amounted to € 1,092.1 million (-1.7%), down 1.9% on a like-for-like basis, due to actions to recover profitability through an increase in the average premium and several specific pruning actions. Premium income from non-motor classes amounted to € 1,064.8 million (+7.3%), up 5.4% on a like-for-like basis, thanks to the numerous initiatives envisaged in the Business Plan aimed at rebalancing the non-life business mix in favour of non-motor.

The combined ratio increased from 93.4% to 94.3% (+0.9 percentage points) despite the impact of the increase in weather-related claims, equal to +2.2 percentage points. (6.4% of net premiums for the year). The claims ratio for retained business is stable at 63.1% (-0.1 percentage points), while the expense ratio for retained business is 29.7%, up 0.5 percentage points, due to the production mix that affects the acquisition ratio (+0.5 percentage points); the G&A expense ratio is in line with last year.

In the life sector, direct business premiums came to € 4,771.7 million (+30%), an increase of 19.7% on a like-for-like basis.

Production is supported by a highly positive increase of linked products (+91.2%), in line with the actions of the

⁴ The operating ROE is the ratio between the sum of the operating result minus the cost of employment, taxation and minority interest and the average of the Group shareholders' equity (excluding the AFS reserve). Taxation is calculated consistently with reference to the operating result entries.

⁵ Excluding premiums relating to the partnership with Banco BPM pertaining to the 1st quarter of 2019.

Plan, which accelerated sharply from the second quarter onwards, thanks mostly to the contribution of bancassurance with Banco BPM. The new business concerning the life policies subject to revaluation with minimum guaranteed rates of 0% is allowing a gradual reduction in the average guaranteed minimum of the Group's stock of actuarial provisions at 0.58% (0.78% as of December 31st, 2018). The cost savings observed in particular in the life business were significant, with a ratio of other administrative expenses to premiums falling from 2.1% to 1.3%.

The Solvency II margin of the Group came to 1.75 times the regulatory minimum. The Board of Directors reserved the right to formulate, availing itself of the Italian "Cura Italia" Decree, its proposal for the allocation of profits at and during the Shareholders' Meeting that is called to approve the Financial Statements, providing the appropriate information.

The company closed the year with a profit in accordance with national accounting standards of € 120.2 million benefiting from write-backs on the securities portfolio, due to the generalised fall in interest rates, compared to a profit of € 3.5 million as at December 31st, 2018, which, on the other hand, was affected by a scenario of widening of the spread with significant impairment losses.

Total non-life and life direct and indirect premiums written amounted to € 2,394.3 million (-7.3%), € 1,732.8 million in non-life direct business, € 620.3 million in life direct business and € 41.2 million in indirect business.

Direct non-life premiums were in line with those as at December 31st, 2018 (+0.4%). In the motor insurance segment, premiums written amounted to € 878.4 million (-3%). The non-motor classes, with premiums written for € 854.4 million, increased by 4.2%.

The combined ratio of retained business decreased from 94.9% to 94.2% (-0.7 percentage points).

Life premiums written, down 24.8%, reported premiums in the traditional segment for € 403.6 million, unit-linked premiums for € 109.9 million, health insurance for € 1.2 million, capitalisation for € 21.6 million and pension funds for € 84 million.

The result from financial management of investments (class C) amounted to € 319.9 million compared to € 159.4 million as at December 31st, 2018, mainly due, as already reported, to the trend in interest rates, with an increase in write-backs.

The result did not therefore benefit from the facilitating measure provided for by the extension of the anti-crisis decree (Italian Law Decree of October 23rd, 2018, converted into Italian Law No. 136 of December 17th, 2018).

The Group's sales network as of December 31st consisted of 1,395 agencies distributed as follows: 50.8% in Northern Italy, 25.7% in Central Italy and 23.5% in Southern Italy and the islands.

The number of branches distributing Pension Planning products were 6,075, and included 1,487 of the former Banco Popolare network (Banco BPM, Banca Aletti & C. S.p.A., Agos Ducato S.p.A.).

The Group's financial advisors fell to 737, compared with 733 at the end of the previous year.

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 sales network and the headcount, compared with those of the previous year.

Table 1 - Summary of the premiums for the year

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	2,394,309	2,582,515	-188,206	-7.3
Direct business - non-life	1,732,833	1,725,978	6,855	0.4
Direct business - life	620,323	825,257	-204,934	-24.8
Indirect business - non-life	41,126	31,244	9,882	31.6
Indirect business - life	27	36	-9	-25.0

Table 2 - Reclassified income statement

(€ thousands)	2019	2018	Changes	
			Amount	%
NON-LIFE BUSINESS				
Premiums for the year	1,532,940	1,546,237	-13,297	-0.9
Claims for the year	-972,444	-999,927	27,483	2.7
Administrative expenses	-145,144	-142,794	-2,350	-1.6
Acquisition and collection costs	-307,805	-309,325	1,520	0.5
Other technical items	-19,912	-14,597	-5,315	-36.4
a) Result of non-life insurance business	87,635	79,594	8,041	10.1
LIFE BUSINESS				
Premiums for the year	612,360	814,416	-202,056	-24.8
Claims for the year and change in technical provisions	-755,932	-886,077	130,145	14.7
Administrative expenses	-26,124	-26,088	-36	-0.1
Acquisition and collection costs	-24,492	-27,098	2,606	9.6
Other technical items	-5,701	-5,596	-105	-1.9
Technical interest ¹	175,892	102,649	73,243	71.4
b) Result of life insurance business	-23,997	-27,794	3,797	13.7
c) = (a+b) Total result of insurance business	63,638	51,800	11,838	22.9
d) Net income from investments	385,099	141,835	243,264	n.s.
e) Technical interest ¹	-175,892	-102,649	-73,243	-71.4
f) Other income net of other charges	-86,105	-70,975	-15,130	-21.3
g) = (c+d+e+f) Profit (loss) from ordinary operations	186,740	20,011	166,729	n.s.
Profit (loss) from extraordinary operations	-1,192	-527	-665	n.s.
Profit (loss) before taxation	185,548	19,484	166,064	n.s.
Income taxes for the year	65,307	16,019	49,288	n.s.
PROFIT (LOSS) FOR THE YEAR	120,241	3,465	116,776	n.s.

n.s. = not significant

¹ This item comprises the technical interest payable to policyholders, the result of class D investments and the change in the Profit Position reserve

Table 3 - Key life and non-life efficiency and profitability indicators

	2019	2018
Non-life ratios for direct business		
Claims ratio (Claims for the year / Premiums for the year)	64.2%	64.5%
G&A ratio (Other administrative expenses / Premiums for the year)	8.5%	8.3%
Commission ratio (Acquisition costs / Premiums for the year)	20.1%	20.1%
Total expense ratio (Operating expenses / Premiums for the year)	28.6%	28.4%
Combined ratio (1 - (Technical balance (*) / Premiums for the year)	94.0%	93.9%
Non-life ratios for retained business		
Claims ratio (Claims for the year / Premiums for the year)	63.4%	64.7%
G&A ratio (Other administrative expenses / Premiums for the year)	9.5%	9.2%
Commission ratio (Acquisition costs / Premiums for the year)	20.1%	20.0%
Total expense ratio (Operating expenses / Premiums for the year)	29.6%	29.2%
Combined ratio (1 - (Technical balance (*) / Premiums for the year)	94.2%	94.9%
Life ratios		
G&A ratio (Other administrative expenses / Premiums for the year)	4.3%	3.2%
Commission ratio (Acquisition costs / Premiums for the year)	4.0%	3.3%
Total expense ratio (Operating expenses / Premiums for the year)	8.3%	6.5%

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

Table 4 - Reclassified statement of financial position

(€ thousands)	2019	2018	Changes	
			Amount	%
Assets				
Land and buildings	89,557	95,425	-5,868	-6.1
Investments in Group companies and other investee companies	1,756,682	1,671,157	85,525	5.1
Shares and Units of mutual investment funds	1,320,543	1,186,105	134,438	11.3
Bonds and other fixed income securities	5,990,424	6,334,559	-344,135	-5.4
Loans and other class C.III. investments	2,791	2,878	-87	-3.0
Deposits with ceding companies	9,765	9,960	-195	-2.0
Class D investments	1,132,346	956,519	175,827	18.4
Cash and cash equivalent	87,109	67,372	19,737	29.3
Investments	10,389,217	10,323,975	65,242	0.6
Intangible assets	128,998	154,372	-25,374	-16.4
Technical provisions - reinsurance amount	438,283	486,428	-48,145	-9.9
Other receivables and other assets	1,249,609	1,112,034	137,575	12.4
TOTAL ASSETS	12,206,107	12,076,809	129,298	1.1
Shareholders' equity and liabilities				
Share capital and equity reserves	1,736,689	1,803,606	-66,917	-3.7
Negative reserve for own shares in portfolio	-49,927	-49,927	0	0
Profit (loss) for the year	120,241	3,465	116,776	n.s.
Shareholders' equity	1,807,003	1,757,144	49,859	2.8
Premium provision	701,935	679,638	22,297	3.3
Provision for outstanding claims	2,465,314	2,567,434	-102,120	-4.0
Gross technical provisions - non-life	3,167,249	3,247,072	-79,823	-2.5
Mathematical provisions	4,723,855	4,744,312	-20,457	-0.4
Class D provisions	1,132,346	956,519	175,827	18.4
Gross technical provisions - life	5,856,201	5,700,831	155,370	2.7
Other gross non-life technical provisions	14,798	13,882	916	6.6
Other gross life technical provisions	125,252	220,372	-95,120	-43.2
Other payables and other liabilities	1,235,604	1,137,508	98,096	8.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,206,107	12,076,809	129,298	1.1

n.s. = not significant

Table 5 - Headcount and sales network

(number)	2019	2018	Changes	
			Amount	%
Headcount	1,001 ⁽¹⁾	947	54	5.7
Full time equivalent headcount	972 ⁽¹⁾	917	55	6.0
Direct network:				
Agencies	848	902	-54	-6.0
Partner networks:				
Bank branches	202	204	-2	-1.0
Financial advisors	49	49	0	0

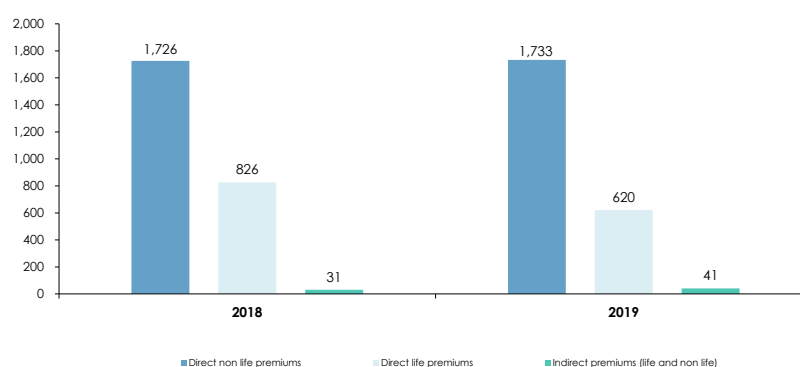
⁽¹⁾ The figure takes into account the exit as of December 31st, 2019, of 4 collaborators to join the Intersectorial Solidarity Fund.

The insurance business

The overall volume of premiums stands at € 2,394.3 million (-7.3%), € 1,732.8 million in direct non-life business (+0.4%), € 620.3 million in direct life business (-24.8%) and € 41.2 million in indirect business (+31.6%).

Non-life business as a percentage of direct business rose from 67.7% to 73.5% and that of the life business fell from 32.3% to 26.5%.

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 € 3,167.2 million (-2.5%). Technical provisions relating to life business (mathematical and class D) amounted to € 5,856.2 million (+2.7%), of which € 1,132.3 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 8.5% (8.3% as of December 31st, 2018) and acquisition costs to premiums written of 20.1%, in line with that as of December 31st, 2018.

With reference to the life business, the indicators presented a ratio of other administration expenses to premiums written for the year of 4.3% (3.2% as of December 31st, 2018) and acquisition costs to premiums written of 4% (3.3% as of December 31st, 2018).

Financial and asset management

Investments amounted to € 10,389.2 million (+0.6%) and were made up as follows: 0.9% from land and buildings, 58% from fixed income securities, 17% from shares and holdings (16.6% relating to Group companies and other

investee companies), 10.9% from class D investments and 13.2% from other investments.

The result from the management of class C investments (non-life and life), as already indicated, amounted to € 319.9 million compared to € 159.4 million in 2018.

Own equity - Shareholders' equity

The shareholders' equity amounted to € 1,807 million (+2.8%): 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

With the 2018-2020 Business Plan, presented in early 2018, Cattolica places innovation and agility at the centre of its strategy in order to rise to the challenges of a market in which dynamics are changing, barriers between sectors are being reduced and the winning ecosystem logic is a model that changes from the classic claim/payment to a more virtuous one, more focused on the prevention/protection combination.

With this Business Plan, the Group aims to strengthen but also to diversify its business model, while continuing with its activity to valorise its own distinctive assets.

Three strategic pillars have been identified, in addition to one that cuts across the group; they comprise 7 areas of focus and 22 actions, constantly monitored by a dedicated team:

- profitable growth;
- centralisation of innovation and data management;
- pursuit of technical excellence.

In parallel, there is an ongoing broad process of simplification (of processes, activities and also products) and of cultural transformation that involves the entire Group, within the scope of a governance model that in 2018 evolved towards a monistic logic, aligning Cattolica to the best international standards.

The pillars on which the Business Plan is based and the key actions implemented in the first 24 months of its implementation are summarised below; they have already yielded results in terms of value generation in the interest of all partners, shareholders and stakeholders.

Profitable growth

Development of the premiums written, diversification of channels and lines of business are at the centre of the Group's strategy and also achievable thanks to the contribution of inorganic actions.

At the centre of the distribution system remains the agency network for which the Plan forecasts, with a view to an ever closer partnership with the Company, medium-sized premium portfolio growth and profitability. The renewal, in October 2018, of the related integration path, is a part of this synergistic direction. The agreement rewards the ability of the branches to generate value in the various phases of its creation, while determining better customer service. In addition, during 2019, a "fly to quality" path was launched, which is expressed in a series of initiatives that, thanks to the recognition of greater autonomy, more services and a more specific and attentive support to values such as competence and speed of response, will guarantee the network and end customers an increasingly distinctive offer, having, at the same time, positive effects in terms of simplification and efficiency of the entire system.

In addition, the corporate production mix is to be rebalanced, in particular towards unit-linked and non-motor non-life, and the related degree of digitalisation, which will yield advantages in terms of greater innovation in the service and offer procedures and, in the final analysis, closer partnership with the customer. In this regard, both the results achieved by the network in the life business in terms of the ratio of Class III production, which rose from 5.7% at the start of the Plan to around 25% at the end of 2019 with a more favourable mix compared to the market, and the considerable proactivity shown by the

network towards a new way of working with the number of agencies classified as "fully digital", which rose from 19% to 33% in 2019, were very positive.

Lastly, it should be noted - still in the area of growth of the Agency's prospective profitability and increased partnership with the Company - the sharing in 2019 of a new tool called "Quadrifoglio", capable of simulating the agency's economic leverage and its impact in terms of expected profit increase.

However, the distribution model is also reinforced by the offer through the broker channel. Precisely for the purpose of providing the channel with greater service and support the administration and management of the Milan Operations was reorganised in early 2018. Primarily focused on the "Large Companies Risks", it led to a significant increase in the volume of premiums written.

The exclusive partnership with Banco BPM is central in terms of profitable growth and it is one of the main drivers of the Business Plan. A significant rebalancing of low capital-absorption products for the life and non-motor non-life sectors are expected in addition to the considerable leap in size, with significant repercussions in terms of efficiency.

Following the closing in the early months of 2018, control of four joint venture companies was acquired and four joint venture companies were consolidated: Vera Vita, a company specialised in savings and investment products business, particularly multi-class; Vera Financial, located in Ireland and specialised in Class III life policies; Vera Protezione, specialised in TCM (temporary life insurance) policies; and the non-life company Vera Assicurazioni. The additional operating income target in 2020 forecast for the joint ventures is over € 100 million.

To all this can be added the contribution of digital innovation, which, through a multi-channel strategy integrated within the networks, can provide customers with a new relationship experience with the company.

In this direction, in the first months of 2019, Cattolica launched the company's first "mobile App". The primary objective is to put the "customers at the centre", improving their final experience by offering a digital services platform while allowing a proactive role in the relationship with the company. At the same time, in view of the strong integration with it, the contacts and synergies with the reference agency that will be more accessible are amplified; a customised navigation will then allow, thanks to an AI motor, the collection of data to be used to propose a more tailor-made offer; also important, last but not least, will be the improvement of

the ability to attract new target customers represented by millennial and/or hybrid customers.

In keeping with the logic of innovating and improving the customer experience alongside distribution networks, digital channels and access points were developed in 2019. The innovative "C2 Cattolica Community" digital platform, launched during the year and already extended to the entire network, complementary to the "Mobile App", aims to build customer loyalty according to new engagement models based on community concepts, an ecosystem of scalable services in synergy with the other Business Plan and marketplace initiatives.

Lastly, rapid quotation services have been activated for the main retail products (Car, Motorcycle, Home, Travel, Life Protection, Pension Planning) and are directly accessible by the customer via the internet or the app.

With regard to the customisation of the offer and the enhancement of a distinctive segment, which has always been important for Cattolica, mainly that of the "Third Sector and Volunteering", it should be noted that the Group has placed a new product on the market, thus increasing its presence in the sector, known as, "Cattolica&Solidarietà TerzoSettore", an insurance solution that complies with the obligations imposed by the Reform of the Third Sector Code (Italian Legislative Decree No. 117 of July 3rd, 2017), providing comprehensive insurance protection to volunteers and all those who make up this varied and important sector.

Innovation in the range and services based on data and technology

Innovation is among the priority streams of the Plan and an enabler of the transformation of Cattolica's business model in the timeframe of the Plan. Essential in this sense was the creation, in the first months of its implementation, of a dedicated "Insurance Analytics & Business Architecture" Department: among the objectives, the transformation of the company into a "Data-driven company" and the selection of the projects that, leveraging the data, can be innovative for the Group's business model.

With the "Data-driven company", key processes such as pricing, anti-fraud and claim handling will improve, by dematerialising the appraisal and automating payment: the broadest benefits are expected in terms of better client management.

The construction of the data architecture, started at the beginning of 2018, foresees the availability of a unique and certified digital platform, resident in the cloud, which, allowing the integrated management of both static and dynamic customer data, relating to clients, allowing for the creation of an offer that can be adapted to their

needs when they need it the most. This will also promote the creation of a Cattolica ecosystem of services with progressively larger dimensions.

Precisely in this direction, with regard to pricing, it is worth mentioning the application, already in place in the last months of 2018 - by virtue of the simplification of the methods of company data use enabled by the new data platform - of a sophisticated technical calibration rationale for Motor TPL prices proposed for renewal. This "pricing optimisation" rationale currently applied to about 50% of the motor vehicle portfolio is expected to be extended to the Group's entire customer base in 2020.

Significant results have also been achieved in the field of anti-fraud activities, favoured by the introduction on the aforementioned platform of an innovative artificial intelligence engine, aimed at improving the efficiency of predictive methods of detection of fraudulent claims on which to intensify investigative activities.

The offer of new related products is moving in the same direction and in parallel: "Active Auto", the car offer launched during 2018, is its first tangible example.

This offer, devised in particular for millennials and for urban area students, and intended 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.

About a year and a half after the launch of the product, the "connected" portion of the new car production in relation to the Cattolica agency channel has increased by up to 27%, with a significantly increased product profitability in terms of C/P compared to the "traditional product". In addition, processes and product innovations are continuing to improve assistance in the installation and connection phases.

The very recent launch of the "Active Casa e Persona" product is also part of this rationale. Characterised by a modular approach and an immediately comprehensible information set, it includes, among its most important new features, specific tele-surveillance services, solutions related to home automation (which is at the heart of a shared innovation project developed with a start-up) as well as formulas to combat cyber risk.

It is always from a viewpoint of providing high-value, long-term services, and as part of a strategy strongly focused on prevention and assistance, that we can frame both the partnership concluded during 2018 with IMA Italia Assistance and the establishment in the same year of a real estate fund dedicated to the care of the elderly.

The agreement with IMA Italia Assistance has allowed Cattolica to reach a significant size in the strongly growing business area of assistance, while enriching the ecosystem

of the services for its own clients in the motor, home, travel and health sectors. During 2019, the industrial partnership with IMA was developed, extending the concept of customer service in addition to assistance (Class 18). In fact, IMA has launched other services for the Cattolica Group, such as the activation of a telephone channel for reporting and support in the event of a claim (currently operational for the bancassurance channel) and the provision of the Third Party Administrator on Health (for the management of medical expenses, including through a network of over 11,000 health facilities in the area).

The investment subscribed with Coopselios, for the creation of a real estate fund dedicated to elderly care, consolidated the presence of Cattolica in the sector of health care real estate and of prevention and protection for the elderly. As a natural consequence of all this, in 2019, as a Promoter Partner, Cattolica joined the "Fondazione Easy Care", a qualified entity in the field of innovative social cohesion and welfare models.

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.

With regard to the first aspect, already of particular significance is the saving obtained from the re-pricing and re-underwriting actions that, after starting in 2018, are considerable and continued successfully during 2019 in the Business and Agriculture sectors and extended in the second half of the year to Religious Entities.

In parallel, important simplification activities were already started last year, which will be further enhanced in particular with the introduction of automatic tools (for generating new offers and/or adjusting premiums), the rationalisation of existing products and the proactive management of premium settlements. A considerable impulse was also given to enriching the catastrophe offer, which has already generated a premium portfolio increase of around € 6.5 million. In this sense, during the last few months of 2018, the existing products were updated with the inclusion of such coverage and a policy against natural catastrophes for the whole world of ecclesiastical entities, entered into with the Italian Episcopal Conference.

In addition, according to an innovative scheme, a project was launched that entails the development of speciality lines, which allows the Group to position itself in an area somewhere between retail and large corporate business.

With this view, in the second half of 2018, 100% of CP-BK Reinsurance S.A., a Luxembourg reinsurance company, was acquired, with the establishment of a newco, concurrently renamed CattRe.

The vehicle, 100% Cattolica-owned, operates as a reinsurer, but at the same time coordinates various underwriting agencies (MGAs), which are acquired or federated from time to time, focused on specific geographical areas and/or business lines.

A commercial partnership with them is envisaged, as well as tight control and overview on the pricing and underwriting activities of the identified agencies. Already operational are the space, aviation, catastrophe reinsurance, sporting risks, marine, events and contingency, meteorological risks business lines.

Maintaining technical excellence in the motor sector is instead pursued both through the aforementioned sophistication of the pricing model and by innovations applied to claims handling; both factors are assisted by the development of advanced analytics. In terms of claims management, the rate of motor claims without follow up of fraudulent origin grew in line with the set targets, and significant savings were already obtained thanks to a specific activity on trustees and those deriving from the creation of a new "Claims Control" organisational unit. Additional projects aimed at achieving further savings thanks to the channelling processes are almost complete.

The partnership with Banco BPM also permits 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, forecast at 0.5% at the term of the Plan's horizon, is 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.

With this view, actions will be carried out to boost IT efficiency and strengthen cost control/discipline; they were already started in 2018, in part through re-engineering and robotics. The programme, 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 of 2020 of about 20% (in terms of automated administrative/back office activity).

On the other hand, the ongoing cultural change aims to "put people at the centre", making them feel that they are the protagonists of the change in a vision that aims at

cultivating new skills that are increasingly necessary in today's dynamic environment.

Consistent with this view are some of the initiatives launched in the first twenty-four months of implementation of the Plan, many of which are enabled by new technologies:

- introduction of a new performance assessment system, aligned with the objectives of the Business Plan, to contribute to the enhancement of the most dynamic resources present in the company, also in respect of gender equality and parallel development of a recovery plan for "low performers"; identification in particular of a group of high performers called "Plan talents", who are sought after for support that is expressed in particular in a bottom-up co-creation activity in relation to a number of new transversal projects;
- launch of an initiative called "job market", a type of internal labour market within which employees can choose a new job by applying to be transferred to another department;
- start of a re-training activity for the labour force following significant organisational developments of the Plan;
- development of a specific path to enhance "digital mindfulness", i.e. a more versatile mindset, more closely suited to new technologies;
- improvement of the model for corporate welfare but also well-being (including agreements with gyms, extension of smart-working, managing maternity leave by hours, incentives for long-term rental, health initiatives);
- start of an advanced course in actuarial science and risk management, in collaboration with the University of Verona (with some colleagues serving as instructors) open to employees who have completed a selection process, for the development of internal skills but also to build the managers of the future;
- launch of a car-pooling initiative, i.e. the sharing of private vehicles among colleagues, with the aim of saving costs and travel time as well as positive effects in terms of internal cohesion and environmental pollution.

Within this path to cultural change was the excellent results of the "Great Place to Work" corporate climate survey, with a further rise in the confidence index by 5 percentage points in 2019 compared to the previous year's survey. In the same context, worthy of note is the launch, in the first months of 2019, of the "readytogo" digital platform, which allows employees to collaborate in social mode to identify challenges to discuss and/or to

launch ideas that will eventually become tangible projects to improve the corporate climate.

Aware that involving its human capital is the key lever to achieve the objectives of the Business Plan, at the end of 2018 Cattolica activated a widespread "Employer Branding Strategy", to communicate the goals and values of the company internally and externally. Launched in particular in the last months of 2019, to be completed in the first quarter of 2020, a number of corporate competitions with the aim of increasing their diffusion and orientation were carried out, and whose awards to the winners are accompanied by donations to parties active in the non-profit world.

Also with this view, it should be stressed that Cattolica formally committed itself in 2019 in the direction of sustainability and social responsibility, subscribing the principles for responsible investment (PRI) of the United Nations, thus incorporating the ESG (Environmental, Social and Governance) criteria in its own investment and shareholder activism decisions.

Governance model

For the purpose of implementing the 2018-2020 Plan and in order to align Cattolica with the best international standards, the 2018 Shareholders' Meeting approved the

Board of Directors' proposal to evolve governance by adopting a monistic model, effective starting from April 2019.

The Board of Directors today absorbs the functions of the Board of Statutory Auditors, and it has 17 members (versus the 18 directors and 5 members of the Board of Statutory Auditors of the previous governance model). The Executive Committee was also 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 UCITS was raised to 5%. Exceeding the threshold, however, does not result in loss of shareholder status.

Capital shareholders are also allowed to be represented on the Board of Directors. One or two directors may 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, and also other than the Minority Interest List, having obtained votes corresponding to at least 10% or 15% of the share capital respectively, whatever the number of Shareholders that voted it may be.

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 Arts. 70, paragraph 8 and 71, paragraph 1-bis, of the Issuers' Regulation, 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 24th, Cattolica and ICCREA Banca communicated to the market the initiation of an exclusive negotiation period aimed at the comprehensive revision of the existing partnership and at renewing the existing agreements due to expire on July 15th, 2019.

The preliminary agreements reached, formalised by the Parties on February 7th, 2019, thus defined the essential

elements for the revision of existing shareholder agreements and the distribution agreement as regards the subsidiaries BCC Vita S.p.A. and BCC Assicurazioni S.p.A. and the execution of a new distribution agreement, concurrently regulating the terms for the reorganisation of their shareholding structure.

The Boards of Directors of Cattolica and ICCREA Banca, which met on July 3rd and 5th, 2019 respectively, therefore resolved the renewal of the bancassurance partnership and the terms of the shareholding reorganisation of the joint ventures BCC Vita S.p.A. and BCC Assicurazioni S.p.A., formalising the related contracts on July 12th, 2019. On July 29th, the Company closed the purchase, from ICCREA Banca, of 19% of the share capital of the subsidiaries BCC Vita S.p.A. and BCC Assicurazioni S.p.A., thus increasing its own shareholding in both companies from 51% to 70%, for a total price of € 42.5 million. At the same time, a new shareholders' agreement relating to the governance of the same companies and a new commercial bancassurance agreement were signed for the continuation of activities for the brokerage of insurance products of the joint ventures through the co-operative lending banks belonging to the newly established ICCREA Banca Co-operative Banking Group,

with the assumption, by the parent company ICCREA Banca, of specific promotion commitments.

Upon expiration, scheduled for December 31st, 2022, the agreements will be automatically renewed for additional periods of 12 months, without prejudice to the possibility of renegotiating their contents and duration or, alternatively, terminating the partnership through the exercise of symmetrical call and put options.

On February 6th, and July 4th, the acquisition by Estinvest S.r.l. of 31% and 49% respectively of All Risks Solutions S.r.l. ("ARS"), a Rome-based insurance brokerage company, was completed, for € 33 thousand and € 43 thousand.

On March 25th, following what was announced on September 26th, 2018, and after obtaining the necessary authorisations from IVASS and the European Commission in the antitrust field, Cattolica and Inter Mutuelles Assistance S.A. announced that they had completed the closing of the transaction, which involves the entry of Cattolica into IMA Italia Assistance S.p.A. with a 35% interest, achieved through the subscription of a reserved share capital increase against payment for a total amount of € 8.58 million. Through this partnership, Cattolica and the IMA Group put their industrial competence together, providing momentum to the growth of IMA Italia Assistance S.p.A., which from April 1st onwards has been the new sole provider of the assistance services offered by the Group's networks.

In March, CattRe S.A. resolved to proceed with a capital increase for € 30 million, fully subscribed by Cattolica by the end of June. The purpose of this transaction was to finance the acquisition of investments in Estinvest S.r.l., Satec S.r.l., Meteotec S.r.l., Qubo Insurance Solutions S.r.l. and All Risk Solutions S.r.l., for an amount of € 8.5 million and the business growth plan.

On April 13th, the ordinary Shareholders' Meeting of Cattolica met in Verona and approved all items on the agenda, including the proposal of the Board of Directors concerning the draft 2018 Financial Statements, to distribute a dividend of € 0.40 per share.

The Shareholders' Meeting, based on the new Articles of Association approved by the Shareholders' Meeting of April 28th, 2018, appointed the following members of the Board of Directors for the three-year period 2019-2021: Paolo Bedoni, Alberto Minali, Barbara Blasevich, Federica Bonato, Cesare Brena, Piergiuseppe Caldana, Bettina Campedelli, Luigi Castelletti, Chiara de' Stefani, Rosella Giacometti, Giovanni Glisenti, Alessandro Lai, Carlo Napoleoni, Aldo Poli, Pierantonio Riello, Anna Strazzerà and Eugenio Vanda drawn from the sole list presented by the Board of Directors. The directors Giovanni Glisenti,

Cesare Brena and Federica Bonato were also appointed as members of the Management Control Committee for the three-year period 2019-2021, with Giovanni Glisenti as chairman. The Shareholders' Meeting also resolved with regard to the determination of the related fees. The new Board of Directors, which met immediately after the end of the Shareholders' Meeting, appointed Paolo Bedoni as Chairman, Barbara Blasevich as Deputy Chairman, Aldo Poli as Vice Deputy Chairman and Alberto Minali as Managing Director.

In accordance with IVASS regulation No. 38 dated July 3rd, 2018, the Shareholders' Meeting approved the Remuneration Policies for the year 2019 with reference to the Group and to Cattolica relating to the corporate bodies, the key personnel and other parties contemplated as recipients of general principles by said Regulation. The goal of these policies is to define the purposes, principles and criteria adopted by the Cattolica Group with regard to the remuneration of the aforementioned parties.

Following the entry into force of the aforementioned regulation, the Shareholders' Meeting approved the revision of the 2018-2020 Performance Share Plan, already approved by the Shareholders' Meeting on April 28th, 2018.

In September, the Company and TUA Assicurazioni contributed € 25 million and € 6 million, respectively, to set up a new fund called Girolamo managed by Savills IM SGR (former manager of the Fondo Innovazione Salute and the Fondo Mercury); the fund purchased a property in Milan, which covers 7,300 leasable square metres, renovated for about a year and has been fully leased to 3 different companies.

On October 31st, Cattolica's Board of Directors revoked the Managing Director Alberto Minali's operating powers and, after consulting the Appointments Committee, granted all powers to the General Manager, Carlo Ferraresi.

The Board of Directors confirmed its willingness to pursue the implementation of the growth plan already announced to the markets and reaffirmed its commitment to defend the founding values and the cooperative model and to enhance the sustainability of shareholders' and investors' investment over time.

The Board of Directors has also confirmed that it is continuing along the path of innovation and adaptation of corporate governance, in accordance with the best practices of the market; a path long undertaken through the adoption of the monistic system and the potential for shareholders to participate in governance.

On November 19th, the transfer of 6,235 units of the closed-end reserved Italian Alternative Investment Fund called "Ca' Tron H-Campus" from Ca' Tron Real Estate S.r.l. to the Company was completed for a consideration of € 3.087 million. As a result of the transaction, the Company increased its stake in the Fund from 65.5% to 68.5%.

In November C.P. Servizi Consulenziali ceased its activities and was merged into Cattolica Immobiliare S.p.A. on December 12th, 2019: the merger took effect from January 1st, 2020.

On December 10th, the Company signed a binding agreement for the acquisition of 40% of Cattolica Life DAC from Banca Popolare di Vicenza, in compulsory administrative liquidation. This acquisition follows the binding agreement signed on November 7th between Cattolica and the reinsurance group Monument Re concerning the transfer of 100% of Cattolica Life DAC. The entire operation is expected to be completed by the first half of 2020 and is subject to the issue of the necessary authorisations by the competent authorities. The transfer of Cattolica Life is part of the wider context of rationalisation and simplification of the Cattolica Group.

On December 12th, as part of the corporate reorganisation of Specialty Lines, the following transactions were completed, at market conditions:

- transfer in favour of the Luxembourg subsidiary CattRe S.A. of the investment held in Estinvest S.r.l., equal to 100% of the share capital;
- transfer in favour of Estinvest S.r.l. of the shares held in Satec S.r.l. (equal to 15.87%) and All Risk Solutions S.r.l. (equal to 20%).

The transfers are part of the development of the Specialty Lines project, in line with the guidelines of the Business Plan and with the objective of perfecting the layout of the deputy corporate structure, grouping all the MGAs into a single set dedicated to special risks, at the top of which CattRe S.A. is positioned.

On the same date, the Company completed the transfer to its subsidiary Cattolica Services S.C.p.A. of a 1% interest in IMA Servizi Sc.a.r.l. for € 16 thousand. This transaction follows the partnership with the IMA Group for the development of business in the assistance and customer service sector, and will enable the subsidiary Cattolica Services S.C.p.A. to join the IMA Servizi S.c.a.r.l. consortium, an instrumental company that provides, among other things, operations centre and claims call centre services.

On December 18th, the Company subscribed 70 Participative Financial Instruments (SFP) with a nominal

value of € 100,000 each, issued by H-FARM S.p.A. on December 14th, paying on the same date a total consideration of € 7 million. Even though the transaction did not affect the quota of ordinary shares held in H-Farm S.p.A., which remained unchanged and equal to 4.49%, the Company considered that all the relationships with the investee company, following the subscription of the Participative Financial Instruments, entailed its qualification as a related party.

Recapitalisations

During the year, the Company approved the following capital contributions:

- in favour of C.P. Servizi Consulenziali, for € 800 thousand, paid in September;
- in favour of Cattolica Agricola, for € 4.7 million, of which € 3.1 million paid in April and € 1.6 million in September;
- in favour of Cattolica Beni Immobili, amounting to € 6.8 million, of which € 3.5 million paid in March, € 1.5 million in September and € 1.8 million in December;
- in favour of TUA Assicurazioni, in order to strengthen the company's solvency position and to support business growth, for € 30 million, paid by the end of November.

Other events

The companies of the Cattolica Group, as from January 1st, 2019, have joined the Cattolica Assicurazioni VAT Group. This entailed the assignment of a new VAT Code (04596530230) that uniquely identifies all adhering companies, as the sole VAT taxpayer.

The representative of the Cattolica Assicurazioni VAT Group is Società Cattolica di Assicurazione – Società Cooperativa. Cattolica Agricola is not included in the Cattolica Assicurazioni VAT Group.

On January 10th, Cattolica communicated that General Reinsurance AG, a company of the Berkshire Hathaway Group, first shareholder of the Parent Company with 9.047%, applied to become a partner of Cattolica Assicurazioni. The request was approved by the Board of Directors.

With this qualification, General Reinsurance AG also acquires the non-equity rights as prescribed by the current Articles of Association.

Italian Revenue Agency

Italian Law No. 136 of December 17th, 2018, introduced a special regulation directed at defining the tax disputes pending as of October 24th, 2018.

In order to adhere to the procedure, several Group companies (Cattolica, BCC Assicurazioni, BCC Vita, BCC

Services, C.P. Servizi Consulenziali, TUA Assicurazioni) submitted a specific form by May 31st, 2019, and paid the amounts due by the same date.

Supervisory Authority

On December 18th, IVASS and CONSOB started independent inspection activities with regard to the Company. The checks conducted by IVASS are aimed at verifying the governance structure, with particular regard to the correct functioning of the monistic system, also in relation to the main issues for the attention of corporate bodies and the verification of the Group's real estate risks.

The activities carried out by CONSOB concerned the acquisition of documentation in relation to: the information provided to the market on the occasion of the publication of the Press Release concerning the

revocation of the powers of the Managing Director by the Board of Directors; the functioning of the corporate bodies, also with regard to the procedures for calling and recording minutes of Board meetings; the procedures for holding the Shareholders' Meeting of April 13th, 2019, with specific regard to the mechanism for collecting voting proxies; the investment policy adopted and the consequent assessment methods used with regard to certain financial instruments held.

In both cases, the checks are still ongoing.



Total non-life
premiums

1,774 €M/LN

Total life
premiums

620.3 €M/LN



MANAGEMENT REPORT

The Company in 2019

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Information on the investee companies

INSURANCE BUSINESS

PREMIUMS BY SECTOR OF ACQUISITION

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

Table 6 - Premiums for the year

Classes (€ thousands)	2019	% of total	2018	% of total	Changes	
					Amount	%
01 - Accident and injury	168,059	7.1	167,264	6.6	795	0.5
02 - Health	71,406	3.0	69,743	2.7	1,663	2.4
03 - Land vehicle hulls	115,498	4.9	112,939	4.4	2,559	2.3
06 - Sea and inland water vessels	13,155	0.5	4,420	0.2	8,735	n.s.
07 - Goods in transit	6,418	0.3	6,460	0.2	-42	-0.7
08 - Fire & natural forces	134,284	5.7	125,184	4.9	9,100	7.3
09 - Other damage to assets	204,691	8.7	203,136	8.0	1,555	0.8
10 - TPL - Land motor vehicles	762,911	32.4	792,866	31.1	-29,955	-3.8
13 - TPL - General	178,205	7.6	170,079	6.7	8,126	4.8
15 - Suretyship	13,890	0.6	14,447	0.6	-557	-3.9
16 - Sundry financial losses	13,724	0.6	13,078	0.5	646	4.9
17 - Legal protection	12,666	0.5	11,980	0.5	686	5.7
18 - Assistance	35,006	1.5	31,917	1.2	3,089	9.7
Other classes ⁽¹⁾	2,920	0.1	2,465	0.1	455	18.5
Total non-life business	1,732,833	73.5	1,725,978	67.7	6,855	0.4
Insurance on the duration of human life - class I	403,628	17.2	503,703	19.7	-100,075	-19.9
Insurance on the duration of human life linked to investment funds - class III	109,937	4.7	89,253	3.5	20,684	23.2
Health insurance - class IV	1,228	0.1	1,294	0.1	-66	-5.1
Capitalisation transactions - class V	21,558	0.9	140,679	5.5	-119,121	-84.7
Pension funds - class VI	83,972	3.6	90,328	3.5	-6,356	-7.0
Total life business	620,323	26.5	825,257	32.3	-204,934	-24.8
Total direct business	2,353,156	100.0	2,551,235	100.0	-198,079	-7.8
Total indirect business	41,153		31,280		9,873	31.6
GRAND TOTAL	2,394,309		2,582,515		-188,206	-7.3

n.s. = not significant

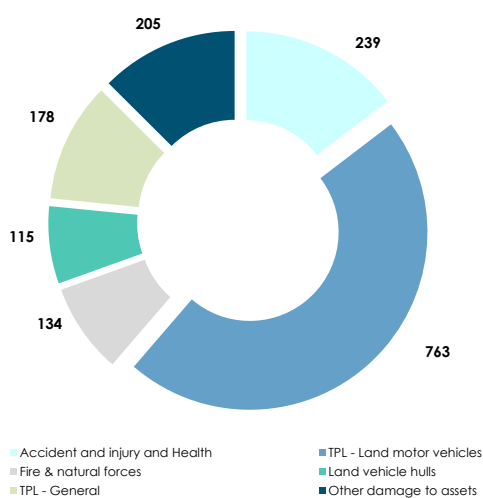
⁽¹⁾ includes railway rolling stock, aircraft, TPL aircraft, sea and inland water vessels and credit classes

NON-LIFE BUSINESS

Total non-life premiums amounted to € 1,774 million (+1%). Direct non-life premiums amounted to € 1,732.8 million (+0.4%); the non-motor classes increased by 4.2%, while motor classes decreased by 3%.

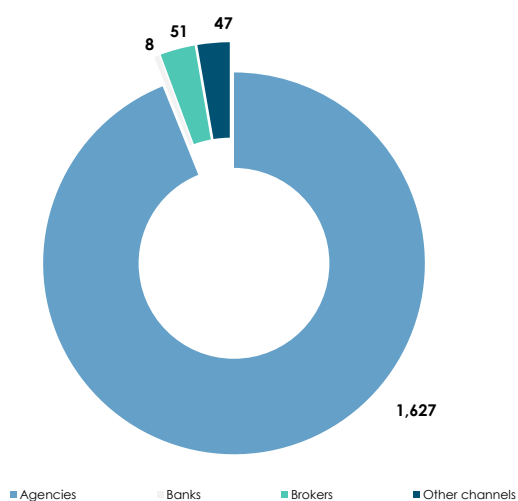
Indirect non-life premiums totalled € 41.1 million (+31.6%).

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



Direct premiums written are divided up as follows by sales channel: agencies with € 1,627.2 million, banking network with € 7.4 million, brokers with € 51 million and other channels with € 47.2 million.

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



The technical results of the individual non-life class 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

Total premiums is equal to € 168 million, in line with the previous year.

The claims to premiums ratio, while remaining at satisfactory levels, worsened from 44.2% to 49.6%, due to the higher number of claims in the medium-high bracket.

Table 7 - Accident and injury class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	168,059	167,264	795	0.5
Premiums for the year	167,749	169,175	-1,426	-0.8
Net charges relating to claims / Premiums for the year	49.6%	44.2%		

Health

Premiums written totalled € 71.4 million (+2.4%). The growth is due to the underwriting of collective policies.

The improvement in the claims to premiums ratio is due to the run-off of reserves.

The claims to premiums ratio improved from 90.7% to 85.5%.

Table 8 - Health class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	71,406	69,743	1,663	2.4
Premiums for the year	71,175	72,767	-1,592	-2.2
Net charges relating to claims / Premiums for the year	85.5%	90.7%		

Land vehicle hulls

The total of the premiums amounted to € 115.5 million (+2.3%). The growth is due to newly acquired collective policies and the increase in the penetration of different risk motor guarantees in individual policies.

The claims to premiums ratio was 69.1%, up from 60.3% in the previous year, due to more severe weather events than in 2018.

Table 9 - Land vehicle hulls class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	115,498	112,939	2,559	2.3
Premiums for the year	113,935	114,103	-168	-0.1
Net charges relating to claims / Premiums for the year	69.1%	60.3%		

Sea and inland water vessels

Premiums written totalled € 13.2 million (€ 4.4 million as of December last year). The increase is due to the employment of important policies in the Specialty Lines sector.

The claims to premiums ratio increased slightly from 69.4% to 70.8%, although it remained at satisfactory levels.

Table 10 - Sea and inland water vessels class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	13,155	4,420	8,735	n.s.
Premiums for the year	13,458	3,615	9,843	n.s.
Net charges relating to claims / Premiums for the year	70.8%	69.4%		

n.s. = not significant

Goods in transit

Premiums written amounted to around € 6.4 million, in line with the previous year.

in the current year. 2019, like last year, benefited from a major run-off of reserves (around 40% of premiums for the year).

The claims to premiums ratio decreased from 71% to 22.2%, thanks to a significant reduction in the claims rate

Table 11 - Goods in transit class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	6,418	6,460	-42	-0.7
Premiums for the year	7,272	5,998	1,274	21.2
Net charges relating to claims / Premiums for the year	22.2%	71.0%		

Fire & natural forces

Premiums totalled € 134.3 million (+7.3%). The increase is due to the subscription of a number of business in the Specialty Lines segment.

The claims to premium ratio rose from 84.4% to 96%: the deterioration in profitability was due to weather events

and serious fire claims that affected the current year to a greater extent than last year.

Table 12 - Fire & natural forces class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	134,284	125,184	9,100	7.3
Premiums for the year	120,856	114,859	5,997	5.2
Net charges relating to claims / Premiums for the year	96.0%	84.4%		

Other damage to assets

Premiums amounted to € 204.7 million (+0.8%), substantially unchanged compared to last year: the lower premiums written in the crop hail sector were offset by higher premiums written in the livestock, home, industry and craft sectors.

The claims to premiums ratio deteriorated from 74.2% to 83.8%.

The significant deterioration in profitability is due to the claims relating to weather events that affected the agricultural crop hail sector.

Table 13 - Other damage to assets class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	204,691	203,136	1,555	0.8
Premiums for the year	201,418	200,610	808	0.4
Net charges relating to claims / Premiums for the year	83.8%	74.2%		

TPL - Land motor vehicles

Premiums written for the year amounted to € 762.9 million (-3.8%). The decline in premiums was due to the contraction in the motor portfolio during the year, while the average portfolio premium remained almost stable.

The claims to premiums ratio improved from 74% to 71.4%, mainly benefiting from the reduction in frequency observed during the year.

Table 14 – TPL Land motor vehicles class- direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	762,911	792,866	-29,955	-3.8
Premiums for the year	765,444	795,303	-29,859	-3.8
Net charges relating to claims / Premiums for the year	71.4%	74.0%		

TPL – General

Gross premiums written amounted to € 178.2 million (+4.8%). The increase is due to the development of the Speciality Lines business.

year and better than last year. The run-off of reserves is also very positive (53% of premiums for the year) and slightly lower than in 2018.

The claims to premiums ratio improved from 21.2% to 5.2%, benefiting from a very positive claims rate in the current

Table 15 - TPL General class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	178,205	170,079	8,126	4.8
Premiums for the year	179,754	166,490	13,264	8.0
Net charges relating to claims / Premiums for the year	5.2%	21.2%		

Suretyship

Premiums written amounted to € 13.9 million (-3.9%).

both the frequency and severity of claims and a higher allocation to the supplementary provision, which reduced the premiums for the year.

The claims to premium ratio for direct business deteriorated from 50.4% to 102.2% due to an increase in

Table 16 - Suretyship class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	13,890	14,447	-557	-3.9
Premiums for the year	10,569	15,477	-4,908	-31.7
Net charges relating to claims / Premiums for the year	102.2%	50.4%		

Sundry financial losses

The volume of the premiums amounted to € 13.7 million (+4.9%).

This increase is mainly due to the underwriting of new policies in the corporate sector.

The claims to premiums ratio of direct business disclosed a deterioration, while remaining at optimum levels.

Table 17 - Sundry financial losses class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	13,724	13,078	646	4.9
Premiums for the year	14,767	17,067	-2,300	-13.5
Net charges relating to claims / Premiums for the year	48.9%	38.2%		

Legal protection

The volume of the premiums amounted to € 12.7 million (+5.7%). Premiums growth is present in both the motor and retail segments.

The claims to premiums ratio of direct business decreased from 17.2% to 3.1%. Profitability is at optimal levels and further improving compared to that already recorded in 2018 thanks to a positive run-off of reserves.

Table 18 - Legal protection class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	12,666	11,980	686	5.7
Premiums for the year	12,262	11,869	393	3.3
Net charges relating to claims / Premiums for the year	3.1%	17.2%		

Assistance

Premiums amounted to € 35 million, an increase of 9.7%, affecting both the motor and retail segments.

Profitability was at optimum levels and further improving, compared to that already recorded in 2018, decreasing from 23.1% to 17.1%.

Table 19 - Assistance class - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Gross premiums written	35,006	31,917	3,089	9.7
Premiums for the year	33,777	31,454	2,323	7.4
Net charges relating to claims / Premiums for the year	17.1%	23.1%		

Other non-life business

The item includes premiums relating to the railway rolling stock, aircraft, TPL aircraft and sea and inland water vessels and credit classes.

Premiums amounted to € 2.9 million (+18.5%). Growth is concentrated in the railway rolling stock class.

needs of the individual entities, in particular for the Parish Body, for which a dedicated Insurance Solution has been formulated and named "Cattolica&CleroSecolare - Parrocchia".

The fiduciary relationship with the *Istituto Centrale di Sostentamento del Clero* (Central Institute for Clergy Support), which protects the heritage of all Italian diocesan institutes and the health of over 33,000 priests, is also ongoing.

RELIGIOUS BODIES AND THIRD SECTOR BUSINESS UNIT

Throughout its history, the Company has built a privileged relationship with Religious Bodies and the Third Sector and is the only company to have a structure dedicated to these two important sectors. In particular, the Religious Bodies and Third Sector Business Unit is the company structure dedicated to the insurance proposal addressing these areas and to the strengthening of relations with these entities, which are so particular in terms of insurance needs and relational complexity.

To date, 130 of the 225 Italian Dioceses have agreements: these agreements allow the insurance service to be modulated in the best possible way according to the

The agreement between the Italian Episcopal Conference and Cattolica, called "Sant'Emidio", which guarantees protection from catastrophic risks for all 25,708 parishes in the 225 Italian Dioceses, limited to all the building works in the parishes, is still ongoing.

The Religious Bodies and Third Sector Business Unit has recently developed the new product called "Cattolica&Solidarietà Terzo Settore": it represents a complete and innovative insurance solution, capable of providing suitable answers to the insurance needs of Third Sector Entities and the individuals who work in them, offering adequate coverage to insure accidents and health for operators, civil liability for the Entities, financial liability for Directors, Legal Protection and Assistance.

Finally, training projects have been designed and constantly updated to expand the specific skills of individual Agents, internal lines, and Third Sector Operators and 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 Claims Division focused both on the target of the Business Plan and on the ordinary activities required to maintain service levels and achieve business objectives.

Activities continued to refine and revise the processes necessary to maintain positive industrial performance.

With a view to streamlining and making the structure more efficient, in the first few months of 2019 there was a reorganisation of the Claims Division, whose rationale may be summarised as follows:

- increasing the level of specialisation of settlement structures aimed at creating centres of technical excellence;
- reduction of organisational "layers" in order to ensure a more timely "transmission belt";
- strengthening and creation of new staff structures in order to guarantee a 360° supervision and a timely control of the settlement performance;
- greater consistency and alignment with the organisation of the other structures under the auspices of the Technical Area and Operations General Management.

The new organisational structure of the Claims Division involves five units: Motor Claims, Non-Motor Claims, Anti-Fraud Claims, Operational Excellence Claims and Claims Control.

Motor Claims

As of December 31st, there were three settlement areas in the territory - North, Central and South - and include 19 Settlement Centres. The Motor Claims unit also includes the Motor Division Hub and Complex Motor Claims.

Non-Motor Claims

As of December 31st, there were five Non-Motor Claims specialised settlement units (only the accident and injury class remains the responsibility of the Motor Claims structure): Bancassurance Settlement Centre, Health and Religious Bodies Hub, Central Property Settlement, Central General Civil Liability Settlement and Central Institute for Clergy Support Claims Service.

Anti-Fraud Claims

As of December 31st, there were two specialised settlement units relating to the Anti-Fraud Claims structure:

- **Special Areas:** it manages claims with a high fraudulent index, with lawsuits, with environmental problems; supervises and supports territorial settlement centres and Division units in relation to anti-fraud issues; develops the necessary synergies with the Cattolica Group Divisions on anti-fraud issues, in particular with Commercial and Recruitment;
- **Criminal Activities Coordination:** it carries out the examination of reports from a criminal point of view aimed at initiating complaints, preparing criminal acts and manages the various stages of criminal proceedings; manages relations with judicial authorities and law enforcement agencies; participates in the ANIA Permanent Anti-Fraud Commission and oversees and supports territorial settlement centres and Division units in relation to anti-fraud issues.

In compliance with the provisions of Art. 30 of the Italian Law No. 27 of March 24th, 2012 and the IVASS Protocol No. 47-14-000982 of March 11th, 2014, the estimate of the reduction of the charges for motor TPL claims deriving from the assessment of fraud at the end of 2019, consequent to control and fraud suppression activities, is quantified as € 19 million (€ 18 million as of December 31st, 2018).

Operational Excellence Claims

As of December 31st, there were four specialised units within the Operational Excellence Claims structure:

- **Claims Project Interface and Support:** it monitors and manages critical aspects of projects in the area of claims, acts as an interface with other Divisions, in particular by overseeing relations with IT for the adaptation of management systems, and carries out continuous analyses aimed at improving claims management processes;
- **Trustee Management:** it selects, manages and monitors the operational performance of the trustees supporting them from a procedural point of view; checks and forwards payment requests in Prompt Settlement, manages the "Recovered motor vehicles" process. As of December 31st, the panel of

trustees is composed of: 197 motor experts, 1,731 body repair shops, 177 doctors (+169 specialists), 35 asset damage experts, 260 legal experts, 114 assessors, 12 mechanical re-constructors, 42 general trustees;

- Recoveries and SARC: it deals with CARD management (arbitration, ANIA flow verification, etc.), management of relations with CONSAP, ANIA and other member companies, CTT management, assets and liabilities recoveries and recovery on claims of all classes. As far as the balance of CONSAP Clearing houses is concerned, the last survey shows a positive balance of € 3,446,005 with a positive delta compared to December 31st, 2018, equal to € 10,987,904.

The ordinary activities of the office continued, thanks to which, at the end of the year, approximately € 8.2 million was recovered and collected;

- Outsourcer Management: it is responsible for outsourced services (business accounts for suppliers), the related control and monitoring with the preparation of quarterly reports; it interfaces with other Divisions of the company for the assessment of new outsourcing (new products, ...).

Claims Control

As of December 31st, there were two specialised units within the Claims Control structure:

- Settlement Policies and Technical Verification: it defines the new settlement policies, updating and maintaining the existing policies, proceeding to the

drafting of the necessary operational notes. It identifies the organisational interventions required to be compliant, it carries out technical verification of the claims business units (Close File Review, Open File Review), proceeding to the preparation of detailed reports containing leakages, proposals for intervention. The unit carries out the related follow-up, carries out quality control checks on outsourcers and trustees, designs, manages and provides the necessary training to the settlement units in agreement with the Group Training – Academy unit, maintains relations with the control business units (Audit, Risk and Compliance) and manages IVASS issues for the Claims Division;

- Planning and Control: it analyses the performance of the main settlement KPIs; carries out in-depth analysis of negative management trends; analyses and monitors the performance of the Claims Business Plan; manages the Claims Division budget; defines the objectives of Claims Division together with the other claims units and produces ad hoc reports.

Settlement velocity and claims reported

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

Table 20 - Claims settlement velocity

(% values)	Claims reported in the current year		Claims reported in previous years	
	2019	2018	2019	2018
Classes:				
01 - Accident and injury	44.7	45.0	69.6	72.3
02 - Health	95.5	90.8	40.5	67.1
03 - Land vehicle hulls	88.4	92.3	91.4	92.3
08 - Fire & natural forces	74.3	66.0	72.8	67.8
09 - Other damage to assets	77.7	72.3	92.5	88.1
10 - TPL - Land motor vehicles				
CARD Gestionaria	82.5	83.4	76.0	73.9
CARD Debitrice	74.4	74.4	61.6	64.8
NO CARD	59.7	58.7	48.5	46.7
13 - TPL - General	51.0	56.5	32.2	32.6
15 - Suretyship	83.5	80.2	14.0	13.8
16 - Sundry financial losses	72.6	71.7	62.6	32.9
17 - Legal protection	14.8	19.1	20.5	15.8
18 - Assistance	79.0	83.7	75.7	32.5

During the current year, 667,030 claims were reported, of which 508,617 (76.3%) were fully settled.

With regard to the motor TPL class, 93,498 CARD Gestionaria claims were reported, of which 72,366 settled in full and 5,793 closed without follow up, with a settlement velocity of 82.5%.

With regard to CARD Debitrice claims, the Company received 87,952 claim reports from the clearing house managed by CONSAP, of which 62,324 paid and 4,136 closed without follow up, with a settlement velocity of 74.4%.

LIFE BUSINESS

Direct life premiums amounted to € 620.3 million (-24.8%).

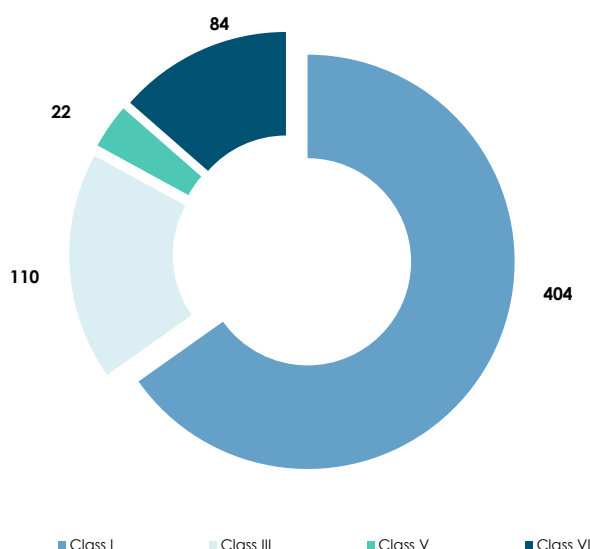
The Company's premiums written decreased mainly due to a contraction in volumes in class I and class V products.

The change recorded is consistent with the company's objective to reduce exposure to revaluable products linked to Segregated Management and increase volumes in relation to class III products, which are characterised by lower capital absorption.

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 business.

Main life classes, direct premiums (euro/millions)



Insurance on the duration of human life

Class I premium written, traditional class, amounted to € 403.6 million (-19.9%).

Revaluable premiums written from new subscriptions are almost exclusively with products revalued through the so-called "non-clique" method, which allows for reduction of capital absorption.

Insurance on the duration of human life linked to investment funds

Class III premiums amounted to € 109.9 million (+23.2%) and were made up of unit linked policies.

Insurance covering non-self sufficiency

The Company continues to operate in class IV with coverage combined with pension and welfare investment funds. Premiums written amounted to € 1.2 million (-5.1%).

Capitalisation transactions

Premiums amounted to € 21.6 million (-84.7%).

Class VI business

Total class VI premiums written in the year amounted to € 84 million (-7%); the overall assets under management at the end of the year came to € 818 million.

Contractual and pre-existing pension funds

Premiums written within the sphere of activities relating to the management of class VI contractual and pre-existing pension funds with guarantee of the return of the capital and payment of a minimum return amount to € 70.6 million.

As of December 31st, assets under management amounted to € 673.9 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 € 9.4 million converged in the Cattolica Gestione Previdenza Open-end Pension Fund, which is structured in six segments.

The net assets allocated to the six segments of the Fund amounted to € 99 million.

As of December 31st, 2019, the Fund had 7,532 active members (7,517 at the end of 2018).

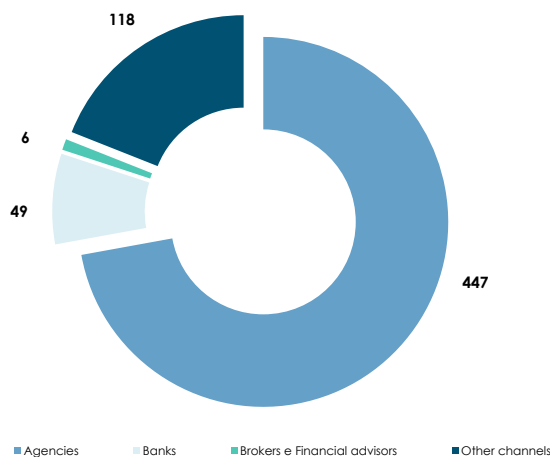
During the year gross premiums (net of the contributions allocated to the funding of the accessory insurance benefits) for a total of € 4 million converged in the Risparmio & Previdenza Open-end Pension Fund, which is structured in four segments.

The net assets allocated to the four segments of the Fund amounted to € 45.2 million.

As of December 31st, 2019, the Fund had 3,061 active members (3,076 at the end of 2018).

Life premiums written via the agency channel amounted to € 447.5 million, those pertaining to the banking channel totalled € 49 million, those pertaining to the brokers totalled € 5.7 million, those pertaining to financial advisors amounted to € 193 thousand and those pertaining to other channels totalled € 117.9 million, of which € 71.5 million relating to pension funds.

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



CLAIMS PAID

Claims paid, excluding settlement costs, amounted to € 694.6 million (-30.6%).

Table 21 - Breakdown of claims paid by class and type

(€ thousands)					Changes	
	2019	% of total	2018	% of total	Amount	%
Class I	374,215	53.9	317,787	31.8	56,428	17.8
Claims	41,910	6.0	46,695	4.7	-4,785	-10.2
Redemptions	198,571	28.6	185,307	18.5	13,264	7.2
Maturing	133,734	19.3	85,785	8.6	47,949	55.9
Class III	28,893	4.1	13,730	1.3	15,163	n.s.
Claims	2,252	0.3	876	0.1	1,376	n.s.
Redemptions	17,591	2.5	10,506	1.0	7,085	67.4
Maturing	9,050	1.3	2,348	0.2	6,702	n.s.
Class IV	50	n.s.	10	n.s.	40	n.s.
Claims	50	n.s.	10	n.s.	40	n.s.
Class V	243,943	35.2	395,234	39.5	-151,291	-38.3
Redemptions	89,239	12.9	96,851	9.7	-7,612	-7.9
Maturing	154,704	22.3	298,383	29.8	-143,679	-48.2
Class VI	47,528	6.8	274,589	27.4	-227,061	-82.7
Redemptions	47,528	6.8	56,501	5.6	-8,973	-15.9
Maturing	0	0	218,088	21.8	-218,088	-100.0
Total claims paid (*)	694,629	100.0	1,001,350	100.0	-306,721	-30.6

(*) The item does not include settlement costs

n.s. = not significant

With reference to class I, the overall amount of the claims paid shows an increase of 17.8%, mainly due to the increase in the settlements by maturity (+55.9%).

With regard to class III, the overall increase in amounts paid (€ +15.2 million compared to December 31st, 2018) is mainly attributable to the increase in redemption settlements (+67.4%) and maturities (€ +6.7 million compared to December 31st, 2018).

With reference to class V, the amount paid decreased by 38.3%, mainly due to the decrease in settlements by maturity (-48.2%).

With reference to class VI, the overall decrease in the claims paid (-82.7%) is mainly due to the fact that 4 agreements matured last year.

RESEARCH AND DEVELOPMENT ACTIVITIES - NEW PRODUCTS

During the year, the Company, with the entry into force, from January 1st, 2019, of IVASS Regulation No. 41 of August 2nd, 2018, introducing provisions concerning disclosure and publicity of insurance products, revised the contractual documentation of all marketed products according to the Information Set outlines dictated by the

Supervisory Body. The Company also revised its offer, to make it increasingly meet the competitive dynamics of the market, sustainable from a financial viewpoint and consistent with the objectives set by the Group Business Plan.

Non-life business

"Active Casa&Persona" is Cattolica's new and innovative offer for the protection of homes, persons and families, and it is an evolution of the previous product, with many innovations in terms of coverage. It comprises modular solutions with which to build a tailor-made offer that is increasingly tailored to customers, their needs and lifestyles, which has been developed with the possibility to make use of sophisticated, cutting-edge safety and prevention systems, connected with their smartphones, thanks to Cattolica's partnership with IMA Protect, a leading company in the field of remote surveillance.

The reform of the Third Sector started with the Italian Delegation Law No. 106 of June 6th, 2016, and was

defined by Italian Legislative Decree No. 117 of July 3rd, 2017 (Third Sector Code) replacing the previous regulations in force and becoming the only legislative reference, representing an authentic "revolution" for Third Sector Entities.

The most interesting innovation is the product called "Cattolica&Solidarietà Terzo Settore", already described in the section on the Religious Bodies and Third Sector Business Unit, which provides for the extension of the insurance obligation for health (injuries and illness) and civil liability coverage and for all Third Sector Entities that make use of volunteers.

Life business

To safeguard the financial sustainability of products subject to revaluation, the Company focused on "capital light" solutions. The goal is to reduce capital absorption for the offer connected to segregated management, adopting "non cliquet" capital revaluation methods. This mechanism guarantees for clients the preservation of the investment premiums in case of death of the Policyholder, at the contractual expiry date (when prescribed) and in case of redemption of pre-defined five-year expiry dates and it allows the Company to reduce the allocation of capital according to the logic prescribed by Solvency II.

The main interventions during the year concern:

- a new edition of the main revaluable products: "Scelta Protetta 3.0", "Più Vantaggi Next 3.0" and "Capitalizzazione Next 3.0" are linked to the new segregated management called "Cattolica Serenamente". The goal of this management is benefiting from the changes introduced by IVASS

Provision No. 68 dated February 14th, 2018, i.e. the possibility of allocating the net capital gains realised on the assets in a mathematical provision called "Profit Position" and to redistribute these returns in a maximum time interval of 8 years from the realisation date;

- "Scelta Protetta 3.0" product, whose minimum entry premium was increased, in view of a competitive reduction in front loading and of the annual retention applied in the first year of the contract.

With regard to the solutions dedicated to the protection area, in the second half of the year, with the aim of keeping the offer competitive and facilitating its marketing, the Company released the updated versions of the temporary insurance products in the event of death, "Cattolica&Protezione TUTTA LA VITA", "Cattolica&Protezione TUTTA LA VITA ELITE " and "Cattolica&Protezione NOI PROTETTI GOLD".

REINSURANCE

Non-life Class Reinsurance – Direct Business: transfers

The Company's reinsurance programme maintained a structure consistent with that of 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, the following changes were made to proportional coverages falling due:

- percentage of reduction in suretyship transfer from 70% to 60%;
- percentage of reduction in transport transfer from 70% to 20%;
- percentage of reduction in bouquet transfer (injury, land vehicles, fire, theft) from 7% to 4%.

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

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 reduced from 55% to 52.5% and for general third party liability from 65% on expiration to 62.5%. 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, for 2019 it was decided to acquire a capacity as on expiration, corresponding to a return period of around 200 years (RMS model) and the Top&Top mechanism was maintained, which provides, in the event of extreme damage exceeding the limit of the agreement, an increase of capacity up to € 500 million (return period of around 500 years of RMS). Lastly, a new coverage was entered into with a primary reinsurer to increase Group catastrophe capacity to € 550 million.

In relation to general third party liability, the capacity was increased from € 20 to € 32 million.

Lastly, for the transport class, the priority changed from € 150 to € 500 thousand while for the fire class it changed from € 1.5 to € 3 million.

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

For the year 2019, as regards D&O (Directors & Officers) policies, a proportional coverage was renewed, reducing the transfer percentage from 90% on expiration to 60%.

With respect to the crop hail class, to reduce the volatility of the main quota share (QS) and stop loss (SL) programmes, a proportional agreement was executed, with transfer of 50% for a defined portfolio portion. The retention of this agreement, like the rest of the crop hail portfolio, is covered by the ordinary QS and SL agreements that were renewed with the same structure at expiration (QS transfer/SL retention equal to 50%).

With regard to the livestock class, in 2017 a three-year stop loss agreement was stipulated (expiration 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 risk for the fire & general third party liability 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 underwriting concerned exchange business with direct insurance companies with similar characteristics to those of the Company (the largest contribution is represented by business originating from the CIAR system), a small and very diversified portfolio, relating to the underwriting of catastrophe programmes on an excess of loss basis, with particular focus on the top layers (amount of marginal business compared to the overall portfolio), as well as reinsurance coverage in favour of Group companies (ABC Assicura, BCC Assicurazioni, TUA Assicurazioni, Vera Assicurazioni and CATTRe). On the other hand, the Company retrocedes risks accepted by Group companies to the reinsurance market, via its reinsurance programmes (intercompany acceptances by the same in the capacity of reinsurer and subsequent transfer of the risks to the re-insurers as retrocession).

For the purpose of further diversifying the risk, the proportional and non-proportional agreements of subsidiaries indicated above were transferred for the most part to the Company and the remainder was transferred directly to the reinsurance market. Moreover, in compliance with the arm's length principle, the economic conditions of these hedges are defined with counterparties outside the Group (professional re-insurers).

In particular, 70% of the agreements of the subsidiaries BCC Assicurazioni, TUA Assicurazioni and Vera Assicurazioni are placed with the Company and the remaining 30% with the reinsurance market. Exceptions are the proportional coverage of BCC Assicurazioni, whose transfer to the Company is 60%, while the remaining 40% is placed with the reinsurance market.

Intercompany transfers are also envisaged for CATTRe limited to the proportional fire agreement and for coverage on a non-proportional basis of the general TPL class.

With regard to ABC Assicura, since the placement was closed in November 2017, for 2019 all coverage to protect the substantial absence of new production was placed with the Company alone.

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 maturing, 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.

When defining the reinsurance programme, the Company adhered to the internal guidelines contained in the reinsurance policy and to the provisions of IVASS Regulation No. 38 of July 3rd, 2018.

In November 2018, the Board of Directors approved the changes provided in the plan of reinsurance transfers for the year 2019.

FREEDOM OF PROVIDING SERVICES

The Company is authorised to carry out insurance and reinsurance business under the freedom to provide services in all countries of the European Economic Area, in various life and non-life classes.

Similarly, Cattolica is authorised to operate under the freedom to provide services in certain non-life classes also

in the United States (New York State only), China, India, Switzerland and Turkey, while specific authorisation procedures are underway with the local authorities for the start-up of business in other third party states.



MANAGEMENT REPORT

The Company in 2019

Insurance business

Financial and asset management

Headcount and sales network

Other information

Information on the investee companies

FINANCIAL AND ASSET MANAGEMENT

Investments amounted to € 10,389.2 million (+0.6%).

The table below summarises the most significant asset items.

Table 22 - Investments - breakdown

(€ thousands)	2019	% of total	2018	% of total	Changes Amount	%
Land and buildings ⁽¹⁾	89,557	0.9	95,425	0.9	-5,868	-6.1
Group companies and investee companies	1,756,682	16.9	1,671,157	16.2	85,525	5.1
Shares and holdings	1,724,138	16.6	1,632,986	15.8	91,152	5.6
Bonds	32,544	0.3	38,171	0.4	-5,627	-14.7
Other financial investments	7,313,758	70.4	7,523,542	72.9	-209,784	-2.8
Shares and holdings	46,606	0.4	71,527	0.7	-24,921	-34.8
Units of mutual investment funds	1,273,937	12.3	1,114,578	10.8	159,359	14.3
Bonds and other fixed-income securities	5,990,424	57.7	6,334,559	61.4	-344,135	-5.4
Loans	2,791	n.s.	2,870	n.s.	-79	-2.8
Other investments	0	0	8	n.s.	-8	-100.0
Deposits with ceding companies	9,765	0.1	9,960	0.1	-195	-2.0
Class D investments ⁽²⁾	1,132,346	10.9	956,519	9.3	175,827	18.4
Investment funds and indices ⁽³⁾	314,353	3.0	202,256	2.0	112,097	55.4
Pension Funds	817,993	7.9	754,263	7.3	63,730	8.4
Other	87,109	0.8	67,372	0.6	19,737	29.3
Cash and cash equivalent	87,109	0.8	67,372	0.6	19,737	29.3
Total investments	10,389,217	100.0	10,323,975	100.0	65,242	0.6

n.s. = not significant

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

⁽²⁾ investments for benefit of policyholders of the life business who bear the investment risk and deriving from the management of pension funds

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

INVESTMENT PROPERTY

In 2019, some important property transactions were closed; they 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, the following are pointed out:

- the purchase, through Fondo Innovazione Salute, managed by Savills IM SGR, of a nursing home (*residenza assistenziale sanitaria*, RSA) with 110 beds in the province of Pavia, for € 8 million: it is the tenth structure purchased by the Fund, which, like the structures acquired previously, will be managed by

Coopselios Società Cooperativa. The Fund sees Cattolica as majority investor and sole insurance player, while Coopselios and Inarcassa are minority investors;

- the purchase, through Fondo Nuovo Tirreno, managed by Savills IM SGR and in a joint venture with Conad Tirreno, of six properties for supermarket use for a total of € 26.6 million. This is the second tranche of purchases of the Fund, launched in December 2018, which now has 11 properties, all for supermarket use and leased to Conad Nord Ovest, for a total value at historical cost of € 45.1 million. The Fund has an investment pipeline, for the next 3 years, of 21 properties, mostly newly constructed, for a total value of € 150 million, divided between Tuscany, Lazio, Liguria and Sardinia. Cattolica will have to subscribe 90% of the equity of the Fund: in addition, one or more loans may be taken out, for an amount to be defined;
- the purchase, on August 8th, of a property in Venice, in Fondamenta di Cannaregio, currently being renovated for its transformation into a 5-star hotel, comprising 52 rooms and two suites, meeting rooms and restaurant for a total cost of € 37 million. The purchase was completed through the Fondo Euripide, managed by Finanziaria Internazionale SGR and 100% subscribed by the companies of the Cattolica Group. Management will be entrusted to the international chain Radisson Hotel Group (manager of the future hotel in Rome in Via delle Botteghe Oscure, formerly owned by Fondo Euripide);
- the purchase of an office building in the Bicocca district of Milan for € 27.1 million through a newly established fund called Girolamo and managed by Savills IM SGR (former manager of the Fondo Innovazione Salute and the Fondo Mercury). The property is located less than 200 metres from the Metro line 5 ("viola"), it covers 7,300 leasable square metres, renovated for about one year and is fully leased to three different companies;
- the purchase on November 20th of a property in Turin, via Milano n. 12, to be converted into a hotel through the Fondo Euripide. The project envisages a total investment cost of about € 23 million (purchase price and renovation cost), for the conversion into a hotel of 107 rooms, about 6,000 square metres above ground and mechanised underground garage with 3 levels for 120 parking spaces. The completion of works is estimated for December 2021. Several negotiations have been started with the operators in the sector for the rental of the structure;
- the purchase of two photovoltaic plants for a total power of 2.5 MWp, through Fondo Perseide, 100% subscribed by the Group companies, for a price of € 7

million. The plants are situated in the provinces of Ancona and Barletta-Trani.

During the year, in the area known as Cattolica Center in Verona, work continued and reached the final stage for the requalification and safety measures on the building, used for the congress activities, which temporarily hosted the annual shareholders' meeting of Cattolica Assicurazioni and Banco BPM.



Within the Ca' Tron estate in the municipality of Roncade (TV), valorisation, requalification and restructuring work continued as part of a property renovation Plan of the complex called "Centro aziendale Ca' Tron", of some of the properties not intended for agricultural use.

In addition, the investments relating to the agricultural part of the estate continued to improve its watering and farming efficiency, as well as the investments directed at the change of the use of the land to increase both its profitability and its land value.



Among the activities aimed at achieving the objectives set out in the investment plan are the planting of a new vineyard, the use of advanced mechanisation systems and the management of a small cattle farm located on the land of the Ca' Deriva Estate (about 220 ha), which possesses organic certification.

It should also be noted that all the vineyards in production and the hazelnut grove adhere to the "National

Integrated Production Quality System" (*Sistema di qualità nazionale produzione integrata - SQNPI*) aimed at recognising and identifying quality products that require

control and certification by third-party and independent bodies specifically authorised.

SECURITIES INVESTMENTS

The investment activity developed in a context characterised by the progressive deterioration of the macroeconomic environment. The deterioration had its most acute phase in the first half of the year and continued, albeit less pronouncedly, in the following quarter. The last two months have seen a relative stabilisation, especially in the United States. In the face of this slowdown, economists have reduced estimates of GDP growth and inflation. The Eurozone, which suffered most from the strong uncertainties surrounding the outcome of the trade negotiations between the USA and China, was particularly affected. The decline in macroeconomic indicators and confidence indexes has led to a change in central banks' attitudes on monetary policy, which has once again become accommodative.

Against this background of economic slowdown, political uncertainty and the accommodating attitude of central banks, yields on government bonds fell almost continuously until the end of August, when new historical lows were reached for several issuers in the Eurozone, while in the USA they reached lows for the period, and then partially recovered in the following months. Corporate bonds also benefited from this favourable interest rate environment. The stock market also offered two-digit returns after the sharp drop in the last few months of the year, thanks to a change in the central banks' bias.

During the year, exposure to domestic securities remained stable overall compared to the previous year, mainly affecting the distribution of maturities with the lengthening of the average duration of the portfolios developed, especially in the first part of the year consistent in terms of ALM policy with the durations of the reference liabilities. A similar manoeuvre was carried out on the non-Italian component of government bonds, with benefits being taken on the bonds of the core countries in correspondence with the very strong yield compression that occurred during the summer season.

The corporate component was purchased in the first half of the year and then reduced in the following months. In the first few months of the year, due to the severe crisis in the last quarter of 2018, the segment's returns were attractive in terms of risk-return and the exposure was therefore increased. As with government rates, the sharp

narrowing of the spread has made the investment less attractive in perspective, even in light of a not particularly positive macroeconomic environment. As a result, exposure was reduced in the second half of the year, especially for issuers with lower credit quality. Furthermore, positions that had undergone severe rating deterioration according to the ESG (Environmental, Social and Governance) parameters were disposed of.

The stock segment was partially reduced at the beginning of the year before being purchased in the middle of the first half of the year, with particular interest in those securities able to sustain the Group's profitability thanks to the detachment of dividends. The increase in equity exposure has been mitigated through instruments that reduce portfolio volatility. The positions acquired were gradually reduced during the second half of the year.

Alternative investments continued to be made. In particular, commitments were made in funds linked to strategies focusing on infrastructure activities and projects and direct lending to businesses. Investments are concentrated in Europe, in this way contributing to the strategy of overall diversification of the portfolio and of keeping adequate profitability levels.

The real estate component rose during the year through the subscription of new funds and calls on some funds already in the portfolio.

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.

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 and units in class CIII mutual funds, disclosed a profit of € 672.8 million and was made up as follows:

- fixed-income securities and bond portfolio: the net unrealised capital gains amount to € 505.9 million;
- share portfolio: the net unrealised capital gains amount to € 10.5 million;

- units of mutual investment funds: the net unrealised capital gains amount to € 156.4 million.

The properties have an overall current value of € 98.2 million, with an unrealised capital gain of around € 8.6 million.

FINANCIAL INCOME AND EXPENSES

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

Table 23 – Net Financial income and expenses

(€ thousands)	2019	2018	Changes	
			Amount	%
Net income from investments and interest expense	265,197	311,473	-46,276	-14.9
of which income from shares and holdings	40,161	86,207	-46,046	-53.4
Net write-backs	11,549	-156,186	167,735	n.s.
Profits net of losses on realisation of investments	43,143	4,090	39,053	n.s.
Total class C net financial income and expenses	319,889	159,377	160,512	n.s.
Income net of class D charges	65,210	-17,542	82,752	n.s.
Total net financial income and expenses ¹	385,099	141,835	243,264	n.s.

¹ Excluding the changes for exchange differences on technical components

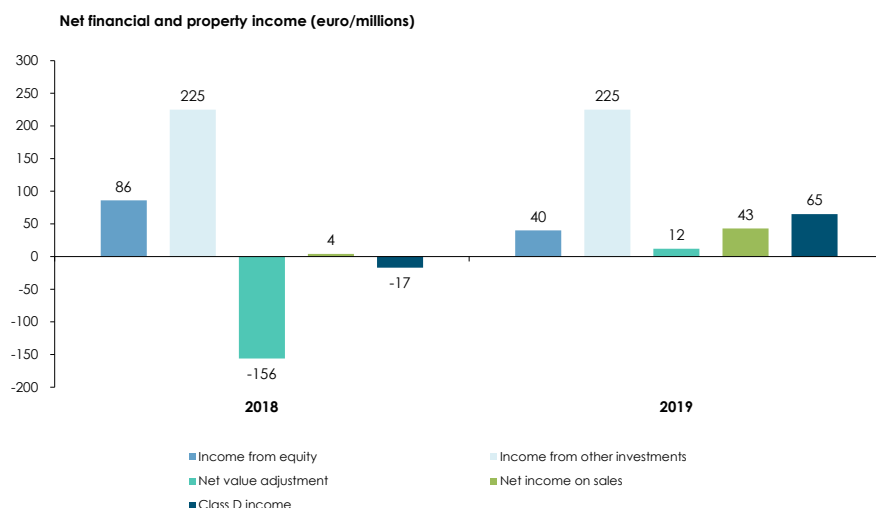
n.s. = not significant

Total net financial income and expenses amounted to € 385.1 million compared to € 141.8 million as of December 31st, 2018.

Total class C capital and financial income amounted to € 319.9 million compared to € 159.4 million as of December 31st, 2018, mainly due to net write-backs of € 11.5 million compared to adjustments net of write-backs of € 156.2 million as of December 31st, 2018, the increase in credit spreads on Italian government securities and the increase

in profits on realisation of investments from € 4.1 million to € 43.1 million.

Net income from investments and interest expense amounted to € 265.2 million (-14.9%), of which income from shares and holdings amounted to € 40.2 million of which € 35.1 million came from subsidiaries and other investee companies (€ 78.5 million in 2018).



SOLVENCY II RATIO

Pursuant to Art. 4, paragraph 7, of ISVAP Regulation No. 22 of April 4th, 2008, the table with indication of the amount of the solvency capital requirement, as per Art. 45-bis of the Insurance Code is presented below, along with the minimum capital requirement, as per Art. 47-bis of the same, and the amount, classified by levels, of the eligible own funds to cover the solvency capital requirements. The eligible own funds amount to 1.83 times the Solvency II capital requirement.

The Board of Directors reserved the right to formulate its proposal for the allocation of profits at and during the Shareholders' Meeting that is called to approve the Financial Statements, providing the appropriate information.

Table 24 - Solvency II Ratio

(€ thousands)		2019	2018
Solvency Capital Requirement (SCR)	A	1,017,819	971,739
Minimum Capital Requirement (MCR)		458,019	437,283
TOTAL ELIGIBLE OWN FUNDS TO COVER THE SOLVENCY CAPITAL REQUIREMENT	B	1,866,350	1,801,831
of which TIER 1 unrestricted		1,277,308	1,235,685
of which TIER 1 restricted		80,132	80,277
of which TIER 2		508,910	485,869
of which TIER 3		0	0
SOLVENCY II RATIO	B/A	183%	185%
TOTAL ELIGIBLE OWN FUNDS TO COVER THE MINIMUM SOLVENCY CAPITAL REQUIREMENT		1,449,044	1,403,418
of which TIER 1 unrestricted		1,277,308	1,235,684
of which TIER 1 restricted		80,132	80,277
of which TIER 2		91,604	87,457
of which TIER 3		0	0

The figures relating to 2019 have not yet been subject to the checks envisaged by Regulation No. 42 of August 2nd, 2018; the figures will be communicated to the Supervisory Body and to the market in accordance with the timeframes provided for by current regulations.

ANALYSIS OF THE FINANCIAL RISKS

MARKET AND CREDIT RISKS

Market risks

As of December 31st, 2019, market risks represent approximately 44% of the total SCR (bearing in mind the effect of the differentiations between risk modules and the contribution of the capacity to absorb losses tied to technical provisions and deferred taxes).

The main risks of this type to which the Company is exposed are equity, real estate and credit spread variation risks. Interest rates and concentration risks follow.

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

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

The assets held to cover 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.

The process of defining is closely connected with the significant ORSA processes, forming the basis for a conscious and properly managed risk assumption.

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

Monitoring and risk management processes in effect with reference to market risks are divided based on various policies, with an overall consistent system constituting supervision of the investment activities and risks emerging from exogenous factors defined.

A process of prior analysis of investments is underway, applying the provisions of IVASS Regulation 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 Policies of the Company.

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

Finally, in relation to investment, the Investment Policies and the operating limits provide declination to the Risk Propensity System, defining specific aggregated and detailed parameters on which the investment activity is directed. The limits system is applied with first level control under the responsibility of the operating units and with independent second level control carried out by the Risk Management Unit. For this purpose, the Risk Management Unit has independent access to all data important for controlling the risk, and it makes its independent assessments based on the substance of the most significant records. Third level control is, as anticipated, the responsibility of the Audit Unit.

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. Consequently, 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 as well, and is continually compared with the first and second level control and business functions 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:

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

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

- Increase in risk-free interest rates of 50 bps: +11 percentage points;
- Increase in credit spreads (government and corporate) of 50 bps: -17 percentage points;
- Credit spreads on Italian government securities increased by 50 bps: -17 percentage points;
- 25% reduction in equity values: -8 percentage points;
- 25% reduction in real estate values: -29 percentage points;
- Decrease in risk-free interest rates of 50 bps: -14 percentage points.

- Closing and forecast stress tests conducted on the basis of a set of risk factors assessed jointly and determined on the basis of historic analyses. The predominant risk factor assessed during the year relates to the real estate value, as a result of the increase in exposures recorded.

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 observed thanks to the Company's sound equity position.

Credit risks

As of December 31st, 2019, credit risks, considered risks of the counterparty defaulting and therefore not including the risk of spread on bonds, represent approximately 5% 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 to which the Company is exposed in this category relate to exposure to re-insurers, receivables from brokers and policyholders and current account exposures.

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

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

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

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

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

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



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HEADCOUNT AND SALES NETWORK

HUMAN RESOURCES

Human Resource Management

In line with the principles consistently promoted by the Group, the utmost attention continues to be paid to the management of human resources.

Work continued on the "Job Market" facility, a tool aimed at strengthening and promoting internal mobility while keeping people at the centre and having as its primary objective the enhancement of company skills through a process based on fairness and transparency.

Job Market confirms itself as a distinctive element of the Human Resources development strategy by focusing on dynamism, development and personal growth.



During 2019, 82 positions were opened for which 165 internal applications were received.

The Group has implemented 44 training projects (internships) and has welcomed 16 high school students in the *Alternanza Scuola Lavoro* project, confirming its strong interest in talented young people.

Human resources as of December 31st, not including the 4 staff leaving for the Solidarity Fund, totalled 1,001 (+54 compared to December 31st, 2018), divided up as follows: 52 executives (+2 with respect to 2018), 267 officials (+23 with respect to 2018) and 682 office workers (+29 with respect to 2018). The employees expressed as full-time equivalents were 972 compared with 917 as of December 31st, 2018.

Academy & People Development

Cattolica's development path continues with projects and activities aimed at encouraging and enhancing the contribution of people, considered one of the main and fundamental assets of the Group's strategy: the achievement of the objectives of the Business Plan shall pass through a cultural transformation.

Cultural change places individual performance at the centre of the people management system.

Also in 2019, particular attention was paid to the performance management system, "WITH - We Improve Together", as a tool for guidance, management, enhancement and recognition of people's contribution to the achievement of corporate objectives.

Performance is represented according to two dimensions: a more quantitative dimension linked to the results obtained with respect to the assigned targets and a qualitative dimension referring to the personal conduct.

To this end, the performance management system has been integrated into the qualitative dimension with the inclusion of 6 reference organisational skills, differentiated for the role of manager and professional, and based on the Group's guiding values (integrity, cohesion, courage to do and to learn, focus on result, meritocracy). For each skill, three indicator behaviours have been identified, associated with an assessment scale that clearly and precisely defines expectations in terms of behaviour acted upon and facilitates their observation in action.

A feedback culture has also been fostered as a fundamental element of engagement and development of individuals. The end of the 2019 performance assessment process is set for early 2020.

Cattolica also started along a path to identify and enhance Talents in its 2018-2020 Plan. A first group of 30 Talents was identified in 2018 on the basis of guiding criteria: high competence levels (Talent Check up), high performance in the past 3 years and high digital skills.

Based on the same criteria, a second group of 26 Talents was identified in 2019 within the Plan.

The Talent Management strategy entails hiring talents identified as boosters in Plan projects and as supports and witnesses of the cultural change that is at the basis of the Business Plan.

4 project streams of cultural transformation have been identified as optimal fields of action to enhance and develop talents:

- "I Nostri Valori" (Our values) is the project that proposes the involvement of all 56 Talents identified as Supporters for all colleagues of the Group to facilitate the internalisation and memorisation of our Values, break down any resistance to change and

encourage the acquisition of new behaviours that are inspired by these values;

- "Ready to Go", which proposes the role of Individual Contributor to 15 Plan Talents to implement the projects generated by the ideas proposed by the Group's colleagues through a digital platform, which shall be transformed into tangible projects to improve the corporate climate;
- "Digital Transformation", involving 8 Talents with high digital skill-levels, in a Mentor role for other colleagues with low digital skills;
- "Professional models", which involves 33 Talents with high professional skills for mapping the knowledge of all the professional positions in the company in order to build reference models to facilitate the adaptation and development of the professional skills of all colleagues.

The 4 project streams enable all Talents to become protagonists and observers through the development of the projects put in place, presence and constant support.

The Training Unit acts within the Academy with a perspective that encompasses the entire Group and contributes to safeguarding, enhancing and developing the technical-professional knowledge, the development of role skills and supports change management processes. The unit offers substantial support to the various areas of the company to maintain standards of professionalism in line with the dynamics of a rapidly and continuously evolving market context.

For this purpose, with the involvement of the managers, a survey of the training needs of all Group employees was launched with particular attention on the technical needs tied to the role and to the necessary soft-skills.

In order to support the management of the phases of strong change, in line with the objectives of industrial and cultural transformation, training courses aimed at promoting the adoption of intra- and inter-division teamwork and working with targets have continued. These themes were the subject of the Soft Skill Lab, a project that included the Feedback Lab and Work Agile courses. This lab involved 335 people.

In support of the performance management process, Executives and Resource Managers have been involved in skills and competency development courses to effectively manage the phases of goal setting, performance evaluation and feedback to their employees. Training and team coaching courses were carried out involving 183 people.

To increase the managerial skills of newly appointed managers, "Smart Leadership Journey" was created, a training course with three modules (self leadership, team leadership, execution gym) to work on the six managerial skills of the Group's skills model: change management, strategic thinking, collaboration, people leadership, decision making and customer orientation.

On the subject of language training, specifically English, the English4All project was implemented, which provided on-line training courses, differentiated according to the level of knowledge of the language, in which more than 500 colleagues participated.

In order to promote a structured approach to project management, enabling professional growth through the acquisition of soft and technical skills, inter-division projects have been implemented with Skillbooster programs focused on analytical process skills, team working, structured communication, effective presentations.

In line with and in support of the changes generated by the introduction of the New IFRS 9 and IFRS 17 accounting standards, a specialist technical training and education programme has been launched for the organisational units affected, which will continue for the two-year period 2020-21. Training actions have taken shape in:

- horizontal training, with the aim of training the corporate areas impacted by the new standards and providing information in relation to the strategic choices made;
- vertical training on project working groups, with the aim of deepening the knowledge of the standards, understanding of impacts and thereby enabling active participation in the working groups.

The participants in the working groups will be the main sponsors of the corporate change brought about by the introduction of the new accounting standards and will become the on-the-job trainers and the focal points of expertise for the application of the new corporate policies in 2021.

In terms of IT skills, in order to deepen and strengthen the knowledge of Office applications, courses in e-learning mode for basic Excel, advanced Excel and PowerPoint have been kept active, also during 2019, for all employees of the Group.

To support the business, specific measures have been implemented to maintain the skills needed to achieve the objectives of the Business Plan.

For the Bancassurance Division, the Homo Faber Project was completed with the aim of enhancing the technical knowledge of the customer/bank. The project involved 18 participants.

For the Claims Division, in support of the reorganisation process that involved all functions and therefore to increase the technical skills of the role, training sessions were organised on issues relating to TPL land motor vehicles, general civil liability, personal injury and assets damage, accidents, anti-fraud and technical verification tools and processes. One of the projects carried out for the Division, which involved the Polo Auto, focussed both on technical skills and on the awareness and development of the professional role, with an eye to the market and its evolutions.

In order to meet a specific need of divisions that use the SAS application, statistical analysis software, a specialist technical training course has been created in the Programming and Macro Language modules, involving 25 people.

For the whole Group, with regard to Cyber Security, the project to improve security against cyber attacks continues through a training video-pill, with the goal of improving all employees' awareness against phishing and spear-phishing attacks.

The digital transformation project, launched last year, which involves the entire organisation, in line with strategic and business objectives, continued. For 2019, in view of the data collected with the "Digital Skill & Digital Mindset" assessment, the Training Unit has implemented the Digital Transformation project, including three training courses, aimed at strengthening knowledge and use of technologies, through innovative methods of digital collaboration and design thinking. The training courses carried out are:

- *Transformation Lab*: design thinking laboratory that is leading approximately seventy colleagues to transform two digital ideas from last year's Ready to Go project into real projects that can be implemented in the company;
- *Dal mercato alla nostra azienda* (From the market to our company): workshops to understand digital transformation through an overview of impacts and best business cases, including non-insurance. This was an opportunity to present and launch the Mentorship Course, the first intra-company knowledge sharing project;
- *Mentor4U*: a course that brought together several colleagues, with good digital knowledge and high digital mindset, to play the role of Digital Mentors, available to their mentees in the mentorship course mentioned above.

236 people were involved for 11 classrooms.

For all employees there are Digital Pills, on-line training pills on digital topics such as 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.

As part of the training aimed at providing updates on regulatory issues, all the courses promoted and updated in the last two years are available in e-learning mode, aimed at all Group employees. Particular attention was paid to the training of newly-employed colleagues.

With reference to the regulatory changes introduced by Directive (EU) 2016/97 (IDD) concerning insurance and reinsurance distribution, the project dedicated to specific clusters of employees involved in the distribution process continued. In addition to the module providing the regulations and the specific module dedicated to Cattolica's Distribution Policy, available on the E-Learning platform and addressed to all the Group's employees, two classroom courses have been initiated.

The first one, basic IDD, is aimed at explaining the founding spirit of the architecture of the regulation, to share the message of the client's centrality in the insurance business and enhance its role in the Company's action towards the market. In total, 12 editions were held for 196 participants. The second course, advanced IDD, launched in the last quarter of the year with the goal of explaining the impact of the regulation on the value chain of the insurance business, sharing the efficient and effective development of corporate processes and enhancing their professionalism in compliance with legislation. 103 people were involved for 7 classrooms.

On the subject of Safety in the Workplace, training meetings continued in classroom, dedicated to specific thematic areas for identified Group employees. In addition, an on-line update campaign was also carried out for *Lavoratori e Lavoratori Preposti* (Workers and Workers in charge) and training campaigns dedicated to Executives (new appointments and updating) and to new collaborators were initiated, again in on-line mode.

In parallel with the activities carried out within the company, in 2019 participation in training events organised outside the company by universities, associations and sector institutes was considerable, with which fruitful collaboration relationships were developed.

Of particular note was the "Advanced course in Actuarial Sciences and Risk Management in Insurance Companies", launched in 2018 in partnership with Università degli Studi

di Verona, which provided an opportunity for employees, who had applied and been selected by a dedicated committee, to take part in a training course that had a number of Group executives and officers as lecturers, among others. The Course, organised into 144 hours of lessons, structured into 10 thematic modules, dealt with different topics: Insurance and pension legislation, Probability and finance mathematics, Actuarial mathematics, Insurance statistics, Actuarial techniques for life insurance, Actuarial techniques for non-life insurance, Derivatives, Reinsurance models, financial statements and reporting models, Models for the assessment of insurance portfolios and for risk management. The course ended with the graduation of colleagues in autumn 2019.

During 2019, 3,788 training man/days were held for the Company.

Training for the Board of Directors

The Board of Directors of Cattolica resolved to prepare a multi-year training Plan for the members of the Board of Directors of all Group companies (in compliance with IVASS Regulation No. 38 of July 3rd, 2018).

Four training meetings were held, which also involved the Executives of all Group companies.

- Presentation of the 2018 financial results of the Cattolica Group, speakers the Managing Director and the Chief Financial Officer, and an in-depth analysis of the Ethics and Finance conducted by Mons. Dario Edoardo Viganò, Prefect of the Secretariat for Communication of the Holy See;
- The corruptive phenomena and contrast systems, speakers: Francesco Mucciarelli - Partner Penalisti via Manin, Studio Legale Associato Mucciarelli (Milan); Professor of Criminal Law, Università Commerciale L. Bocconi, Milan and Stefano Giani - Partner, Risk Consulting KPMG Advisory;
- Corporate Bodies in the face of potential violations of the rules on Market Abuse, speaker: Francesca Petronio - partner of Paul Hastings' Milan office;
- Corporate Sustainability and the ESG approach: origins, evolutions and recent developments, speakers: Franco Amelio - Deloitte Sustainability Leader and Pietro Negri - Head of Sustainability Services and Corporate Governance Borsa Italiana at ANIA.

Industrial relations and disputes

During the year, union relations were conducted in an atmosphere of frank confrontation and mutual collaboration, examining personnel issues in depth and

encouraging the development of agreements among the most advanced in the insurance and financial sector.

In February, an agreement was signed with the Trade Unions providing an extraordinary tender of the Intersectorial Solidarity Fund. By adhering to this tender, Group employees who will accrue the pension requirements by July 31st, 2024, had the opportunity to terminate their employment on July 31st, 2019, bringing retirement forward by up to 5 years. 11 applications were submitted, all accepted.

In May, as provided for in the agreement of October 2017, the ordinary call for tenders was opened. By signing-up to the latter, 7 employees who will be eligible for retirement by December 31st, 2024, were able to access the Solidarity Fund by terminating their employment on December 31st, 2019, bringing their retirement forward by up to 5 years.

During the year, the Group underwent important organisational changes in various areas.

In February, the reorganisation of the Claims Area was presented and examined together with the Stakeholders in accordance with Article 15 of the National Collective Labour Agreement. The goals of the reorganisation were: a general rationalisation of both staff and line structures, the creation of new structures directed at further increasing the performance levels reached by the Claims Division, more consistency and alignment with the organisation of the other structures of the Non-Life Division.

Afterwards, in May, union discussions were initiated in relation to the reorganisation of the Marketing Division, in accordance with the procedure pursuant to Article 15 of the National Collective Labour Agreement. The operation became necessary in response to the entry into force of the IDD regulations, which imposed a development of the insurance market through the preparation, by insurance companies, of products suited to the needs of customers, moving from a "product based" logic to a new "customer based" one.

In this sense, the Marketing Division evolved with a view to "customer centricity", comprising organisational structures focused in the different aspects of the relation with the clients.

In July, the Training Commission (a joint company/syndicate commission whose purpose is to promote, develop and monitor training initiatives for employees) signed the agreement to obtain funding from the Fondo Banche Assicurazioni - FBA. Following a number of legislative changes to the Fund's Regulation, a supplementary agreement had to be drawn up in

December in order to benefit from the full amount available to the Group.

The training plan presented is entitled "Noi per fare ed imparare" (To do and to learn). The value of the plan, which can be financed by the Fund, amounts to approximately € 400 thousand.

In September, the agreements for the renewal of the Group's Collective Company Agreement were reached. The elements of particular importance are: the harmonisation of the 7 contracts that were applied within the Group, generational equality and the confirmation of the Performance Bonus linked to corporate performance. Through this agreement, the contractual conditions of all employees of the various Group companies have been homogenised, bringing the agreements relating to regulatory, economic and welfare aspects applicable to former FATA employees and BCC Assicurazioni and BCC Vita, Vera Assicurazioni, Vera Protezione, Vera Vita and TUA Assicurazioni into line with those of the Company. Emphasis was also placed on corporate welfare, a central element of the Business Plan, with the possibility of converting part of the Performance Bonus into welfare benefits.

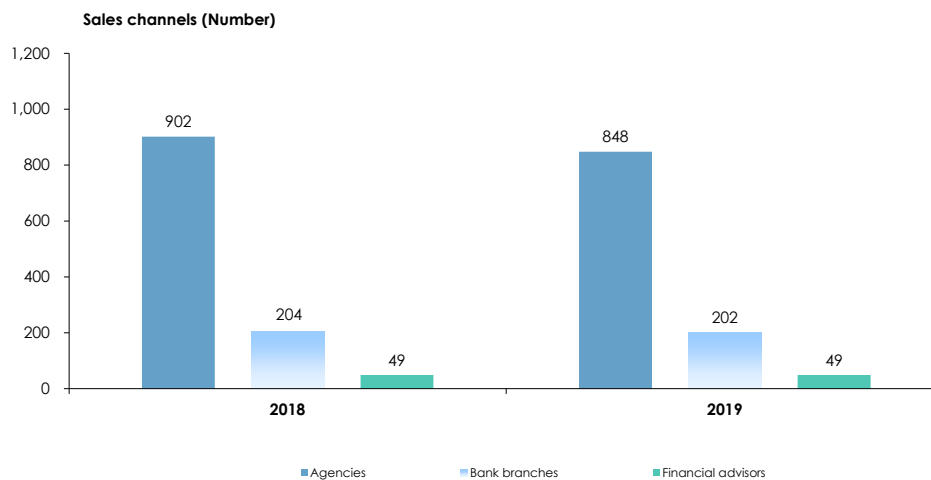
With this agreement Cattolica marked an important step in terms of organisational and generational fairness, significantly linking the direct participation of people to the results that our Group is achieving.

In December, an agreement was reached to extend the trial started in December 2018 with regard to Friday afternoon working. The purpose of the agreement is to provide an increasingly efficient, extensive, broad and flexible service.

During the year, Smart Working was extended to the entire company population, one year in advance of the initial planning. This initiative has the dual aim of promoting work-life balance and improving the efficiency of professional performance. Through this innovative initiative, all employees were offered the opportunity to work outside the company premises, if they can do so, up to a maximum of 2 days a week.

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

SALES NETWORK



Agency distribution

The Company closed the year with a total of 848 agencies (902 as of December 31st, 2018), distributed as follows: 49.9% in Northern Italy, 26.2% in Central Italy and 23.9% in Southern Italy and the islands.

Agent network 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 of the same.

To this end, the commitment to activate and support the agencies on the innovations of the Digital Transformation Programme continued. Approximately 880 agencies were visited in all, to plan the organisational strategies for the adoption of tools following the releases during the three phases of the Digital Transformation Programme and subsequent releases such as client App, C2 Community and the Agency Activebox Delivery portal. For the latter, the training activity was also developed through 4 virtual classrooms for the 95 agencies forming part of the Roll-out machine and a subsequent on-line training release for all users.

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 on-line training platform provided approximately 18,000 training man/days, while the 500 editions of classroom courses, for a total of about 5,000 man/days, were attended by almost 6,000 people.

The main initiatives included:

- supporting clients in the selection of "Cattolica&Motori" products, a training course was held for the agents of the former FATA Division, in which 225 brokers participated, in the 8 classroom editions provided, for approximately 96 training man/days;
- in May, the new on-line training course "Prima Formazione 60 ore" ("Initial Training 60 hours") was made available to Agents; it is a prerequisite for working in agencies and for enrolment in the consolidated register of insurance brokers. The course was attended by 124 new brokers;

- the fourth edition of the Agents Profession Master - MPA started off in June, with 19 young talents participating up to March 2020. There were 6 weeks of classroom time, equal to 28 training days and 532 man/days. The main issues addressed are: General Management, Marketing and sales techniques, Communication, Recruiting, Finance, Planning and Management Control;
- The Agents Executive Master (MEA) continued: 258 agents were trained, for a total of over 233 agencies involved. 30 classroom editions were carried out, for a total turnout of 390 people in attendance and 820 man/days of training;
- classroom training dedicated to the agriculture sector was directed at 30 agency employees whose attention was focused on the "Agricola 360°" policy while almost 2,900 brokers completed the new on-line course entitled 2019 Weather Risks.

The Professional Channels Skills Development Unit, thanks to the positive outcome of the annual inspection visits by the certifying body, has obtained the confirmation of the certification according to the technical quality standard UNI ISO 29990 and UNI 11402:2011 for financial education services in insurance, social security and investment, through financial educators.

Of particular significance was the training planning in relation to the entry into force of the IDD Directive: following the FAD courses already made available on the on-line training platform, two additional courses were published to complete its first phase: one centred on the need to align rules of conduct to the new regulatory indications and the other one oriented to provide an overview of the regulatory requirements and the companies' response in terms of indications on the distribution policy model. The courses had 3,505 attendees.

In line with the IVASS recommendations on cyber risk preparedness, 6 one-hour courses dealing with specific Cyber Risk content have been made available on the on-line training platform.

Territorial training continued for the Religious Bodies Division, for which a meeting was held on the "Cattolica & Volontariato" ("Cattolica and Volunteers") policy and three on the commercial opportunities of the third sector, followed by a total of 85 brokers.

The training dedicated to the growth of skills related to non-life products and their IT management has involved brokers in the classroom for courses dedicated to Cyber

Security, D&O, the new system for issuing zootechnical risk policies and the new advanced estimator tool.

Particular attention was paid to the "Active Casa & Persona" new product, for which an initial training session was held for the product launch, followed by a road show in synergy with colleagues from the Non-Motor Non-life Division and IMA Protect. Twenty-three classroom courses have been organised throughout the territory, with over 960 brokers.

In November, on-line Non-life training was enriched by the course designed to support the marketing of the "Cattolica & Solidarietà Terzo Settore" new product, for which 900 brokers completed the course and successfully passed the final test.

Life classroom training was dedicated to Agency employees, stimulating their attention to the commercial opportunities of TCM and Multi-class policies. In October, the Life Specialist colleagues met over 1,300 brokers in 35 national training sessions.

The FAD "Management of SARC Claims, Injuries and Recoveries V. 09/19" course was released on the platform, which is important for alignment on both internal and legal claims procedures.

Finally, the "Tour Collaboratori 2019" aimed at agency employees and held in 9 stages throughout Italy was successfully concluded. The classrooms involved more than 900 employees, each lasting 8 hours.

Another focus was on deepening the capacity of Agents to use the Sales Force System, the strategic management program that manages all agency records. The courses, which began in September, were delivered directly in the Agencies by our Digital Coach colleagues, with over 500 Agents refreshed on the subject.

Bank coverage

The bank branches distributing Pension Planning products were 202, compared to 204 as of December 31st, 2018.

Bancassurance partner training

In compliance with the provisions of IVASS Regulation No. 40 of August 2nd, 2018, brokers are called upon to take refresher and training courses with the intention of strengthening the professional requirements of the network according to specific organisational, technological and professional standards with reference to products, requirements of trainers and training methods.

During the year the Company provided support to brokers, who requested it, both through an e-learning platform that guarantees traceability, interactivity and multimedia content, and through professional refresher courses provided in the classroom with the support of certified training companies. Among the various subject matters, legislative issues were examined in depth with particular reference to the IDD Directive containing provisions on insurance distribution.

The issues of prevention of money laundering and terrorist financing in the insurance sector have been taken up in light of the entry into force of IVASS Regulation No. 44 dated February 12th, 2019 and content related to information security, in accordance with the requirements of the legislature.

Financial advisor distribution

The number of financial advisors distributing life products in the bancassurance area of the Company were 49 (unchanged from December 31st, 2018).



Shareholders

18,312

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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 2019, pursuant to Art. 123-bis of the Consolidated Finance Law available in the Company's website at the following address - www.cattolica.it - under the 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 2019 Report on the solvency and the financial condition of the company, which will be approved by the Board of Directors and published on the Company's website within the legal deadline.

PREVENTION AND COUNTERING OF FRAUD

The Company, whilst also implementing legislative provisions concerning the fight against fraud in the motor liability sector, has adopted a prevention and countering fraud policy, in implementation of the policy prepared 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.

The organisation of the anti-fraud system in the claims area is described in the paragraph on Claims settlement, which also reports the estimated reduction in the cost of motor liability claims pursuant to Art. 30 of Italian Law No. 27 of March 24th, 2012, and IVASS Protocol No. 47-14-000982, of March 11th, 2014.

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 handles complaints made by those who avail of the insurance activities (customers, injured parties, legal advisors, consumer associations).

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

During the year, with reference to the Company, a total of 3,133 written complaints were registered, of which 746 were upheld. The complaints were dealt with, on average, in 18 days.

INFORMATION SYSTEMS

The most important action taken by the IT Division of Cattolica Services is presented below.

Applicative measures

During the year, the new Cattolica App was launched; it is designed to facilitate client relations and the use of insurance services, integrating synergistically with the physical network of the agents.

Also in the field of digital services, the C2 Cattolica Community platform has been implemented, an innovative loyalty system that offers customers exclusive non-insurance offers and services at discounted prices.

Activities were also carried out for the launch of the "Active Casa&Persona" product, a new modular and connected insurance solution for the home and the individual.

As part of a "fly to quality" process, which also includes a series of initiatives aimed at further increasing the quality of the services offered to the agency network and customers, initial actions were carried out to improve the information systems supporting the sales network.

As far as financial systems are concerned, the production start-up of the new front-office system has been completed.

In addition, the new Risk Management System, used to determine the technical provisions and regulatory capital requirements under Solvency II, was introduced.

Work continues on the development of a new technological platform ("data platform") as the sole point of consolidation of all company data (structured and unstructured) that will increase the effectiveness of certain company processes (e.g. anti-fraud, pricing, claim management).

The inspection report automation initiative, which calls for a multi-stage development through the use of analytics and artificial intelligence technologies to support damage assessment, was included in a broader project, still in progress, directed at introducing innovative processes in support of the entire claim management process.

Analysis activities are underway to comply with the new IFRS (International Financial Reporting Standards).

Infrastructures and security

Initiatives were carried out to update the technical infrastructure and, in particular, to enhance the telecommunications networks, support the spread of smart working and so-called "unified communication" (approach to collaboration through document sharing between remote users).

The cyber security initiatives during the year concerned in particular the upgrading of the Security Operation Centre, the unification of access credentials for certain management applications, the launch of a mobile device management solution and activities for training and awareness raising on IT security issues for Group employees.

SIGNIFICANT EVENTS DURING THE FIRST FEW MONTHS OF 2020

On January 16th, 2020, Cattolica's Board of Directors approved the organisational change at the top management level of the Company, which became appropriate following the assignment to Carlo Ferraresi, Cattolica's General Manager, of the powers formerly delegated to the Managing Director. An Insurance Division General Co-Management has been set up to report to Carlo Ferraresi and under the responsibility of Valter Trevisani, who has been appointed General Co-Manager of the Insurance Division; he is assigned operational powers in the following areas:

- Technical Division of all classes (Life and Pension Planning, Motor Non-life, Non-Motor Non-life);
- Reinsurance for all classes (Life and Pension Planning, Motor Non-life, Non-Motor Non-life);
- Claims (settlement and management);
- Distribution (Professional Channels, Bancassurance and Religious Bodies and Third Sector Business Units);
- Marketing;
- Legal Affairs and Complaints Service;
- Insurance Analytics & Business Architecture.

In addition, a Chief Operations Office Deputy General Management has been established, reporting to Carlo Ferraresi and under the responsibility of Samuele Marconcini, into which the Operations and IT, Organisation and Resources and the Academy and Transformation & Automation organisational units have merged.

The team of Deputy General Managers, in addition to Samuele Marconcini, is also composed of CFO Enrico Mattioli and Non-Motor Non-life Manager Nazzeno Cerni.

On the same date, the Board of Directors of Cattolica Assicurazioni resolved, accepting the request of several shareholders (Francesco Brioschi, Massimiliano Cagliero, Giuseppe Lovati Cottini, Credit Network & Finance S.p.A., SH64 S.r.l.), received on December 18th, 2019, to call the extraordinary Shareholders' Meeting of the Company for March 6th, 2020, in first call, and the following day, March 7th, 2020, in second call, according to the agenda proposed by the requesting shareholders: "New corporate governance rules: amendments, deletion and additions to Articles 1, 22, 23, 24, 27, 29, 30, 31, 32, 33, 37, 38, 39, 40, 41, 43, 46, 47, 48, 59 of the Articles of Association. Inherent and consequent resolutions".

On February 6th, 2020, the Board of Directors of the Company approved the Cattolica Group's 2020-22 Rolling Plan and also took note of the initial results on the economic performance for 2019. The Board has noted and approved new projections for the year 2020, which are slightly lower than those previously communicated to the financial markets during the presentation of the 2018-20 Business Plan: the Operating Result is expected to be between € 350 and € 375 million compared to the range previously communicated (€ 375-400 million) and therefore there is a deviation of -6% between the two average values.

In fact, the financial and insurance scenarios that have materialised to date and those forecast for the current year are more unfavourable than assumed in the preparation of the 2018-20 Business Plan, in particular due to the persistence of very strong competitive dynamics and lower than expected interest rates that lead to an erosion of financial returns.

On February 20th, 2020, the Company completed the purchase of 40% of ABC Assicura S.p.A. from Banca Popolare di Vicenza, in compulsory administrative liquidation. Following the acquisition, Cattolica Assicurazioni holds 100% of the share capital of ABC Assicura. The transaction is part of the wider context of rationalisation and simplification of the Cattolica Group

and does not have any material impact on the solvency position of the Cattolica Group.

On February 25th, 2020, the Board of Directors, having assessed the situation that had arisen as a result of the Covid-19 epidemiological emergency, the measures already taken, or that may be taken in the near future by the Public Authorities, and in consideration of the well-founded risk that the Shareholders' Meeting convened for March 6-7th, 2020 in Verona may not be held due to community safety requirements, decided, due to the objective circumstances that had arisen, to revoke the calling of the aforementioned extraordinary Shareholders' Meeting for March 6/7th, 2020. The Board of Directors postponed the meeting to April 24/25th, 2020, at the same time as the scheduled ordinary Shareholders' Meeting, taking care of all the appropriate and improved communication formalities to the Shareholders, the market and the Authorities.

On February 26th, 2020, the Company announced that it had received acceptance from the CAR Committee, the UBI's Reference Shareholders' Committee, with regard to its participation in the Shareholders' Consultation Agreement concerning UBI Banca S.p.A. shares.

It should also be noted that Cattolica has increased, through purchases on the stock market made over the last two weeks following the decision taken by the Board of Directors of Cattolica Assicurazioni on February 13th, the equity investment held in UBI S.p.A. from the previous 0.50% (held for an extended period) to 1.01%, thus exceeding the 1% threshold envisaged by the Agreement for the appointment of a member of the aforementioned Reference Shareholders' Committee (CAR).

During the month of February, an audit was initiated at the Company by the Veneto Regional Directorate of the Italian Revenue Agency, the Large Taxpayers Office, limited to certain specific items relating to the financial years 2015, 2016, 2017 and 2018. The audit falls within the annual plan for the inspection of large taxpayers.

On March 10th, 2020, the Board of Directors defined, based on the relevant opinion and the findings of the Remuneration Committee, the amount due to the former Managing Director following the revocation of his powers on October 31st, 2019. In consideration of the just cause underlying the revocation resolution, Alberto Minali is awarded the amount of € 422.400 thousand as the office leaving indemnity provided for by the current Remuneration Policy (point 4.1.2, first paragraph). All the above is in line with the envisaged and current remuneration policies and taking into account the provisions of laws and regulations. This is without prejudice

to the Company's credit and compensation claims against Alberto Minali, which are being investigated and verified, also with the help of independent legal advisors and therefore subject to future initiatives.

Covid-19 Emergency (Coronavirus)

The Cattolica Group promptly reacted on several fronts to the health emergency that occurred at the end of February with the spread of the Coronavirus:

- for company personnel, by promptly activating smart working methods, a project that the Group had already initiated in 2017, thus guaranteeing the continuity of processes and activities, without negatively affecting company productivity; in March, more than 90% of the workforce worked with this method, which guaranteed business continuity while protecting the well-being and safety of Group personnel;
- for the business side, creating and marketing in the initial phase of the emergency, the "Active Business NON Stop" product, in order to respond to the demand of businesses (shops, bars, services) forced by an emergency measure of the Authorities to close down and to comply with the restrictive measures imposed following the threat of an epidemic; the sale of this product was almost immediately blocked following the extension of the restrictive measures throughout the country;
- management analysis aimed at identifying potential critical issues, impacts and possible managerial actions that can be taken in all areas of the business to counter any negative effects arising from the spread of the virus. Numerous analyses linked to stress scenarios are underway to estimate the impact of the pandemic on the Group's business, in particular premiums written, cash flow, solvency position, and economic results.

With regard to the macroeconomic environment, the initial and most significant impact was first in China, with subsequent spread throughout the world, with significant repercussions on the major economies. The various supranational bodies, major investment banks and research companies are constantly updating their downward growth estimates, in a context that makes it difficult to make precise assumptions about how the situation will evolve further.

In response to this emergency, which has become increasingly serious, the market is waiting for a strong and determined reaction from both monetary and fiscal policy. Although the monetary stimulus is not fully effective and incisive on the supply side, and although the

available margin is very risky, the Central Banks are reacting with measures to maintain a high level of liquidity.

The reaction of the financial markets, consistent with a progressive downward revision of prospective growth, resulted in a sharply increase in volatility, a reduction in core rates, and a generalised repricing of all riskier assets, from equities to credit, via domestic governments.

Volatility is likely to persist in the markets until the impact of the epidemic on global growth becomes clearer.

As far as the Group is concerned, it is currently difficult to quantify the impact, which will depend heavily on the duration and intensity of the pandemic. At present, the following trends and their effects have been identified:

- In terms of premiums written, significant declines can be seen in new business, although this evidence has only emerged in the last few weeks of the first quarter of 2020; these effects are especially evident in non-motor and life businesses.
- An overall improvement in the cost of claims is expected, due to a material decline in the frequency of claims in some key areas such as motor insurance, while at present, minor negative effects are expected due to pandemic-related insurance coverage such as business interruption, healthcare, general civil liability. If persistent, the pandemic could lead to a significant increase in life claims related to TCM (temporary life insurance) policies.
- The economic effects deriving from the investment portfolio should be of medium size if referring to the share segment, given the Group's limited exposure to this asset class (<1% of total investments, excluding those where the risk is borne by policyholders). At present, it is difficult to make predictions about the bond and other asset classes if the pandemic continues for an extended period of time.
- According to estimates, the solvency position has been volatile since the end of February, driven by exogenous factors, in particular the spread on government and corporate bonds, the fall in risk free rates and the sharp fall in equity markets. Despite the extreme volatility of the financial markets, the S-II ratio is estimated to have always remained well above the regulatory minima, although below the level of end-2019 (175%). The interventions decided by the ECB seem to have eased the tension on the spread of Italian government bonds, which is one of the most important risk factors for the solvency position of the Group and the individual companies.

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

Pursuant to CONSOB DEM/6064293 of July 28th, 2006, you are hereby informed that no atypical and/or unusual transactions were entered into during the year nor were

there any non-recurrent significant events or operations with important effects on the Company's accounts indicated.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to CONSOB Regulation No. 17221 of 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 and last updated by resolution dated December 19th, 2019, 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 - under 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 ACCORDING TO ARTS. 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:

- resolutions concerning the rules laid down in 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 coordinated operating policies;
- the adoption and the review of company policies in accordance with the current applicable legislation;
- 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 coordination activities concerned the implementation of coordinated management policies and the definition of a number of development lines of the Group's strategic layout.

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

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

TAX CONSOLIDATION

The subsidiaries which comply with the national tax consolidation system are: ABC Assicura, Berica Vita, BCC Assicurazioni, BCC Vita, Cattolica Agricola, Cattolica Beni Immobili, Cattolica Immobiliare, Cattolica Services, C.P. Servizi Consulenziali, Lombarda Vita, TUA Assicurazioni, TUA Retail, Vera Vita, Vera Assicurazioni and Vera Protezione (the last three entries to be included in the tax consolidation scheme from 2019, as specified below).

As a result of the acquisition, in 2018, of the equity investments in Vera Vita S.p.A., Vera Assicurazioni S.p.A. and Vera Protezione S.p.A., from 2019 onwards the conditions required by law for compliance with the tax consolidation regime, for these companies, have been integrated. In order to regulate the economic relations deriving from compliance with the tax consolidation regime, following the resolution of the Board of Directors of the companies and that of the Consolidating Company, special agreements were signed in December between the companies and Cattolica.

SHAREHOLDERS

As of December 31st, the shareholders recorded in the Register amounted to 18,312 compared with 24,547 as of December 31st, 2018.

During the year, the admission of 878 new shareholders was resolved and the demise of 36 shareholders was reported. In addition, 7 members have asked for their names to be deleted from the Register.

In accordance with Art. 18 of the Articles of Association, which provides for the status of Shareholder to those who have ownership of at least 300 shares, the Board, at its meeting of September 19th, resolved that 7,070 individuals should cease to be Shareholders.

OWN SHARES

The Shareholders' Meeting held on April 13th, 2019, approved the plan for the purchase and sale of own shares in accordance with the law. The proposed authorisation concerns the purchase, once or multiple times, of own shares up to the maximum number allowed by current legislative provisions, therefore up to 20% of the *pro tempore* share capital of the Company, for a period

The reasons for exercising the option, which has a duration of three financial years and is subject to automatic renewal unless expressly revoked, lie in the appropriateness of offsetting the tax positions with an opposite sign between the Group companies, consequently optimising the financial aspects.

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.

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, September and November.

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

of 18 months from the date of the Shareholders' Meeting resolution. The purchase price of the shares may not be lower, either minimum or maximum, by more than 20%, with respect to the official price of Cattolica shares recorded by Borsa Italiana S.p.A. in the stock exchange session prior to each individual transaction. Purchases and sales, the latter when carried out on the market, shall be

no higher than 25% of the average daily volume of shares traded on Borsa Italiana S.p.A., the latter calculated on the basis of the average daily volume of trades of the 20 trading days preceding the date of each individual purchase.

No shares were purchased or sold during the year. As of December 31st, the Company held 7,036,907 own shares, equal to 4.04% of the share capital, recorded in the Reserve for own shares in the portfolio for a total value of € 49.9 million.

NEWLY ISSUED SHARES

No new shares were issued during the year.

OUTLOOK FOR BUSINESS ACTIVITIES

As already announced on February 6th, 2020, Cattolica's Board of Directors acknowledged that the financial and insurance scenarios envisaged for the current year are more unfavourable than assumed when drawing up the 2018-20 Business Plan, in particular due to the persistence of very strong competitive dynamics and lower than expected interest rates that lead to an erosion of financial returns. New projections for 2020 have therefore been approved, which are slightly lower than those previously communicated to the financial markets during the presentation of the 2018-20 Business Plan: the Operating

Result is expected to be in the range between € 350 million and € 375 million. Compared to the range previously communicated (€ 375 - 400 million) there is therefore a deviation of -6% between the two average values.

As of today, it is too early to predict the impact of the pandemic on the Company's income statement. In preliminary terms, in a context of uncertainty and increased volatility in financial markets, it is expected to have a negative impact on premiums written while it is not expected to lead to an increase in overall claims.



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in subsidiaries**

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insurance
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INFORMATION ON THE INVESTEE COMPANIES

Information on the investee companies is provided below.

INVESTMENTS IN SUBSIDIARIES

Non-life insurance companies

ABC Assicura s.p.a.

The insurance company, authorised to carry out non-life insurance activities, is controlled by Cattolica through a 60% holding in the share capital. On February 20th, 2020, Cattolica completed the purchase of 40% of ABC Assicura S.p.A. from Banca Popolare di Vicenza, in compulsory administrative liquidation. Following the acquisition, Cattolica Assicurazioni holds 100% of the share capital of ABC Assicura.

The company was impacted by the events affecting the BPVi Group and closed the year with premiums of about € 1,000 and a loss of € 824 thousand compared with a loss of € 4.9 million as of December 31st, 2018.

From December 2017, the company directly ensures assistance to customers for all necessary after-sales transactions.

BCC Assicurazioni s.p.a.

The company operates in the non-life bancassurance sector and offers the co-operative lending banks (Banche di Credito Cooperativo) and rural banks (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 is 70% owned by Cattolica following the acquisition of a further 19% from ICCREA Banca. It wrote premiums for € 41.7 million (+8.6%) and closed with a profit of € 866 thousand, compared with a loss of € 869 thousand last year.

CattRE S.A.

CattRe is the Group's reinsurance company, 100% owned by Cattolica, with registered office in Luxembourg,

acquired in October 2018 by the French group Credit Mutuel.

It is dedicated to the development of non-traditional risk lines ("Specialty Lines") and reinsures premiums written by the various Managing General Agencies (MGAs, newly established and/or purchased agencies) with strong technical and specialist expertise in new business lines for our Group such as: space, aviation, catastrophe reinsurance, property and casualty for large companies, sport risks, marine, events and contingency as well as weather risks.

The development plan saw the start-up in 2019 of the environment, suretyship, cyber TPL lines and, shortly, the expansion of reinsurance acceptances in the mobility & travel sector, and others.

MGAs are controlled by the financial holding company Estinvest S.r.l. 100% owned by CattRE and will further develop the underwriting of risks on behalf of insurance companies, including those not belonging to the Group.

It wrote premiums for € 42.5 million (€ 12 million in 2018) and closed with a positive result⁶ of € 512 thousand compared to a loss of € 391 thousand in the previous year.

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 households, professionals and small and medium sized Italian businesses.

The 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 547 agencies as of December 31st.

Premiums written amounted to € 280 million (+0.6%) and it closed with a loss of € 1.7 million compared to the profit of € 3.6 million of the previous year, mainly due to a higher claims rate observed.

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

Vera Assicurazioni s.p.a.

The company, which joined the Group in March 2018, is 65% owned by Cattolica and offers insurance solutions for people, property, home, motor vehicles and business.

The company is committed to providing Banco BPM's customers with the insurance solutions best suited to their needs through an adequate consulting and assistance service.

The year ended with premiums written of € 104 million (+29.8%) and a positive result of € 8.7 million (-68.1%).

Life insurance companies

BCC Vita s.p.a.

It is an insurance company established within the sphere of the co-operative lending system that offers a wide range of policies to meet the needs of security and protection aimed at ensuring the capital and a guaranteed minimum return as well as solutions aimed at protecting the individual.

It operates exclusively via the network of branches of the co-operative lending banks of the ICCREA Banking Group. The company is 70% owned by Cattolica following the acquisition of a further 19% from ICCREA Banca.

The year ended with premiums written of € 430 million (-0.6%) and a positive result of € 22.6 million compared to € 10.4 million as of December 31st, 2018.

Berica Vita s.p.a.

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

The company was affected by events concerning the BPVi Group (it is 40% owned by BPVi in l.c.a.) and closed the year with premiums of € 1.5 million and net income of € 9.7 million (-21.6%).

From December 2017, the company directly ensures assistance to customers for all necessary after-sales transactions.

Cattolica Life DAC

It is a life insurance company based in Ireland, 60% owned by the Company, specialising in structuring Unit Linked and Personal Portfolio Bond policies for customer segments seeking advanced financial instruments.

The company was impacted by events affecting the BPVi Group (it is 40% owned by BPVi in l.c.a.) and closed the year with deposits of € 177 thousand and a loss⁷ of approximately € 2.6 million.

Cattolica signed a binding agreement on December 10th for the acquisition of 40% of the company from Banca

Popolare di Vicenza in l.c.a. and for the transfer of 100% of the same to the Monument Re reinsurance group.

The closing of the transaction is expected to be completed by the first half of 2020 and is subject to the issue of the necessary authorisations by the competent authorities.

Lombarda Vita s.p.a.

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

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

The company wrote premiums for € 1,365.6 million (-9.5%) and closed the year with a profit of € 86.5 million compared to a loss of € 3.6 million in the previous year.

Vera Vita s.p.a.

The company, 65% owned by Cattolica, offers life insurance products, aimed at creating investment, savings and supplementary pension solutions for Banco BPM's customers.

The company wrote premiums for € 1,465.2 million (+68.8%) and closed the year with a profit of € 48.2 million compared with a loss of € 2.3 million as of December 31st, 2018.

Agricultural-real estate companies

Cattolica Agricola s.a.r.l.

Established in 2012 within the sphere of the purchase of the Tenuta Ca' Tron real estate complex, the Company is a single-member company, which has the exclusive purpose of carrying out agricultural activities pursuant to Art. 2135 of the Italian Civil Code.

The company closed the year with a loss of € 587 thousand, compared with a profit of € 233 thousand as of December 31st, 2018.

Cattolica Beni Immobili s.r.l.

Established in 2012 within the sphere of the purchase of the Tenuta Ca' Tron real estate complex, the Company 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" real estate complex, located in Via Germania, Verona.

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

The company closed the year with a loss of € 7.8 million, mainly due to write-downs of certain properties and maintenance and operating costs incurred on property (€ -2.2 million as of December 31st, 2018).

Real estate service companies

Cattolica Immobiliare s.p.a.

It carries out activities concerning development and enhancement of real estate assets and those typical of real estate services. In particular, it deals, on behalf of the Company and its subsidiaries, with the process of research, selection and analysis of property investments, also managing the acquisition process and the subsequent phase of monitoring and management of the same. It carries out Asset and Property Management activities for a number of Real Estate Funds in which the Group companies have a stake.

The company closed the year with a profit of € 846 thousand (+26.5%).

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, crop 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 closed the year with a profit of € 2 thousand.

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

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

It closed the year with a loss of € 2.4 million (loss of € 2.1 million in 2018).

It ceased its activities in November and was merged by incorporation into Cattolica Immobiliare with effect from January 1st, 2020.

INVESTMENTS IN ASSOCIATED COMPANIES

IMA Italia Assistance s.p.a.

The Company with its registered office in Sesto San Giovanni (MI), exercises non-life insurance and reinsurance activities. Cattolica holds 35% following the purchase of the equity investment in March from the IMA group. Since April 1st, it is the new sole supplier of the assistance services offered by the Cattolica Group's networks.

H-Farm s.p.a.

H-Farm s.p.a. is the holding company of the H-FARM Group, which is a "Venture Incubator", whose typical

activity consists in offering growth strategies, with respect to new transformation plans based on digital technologies, the implementation of new business plans, the design of e-commerce initiatives, and the use of new technologies for the simplification and automation of processes or products. It is listed on the AIM Italian market.

The Company held an investment of 4.49% as of December 31st, in addition to participative financial instruments.

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 centuries-old 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 territory where it operates, reinvesting the funds gathered in situ so as to offer new development opportunities for the local reference communities.

Since 2018 it has been part of the ICCREA Cooperative Banking Group.

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

UBI Banca s.p.a.

The company, listed on the Milan Stock Exchange, is the parent company of the UBI Group, which mainly addresses individual customers and essentially operates in the regions of Lombardy and Piedmont, boasting a considerable presence in the most dynamic regions of central and southern Italy.

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

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

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

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

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

Other

IMA Servizi S.c.a r.l.

Ima Servizi, with registered office in Sesto San Giovanni (MI), provides claims management services for IMA Italia Assistance, which controls it with an 81% interest. The Company held an investment of 9% as of December 31st.

Veronafiere s.p.a.

Veronafiere has its origins in trade fair activities linked to the agricultural sector launched in 1898 by the Municipality 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 levels.

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

INDIRECT INVESTMENTS IN SUBSIDIARIES

Life insurance companies

Vera Financial DAC

The company, 100% owned by Vera Vita, is an Irish company specialising in the development of class III life products, offered under the freedom to provide services in several European Community countries. It closed the year with premiums written of € 785.3 million and a positive result⁸ of € 864 thousand compared with a loss of € 1.3 million in 2018.

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

Vera Protezione s.p.a.

The company, 100% owned by Vera Assicurazioni, offers insurance solutions for individuals, businesses, assets, home and motor vehicles.

It is authorised to operate in the life business and specialises in temporary life insurance policies.

The company wrote premiums for € 104.8 million (+11.7%) and closed the year with a positive result of € 20.6 million compared with a profit of € 964 thousand in the previous year.

Holding company

Estinvest s.r.l.

The company, based in Venice, is a holding company that controls and coordinates the activities of the investee companies MGAs, Satec S.r.l., All Risks Solutions S.r.l. and Qubo Insurance Solutions S.r.l., and is in turn 100% owned by CattRE.

It closed the year with a negative result of € 24 thousand.

Operating service companies

All Risks Solutions s.r.l.

It is an MGA dedicated to the development of Specialty Lines, based in Rome, which operates in Professional Indemnity business lines in order to enable the Group's agency networks to provide customers with insurance coverage even for risks not normally assumed by Group companies.

It is 100% owned by Estinvest and closed the year with a negative result of € 55 thousand.

Meteotec s.r.l.

The company is based in Venice and operates in the business of meteorological/climatic analysis and monitoring; it is owned by CattRE through Satec S.r.l., which owns 100% of the same.

The company closed the year with a negative result of € 82 thousand.

Qubo Insurance Solutions s.r.l.

The company is based in Milan and its objective is the brokerage of exclusive insurance solutions dedicated to the special needs of its customers, with particular attention to the world of transport and logistics.

CattRE holds, through Estinvest, 51%, while the remaining 49% of its capital is held by the original sole shareholder, Nelson Servizi S.p.A.

It closed the year with a profit of € 135 thousand.

Satec s.r.l.

It is an MGA dedicated to the development of Specialty Lines, with offices in Milan, Venice, Genoa, Rome and London that operates with strong specialist expertise in the business lines: Space, Aviation, Natural Catastrophe Reassurance (Global RE), Weather & Contingency, Property, Casualty, Marine, Sport, Leisure & Events, Cyber, Environmental and Surety.

Satec s.r.l. is wholly owned by Estinvest.

It closed the year with a negative result of € 425 thousand.

TUA Retail s.r.l.

The company, fully controlled by TUA Assicurazioni, carries out general agency activities.

It closed the year with a profit of € 2 thousand.

PROPOSAL FOR THE ALLOCATION OF THE RESULT FOR THE YEAR

The Board of Directors reserved the right to formulate its proposal for the allocation of profits at and during the Shareholders' Meeting that is called to approve the Financial Statements, providing the appropriate information.

THE BOARD OF DIRECTORS

Verona, March 18th, 2020



Total assets

12,206 € MLN

Total shareholders' equity

1,807 € 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

..... **2019**

(amounts in €)

STATEMENT OF FINANCIAL POSITION

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 be amortised						
	a) life business	3	11,452,418				
	b) non-life business	4	0	5	11,452,418		
	2. Other acquisition expenses			6	0		
	3. Start-up and expansion costs			7	0		
	4. Goodwill			8	114,116,287		
	5. Other long-term costs			9	3,429,508	10	128,998,213
C.	INVESTMENTS						
	I - Land and buildings						
	1. Property used for business activities			11	57,797,208		
	2. Property used by third parties			12	31,760,163		
	3. Other property			13	0		
	4. Other realty rights			14	0		
	5. Property under construction and advance payments			15	0	16	89,557,371
	II - Investments in Group companies and other investee companies						
	1. Company shares and holdings:						
	a) parent companies	17	0				
	b) subsidiaries	18	1,678,012,661				
	c) affiliated companies	19	0				
	d) associated companies	20	14,471,728				
	e) other companies	21	31,654,077	22	1,724,138,466		
	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	32,543,889	28	32,543,889		
	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	1,756,682,355
					to be carried forward		128,998,213

		Balances for the previous year	
			181 0
	182 0		
183 11,700,130			
184 0	185 11,700,130		
	186 0		
	187 3,598,435		
	188 135,241,623		
	189 3,831,664	190 154,371,852	
	191 59,470,234		
	192 35,954,909		
	193 0		
	194 0		
	195 0	196 95,425,143	
197 0			
198 1,595,641,465			
199 0			
200 2,000			
201 37,342,813	202 1,632,986,278		
203 0			
204 0			
205 0			
206 0			
207 38,170,928	208 38,170,928		
209 0			
210 0			
211 0			
212 0			
213 0	214 0	215 1,671,157,206	
	to be carried forward		154,371,852

STATEMENT OF FINANCIAL POSITION

ASSETS

Balances for the
year

		carry forward		128,998,213
C. INVESTMENTS (continued)				
III - Other financial investments				
1. Shares and holdings				
a) Listed shares	³⁶ 18,469,125			
b) Unlisted shares	³⁷ 28,136,609			
c) Holdings	³⁸ 0	³⁹ 46,605,734		
2. Units of mutual investment funds		⁴⁰ 1,273,937,082		
3. Bonds and other fixed-income securities				
a) listed	⁴¹ 5,978,229,323			
b) unlisted	⁴² 12,144,872			
c) convertible bonds	⁴³ 49,425	⁴⁴ 5,990,423,620		
4. Loans				
a) loans with secured guarantee	⁴⁵ 1,795,873			
b) loans on policies	⁴⁶ 904,659			
c) other loans	⁴⁷ 90,000	⁴⁸ 2,790,532		
5. Units in mutual investments		⁴⁹ 0		
6. Deposits with credit institutions		⁵⁰ 0		
7. Sundry financial investments		⁵¹ 0	⁵² 7,313,756,968	
IV - Deposits with ceding companies			⁵³ 9,765,465	⁵⁴ 9,169,762,159
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			⁵⁵ 314,353,474	
II - Investments deriving from the management of pension funds			⁵⁶ 817,992,858	⁵⁷ 1,132,346,332
D bis. TECHNICAL PROVISIONS - REINSURANCE AMOUNT				
I - NON-LIFE CLASSES				
1. Premium provision		⁵⁸ 80,417,903		
2. Provision for outstanding claims		⁵⁹ 341,621,409		
3. Provision for profit-sharing and repayments		⁶⁰ 0		
4. Other technical provisions		⁶¹ 0	⁶² 422,039,312	
II - LIFE BUSINESS				
1. Mathematical provisions		⁶³ 15,710,224		
2. Premium provision of supplementary insurance		⁶⁴ 0		
3. Provision for outstanding claims		⁶⁵ 533,397		
4. Provision for profit-sharing and repayments		⁶⁶ 0		
5. Other technical provisions		⁶⁷ 0		
6. Technical provisions related to contracts where the investment risk is borne by policyholders and deriving from the management of pension funds		⁶⁸ 0	⁶⁹ 16,243,621	⁷⁰ 438,282,933
		to be carried forward		10,869,389,637

		Balances for the previous year	
	carry forward		154,371,852
216	44,600,066		
217	26,927,237		
218	0	219	71,527,303
		220	1,114,578,252
221	6,324,627,989		
222	3,983,793		
223	5,947,067	224	6,334,558,849
225	1,748,333		
226	1,031,233		
227	90,000	228	2,869,566
		229	0
		230	0
		231	7,501
		232	7,523,541,471
		233	9,960,189
		234	9,300,084,009
		235	202,256,048
		236	754,262,591
		237	956,518,639
		238	90,162,280
		239	377,998,509
		240	0
		241	0
		242	468,160,789
		243	17,319,060
		244	0
		245	948,166
		246	0
		247	0
		248	0
	to be carried forward	249	18,267,226
		250	486,428,015
			10,897,402,515

STATEMENT OF FINANCIAL POSITION

ASSETS

Balances for the
year

	carry forward		10,869,389,637
E. RECEIVABLES			
I - Receivables, deriving from direct insurance transactions, due from:			
1. Policyholders			
a) for premiums for the year	71 168,853,288		
b) for premiums for previous years	72 9,839,452		
2. Insurance brokers	73 178,692,740		
3. Insurance companies - current accounts	74 203,511,820		
4. Policyholders and third parties for sums to be recovered	75 21,814,948		
	76 36,832,940	77 440,852,448	
II - Receivables deriving from reinsurance transactions, due from:			
1. Insurance and reinsurance companies	78 82,266,812		
2. Reinsurance brokers	79 0	80 82,266,812	
III - Other receivables		81 528,899,231	82 1,052,018,491
F. OTHER ASSET ITEMS			
I - Tangible assets and inventories:			
1. Furniture, office machines and internal means of transport	83 1,589,862		
2. Movable assets recorded in public registers	84 13,641		
3. Plant and equipment	85 744,510		
4. Inventories and miscellaneous assets	86 0	87 2,348,013	
II - Cash and cash equivalent			
1. Bank and postal account deposits	88 87,103,518		
2. Cheques and cash amounts	89 5,493	90 87,109,011	
IV - Other assets			
1. Transitory reinsurance accounts - receivable	92 0		
2. Sundry assets	93 138,082,661	94 138,082,661	95 227,539,685
G. ACCRUALS AND DEFERRALS			
1. For interest		96 56,245,177	
2. For rental fees		97 0	
3. Other accruals and deferrals		98 913,781	99 57,158,958
TOTAL ASSETS			100 12,206,106,771

		Balances for the previous year	
	carry forward		10,897,402,515
²⁵¹	142,888,438		
²⁵²	15,326,654		
		²⁵³	158,215,092
		²⁵⁴	202,832,232
		²⁵⁵	25,261,315
		²⁵⁶	34,311,846
		²⁵⁷	420,620,485
		²⁵⁸	45,446,291
		²⁵⁹	0
		²⁶⁰	45,446,291
		²⁶¹	434,888,640
		²⁶²	900,955,416
		²⁶³	1,909,006
		²⁶⁴	62,544
		²⁶⁵	918,748
		²⁶⁶	0
		²⁶⁷	2,890,298
		²⁶⁸	67,364,846
		²⁶⁹	6,977
		²⁷⁰	67,371,823
		²⁷²	0
		²⁷³	152,414,940
		²⁷⁴	152,414,940
		²⁷⁵	222,677,061
		²⁷⁶	54,867,751
		²⁷⁷	0
		²⁷⁸	905,944
		²⁷⁹	55,773,695
		²⁸⁰	12,076,808,687
	TOTAL ASSETS		

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	725,506,403	
III	- Revaluation reserves	103	62,498,794	
IV	- Legal reserve	104	283,229,812	
V	- Statutory reserves	105	0	
VI	- Reserves for shares of the parent company	400	0	
VII	- Other reserves	107	142,572,335	
VIII	- Retained profits (losses)	108	0	
IX	- Profit (loss) for the year	109	120,241,333	
X	- Negative reserve for own shares in portfolio	401	-49,927,076	¹¹ 1,807,003,379
B. SUBORDINATED LIABILITIES				¹¹ 680,000,000
C. TECHNICAL PROVISIONS				
I - NON-LIFE BUSINESS				
1.	Premium provision	112	701,934,676	
2.	Provision for outstanding claims	113	2,465,313,537	
3.	Provision for profit-sharing and repayments	114	359,000	
4.	Other technical provisions	115	146,399	
5.	Equalisation provisions	116	14,293,193	117 3,182,046,805
II - LIFE BUSINESS				
1.	Mathematical provisions	118	4,723,855,103	
2.	Premium provision of supplementary insurance	119	516,732	
3.	Provision for outstanding claims	120	94,992,127	
4.	Provision for profit-sharing and repayments	121	14,244	
5.	Other technical provisions	122	29,728,554	123 4,849,106,760
D. TECHNICAL PROVISION FOR CONTRACTS WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS				
I	- Provisions relating to contracts whose benefits are linked to investment funds and stock market indices	125	314,353,474	
II	- Provisions deriving from the management of pension funds	126	817,992,858	¹² 1,132,346,332
	to be carried forward			11,650,503,276

Balances for the previous year

		281	522,881,778	
		282	752,969,515	
		283	62,498,794	
		284	282,536,833	
		285	0	
		500	0	
		287	182,719,389	
		288	0	
		289	3,464,895	
		501	-49,927,076	290
				1,757,144,128
				291
				680,000,000
	292		679,638,069	
	293		2,567,434,577	
	294		0	
	295		157,670	
	296		13,723,990	297
			3,260,954,306	
	298		4,744,312,233	
	299		499,620	
	300		184,369,240	
	301		32,641	
	302		35,469,795	303
			4,964,683,529	304
				8,225,637,835
		305	202,256,048	
		306	754,262,591	307
				956,518,639
	to be carried forward			11,619,300,602

STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

Balances for the
year

	carry forward			11,650,503,276
E. PROVISIONS FOR RISKS AND CHARGES				
1. Provision for pensions and similar commitments		128	1,760,525	
2. Provision for taxation		129	3,357,480	
3. Other provisions and allowances		130	64,426,174	131 69,544,179
F. DEPOSITS RECEIVED FROM RE-INSURERS				132 16,605,190
G. PAYABLES AND OTHER LIABILITIES				
I - Payables, deriving from direct insurance transactions, due to:				
1. Insurance brokers	133	20,494,601		
2. Insurance companies - current accounts	134	2,136,507		
3. Policyholders for guarantee deposits and premiums	135	18,472,731		
4. Guarantee funds in favour of policyholders	136	122,793	137 41,226,632	
II - Payables, deriving from reinsurance transactions, due to:				
1. Insurance and reinsurance companies	138	22,114,759		
2. Reinsurance brokers	139	0	140 22,114,759	
III - Bond loans			141	0
IV - Payables due to banks and financial institutions			142	5,234,826
V - Payables with secured guarantee			143	0
VI - Sundry loans and other financial payables			144	0
VII - Employee severance indemnities			145	5,879,478
VIII - Other payables				
1. For taxes payable by policyholders	146	30,756,000		
2. For sundry tax charges	147	159,404,413		
3. Amounts due to social security and welfare institutions	148	2,779,474		
4. Sundry payables	149	83,784,301	150 276,724,188	
IX - Other liabilities				
1. Transitory reinsurance accounts - payable	151	0		
2. Commission for premiums being collected	152	29,584,999		
3. Sundry liabilities	153	83,680,651	154 113,265,650	155 464,445,533
		to be carried forward		12,201,098,178

		Balances for the previous year	
	carry forward		11,619,300,602
		308	2,198,005
		309	4,187,628
		310	58,455,860
		311	64,841,493
		312	20,474,366
	313	15,834,666	
	314	4,376,265	
	315	13,325,867	
	316	54,097	317
			33,590,895
	318	23,442,979	
	319	0	320
			23,442,979
		321	0
		322	0
		323	0
		324	0
		325	6,533,284
	326	30,083,318	
	327	52,031,798	
	328	2,863,954	
	329	97,199,234	330
			182,178,304
	331	0	
	332	23,767,522	
	333	95,944,070	334
			119,711,592
	to be carried forward		335
			365,457,054
			12,070,073,515

STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		12,201,098,178
H. ACCRUALS AND DEFERRALS			
1. For interest		156 4,754,468	
2. For rental fees		157 0	
3. Other accruals and deferrals		158 254,125	159 5,008,593
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160 12,206,106,771

		Balances for the previous year	
	carry forward		12,070,073,515
		336	5,464,547
		337	0
		338	1,270,625
		339	6,735,172
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		340	12,076,808,687

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

The Chairman PAOLO BEDONI (**)

_____ (**)

_____ (**)

(*) 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

2019

INCOME STATEMENT

Balances for the year

				Balances for the year
I. TECHNICAL ACCOUNT - NON-LIFE BUSINESS				
1.	PREMIUMS FOR THE YEAR, NET OF REINSURANCE			
	a) Gross premiums written	1	1,773,959,269	
	b) (-) Ceded premiums	2	215,516,594	
	c) Change in gross premium provision	3	19,338,789	
	d) Change in premium provision - reinsurance amount	4	-6,163,191	5 1,532,940,695
2.	(+) PORTION OF PROFIT FROM INVESTMENT TRANSFERRED FROM THE NON-TECHNICAL ACCOUNTS (ITEM III. 6)			6 85,491,000
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE			7 6,784,125
4.	CLAIMS INCURRED, NET OF RECOVERIES AND TRANSFERS UNDER REINSURANCE			
	a) Claims paid			
	aa) Gross amount	8	1,255,069,833	
	bb) (-) reinsurance amount	9	160,592,404	10 1,094,477,429
	b) Change in recoveries net of reinsurance amount			
	aa) Gross amount	11	25,691,925	
	bb) (-) reinsurance amount	12	0	13 25,691,925
	c) Change in provision for outstanding claims			
	aa) Gross amount	14	-102,862,458	
	bb) (-) reinsurance amount	15	-6,520,534	16 -96,341,924
5.	CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE			17 972,443,580
6.	REPAYMENTS AND PROFIT-SHARING, NET OF REINSURANCE			18 -11,271
7.	OPERATING EXPENSES:			19 825,381
	a) Acquisition commissions	20	270,033,315	
	b) Other acquisition costs	21	72,790,551	
	c) Change in commission and other acquisition costs to be amortised	22	0	
	d) Collection commission	23	14,021,237	
	e) Other administrative expenses	24	145,144,287	
	f) (-) Commission and profit-sharing received from re-insurers	25	49,039,594	26 452,949,796
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			27 25,313,041
9.	CHANGE IN EQUALISATION PROVISIONS			28 569,203
10.	RESULT OF TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item III. 1)			29 173,126,090

Balances for the previous year			
		111	1,757,222,028
		112	205,058,301
		113	1,867,898
		114	-4,058,536
		115	1,546,237,293
		116	19,959,000
		117	17,416,034
		118	1,166,083,397
		119	129,167,643
		120	1,036,915,754
		121	24,021,076
		122	0
		123	24,021,076
		124	-13,055,258
		125	-88,476
		126	-12,966,782
		127	999,927,896
		128	6,820
		129	250,191
		130	267,016,121
		131	75,433,282
		132	0
		133	13,445,822
		134	142,793,502
		135	46,570,400
		136	452,118,327
		137	31,267,107
		138	489,068
		139	99,552,918

INCOME STATEMENT

Balances for the year

				Balances for the year	
II. TECHNICAL ACCOUNT - LIFE BUSINESS					
1.	PREMIUMS FOR THE YEAR, NET OF REINSURANCE:				
	a) Gross premiums written	30	620,349,640		
	b) (-) Ceded premiums	31	7,989,650	32	612,359,990
2.	INCOME FROM INVESTMENTS:				
	a) Income deriving from shares and holdings	33	8,117,096		
	(of which: deriving from Group companies)	34	6,052,846)	
	b) Income deriving from other investments:				
	aa) from land and buildings	35	0		
	bb) from other investments	36	153,258,321	37	153,258,321
	(of which: deriving from Group companies)	38	762,033)	
	c) Reversal of adjustment on investments	39	20,321,268		
	d) Profits on realisation of investments	40	27,554,874		
	(of which: deriving from Group companies)	41	1,633	42	209,251,559
3.	INCOME AND UNREALISED CAPITAL GAINS ON INVESTMENT BENEFITING POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS			43	71,423,633
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE			44	4,245,212
5.	CLAIMS INCURRED, NET OF REINSURANCE				
	a) Claims paid				
	aa) Gross amount	45	696,517,042		
	bb) (-) Reinsurance amount	46	6,124,853	47	690,392,189
	b) Change in provision for outstanding claims				
	aa) Gross amount	48	-85,987,113		
	bb) (-) Reinsurance amount	49	-271,177	50	-85,715,936
51					604,676,253
6.	CHANGE IN MATHEMATICAL PROVISIONS AND OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				
	a) Mathematical provisions:				
	aa) Gross amount	52	-20,457,130		
	bb) (-) Reinsurance amount	53	-1,608,836	54	-18,848,294
	b) Premium provision of supplementary insurance:				
	aa) Gross amount	55	17,111		
	bb) (-) Reinsurance amount	56	0	57	17,111
	c) Other technical provisions				
	aa) Gross amount	58	-5,741,241		
	bb) (-) Reinsurance amount	59	0	60	-5,741,241
	d) Technical provisions for contracts where the investment risk is by the policyholders and deriving from the management of pension funds				
	aa) Gross amount	61	175,827,693		
	bb) (-) Reinsurance amount	62	0	63	175,827,693
64					151,255,269

Balances for the previous year			
	140	825,293,005	
	141	10,876,651	142 814,416,354
	143	20,062,978	
(of which: deriving from Group companies)	144	16,161,315)
	145	0	
	146	161,645,678	147 161,645,678
(of which: deriving from Group companies)	148	868,184)
	149	3,872,677	
	150	18,122,365	
(of which: deriving from Group companies)	151	1,271) 152 203,703,698
			153 15,551,247
			154 4,104,020
	155	1,003,355,731	
	156	10,539,441	157 992,816,290
	158	96,443,682	
	159	-1,352,103	160 97,795,785
	162	-78,386,596	
	163	-1,739,121	164 -76,647,475
	165	-71,657	
	166	0	167 -71,657
	168	4,712,740	
	169	0	170 4,712,740
	171	-132,528,338	
	172	0	173 -132,528,338
			174 -204,534,730

INCOME STATEMENT

Balances for the year

7.	REPAYMENTS AND PROFIT-SHARING, NET OF REINSURANCE			65	666,817
8.	OPERATING EXPENSES:				
	a) Acquisition commissions	66	9,876,790		
	b) Other acquisition costs	67	11,352,106		
	c) Change in commission and other acquisition costs to be amortised	68	-247,712		
	d) Collection commission	69	3,485,017		
	e) Other administrative expenses	70	26,124,633		
	f) (-) Commission and profit-sharing received from re-insurers	71	470,172	72	50,616,086
9.	EQUITY AND FINANCIAL CHARGES:				
	a) Charges for management of investments and interest expense	73	8,829,687		
	b) Adjustment on investments	74	18,213,164		
	c) Losses on realisation of investments	75	6,767,908	76	33,810,759
10.	EQUITY AND FINANCIAL CHARGES AND UNREALISED CAPITAL LOSSES ON INVESTMENTS FOR BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS			77	6,214,091
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			78	9,279,486
12.	(+) PORTION OF PROFIT FROM INVESTMENTS TRANSFERRED TO THE NON-TECHNICAL ACCOUNTS (item III. 4)			79	17,944,000
13.	RESULT OF TECHNICAL ACCOUNT - LIFE BUSINESS (Item III. 2)			80	22,817,633
III. NON-TECHNICAL ACCOUNT					
1.	RESULT OF TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item I. 10)			81	173,126,090
2.	RESULT OF TECHNICAL ACCOUNT - LIFE BUSINESS (Item II. 13)			82	22,817,633
3.	INCOME FROM INVESTMENTS IN THE NON-LIFE BUSINESS:				
	a) Income deriving from shares and holdings	83	32,044,363		
	(of which: deriving from Group companies)	84	29,044,266		
	b) Income deriving from other investments:				
	aa) from land and buildings	85	1,436,179		
	bb) from other investments	86	88,067,099	87	89,503,278
	(of which: deriving from Group companies)	88	373,121		
	c) Reversal of adjustment on investments	89	35,884,656		
	d) Profits on realisation of investments	90	28,747,502		
	(of which: deriving from Group companies)	91	0	92	186,179,799

		Balances for the previous year	
			175 830,794
		
	176 11,299,784		
	177 11,023,040		
		
	178 -1,428,124		
	179 4,532,928		
	180 26,087,683		
	181 1,185,859	182	53,185,700
		
	183 13,425,071		
	184 49,660,738		
	185 14,875,259	186	77,961,068
		
		187	33,093,093
		
		188	8,869,226
		
		189	5,552,000
		
		190	-27,793,907
		
		191	99,552,918
		
		192	-27,793,907
		
	193 66,144,341		
(of which: deriving from Group companies)	194 62,364,433)		
		
	195 1,465,627		
	196 86,594,352	197	88,059,979
(of which: deriving from Group companies)	198 352,500)		
		
	199 1,604,800		
	200 12,738,441		
(of which: deriving from Group companies)	201 0)	202	168,547,561
		

INCOME STATEMENT

		Balances for the year
4.	(+) PORTION OF PROFIT FROM INVESTMENTS TRANSFERRED FROM THE TECHNICAL ACCOUNT - LIFE BUSINESS (Item II. 12)	93 17,944,000
5.	EQUITY AND FINANCIAL CHARGES OF THE NON-LIFE BUSINESS:	
	a) Charges for management of investments and interest expense	94 8,895,568
	b) Adjustment on investments	95 26,444,395
	c) Losses on realisation of investments	96 6,392,287
6.	(-) PORTION OF PROFIT FROM INVESTMENTS TRANSFERRED TO THE TECHNICAL ACCOUNT - NON-LIFE BUSINESS (Item I. 2)	98 85,491,000
7.	OTHER INCOME	99 44,260,129
8.	OTHER CHARGES	100 130,364,630
9.	RESULT OF ORDINARY ACTIVITIES	101 186,739,771
10.	EXTRAORDINARY INCOME	102 5,447,826
11.	EXTRAORDINARY CHARGES	103 6,639,569
12.	RESULT OF EXTRAORDINARY ACTIVITIES	104 -1,191,743
13.	PROFIT (LOSS) BEFORE TAXATION	105 185,548,028
14.	INCOME TAXES FOR THE YEAR	106 65,306,695
15.	PROFIT (LOSS) FOR THE YEAR	107 120,241,333

Balances for the previous year

		203	5,552,000
	204	11,015,269	
	205	112,002,611	
	206	11,894,875	
		207	134,912,755
		208	19,959,000
		209	42,154,827
		210	113,130,082
		211	20,011,562
		212	7,181,057
		213	7,708,495
		214	-527,438
		215	19,484,124
		216	16,019,229
		217	3,464,895

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

The Chairman PAOLO BEDONI (**)

_____ (**)

_____ (**)

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

(**) Indicate the office covered by the signee.

NOTES TO THE ACCOUNTS

FOREWORD

Format

The financial statements, integrated by the management report in its entirety, consist of the statement of financial position and the income statement, the notes to the accounts and the related attachments, as well as the cash flow statement, and have been drawn up in compliance with the provisions of Italian Legislative Decree No. 209 of September 7th, 2005, ISVAP Regulation

No. 22 of April 4th, 2008, as amended by IVASS Provision No. 53 of December 6th, 2016, Italian Legislative Decree No. 173 of May 26th, 1997, as amended following the transposition of Directive 2009/138/EC, Solvency II and Directive 2013/34/EU, Accounting.

The list of assets as per Art. 10 of Italian Law No. 72 of March 19th, 1983, is part of the Notes to the accounts.

NOTES TO THE ACCOUNTS

Part A - Accounting standards

PART A

ACCOUNTING STANDARDS

Accounting standards

The accounting standards adopted are those in force in Italy and established by legal provisions, as updated during the year.

Going concern

In accordance with the provisions of Bank of Italy/CONSOB/ISVAP document No. 2 of February 6th, 2009, it should be noted that, despite the uncertainties in the outlook linked to the current situation following the spread of Covid-19, the solidity of the Company's fundamentals does not generate or leave any doubt as to its ability to continue as a going concern.

Reporting currency used in the financial statements

According to the provisions of Art. 4 of ISVAP regulation No. 22 dated April 4th, 2008, as amended by the IVASS Provision No. 53 dated December 6th, 2016 and pursuant to Art. 2423, paragraph 6, of the Italian Civil Code, the statement of financial position and the income statement have been prepared in Euro units; the notes to the

accounts are in thousands of Euro. The rounded off amount of totals and subtotals in the statement of financial position and income statement is the sum of the rounded off amounts of the individual items. According to the provisions of Art. 15, paragraph 3, of the aforementioned regulations, the amounts have been rounded up or down to the closest unit; if the amount presents a half, then 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

In accordance with Art. 2426, No. 8-bis, of the Italian Civil Code, the monetary assets and liabilities in foreign currency are recorded using the spot exchange rate ruling as of the year end date; the consequent exchange gains and losses must be recognised to the income statement and any net profit is set aside in a specific restricted reserve until realised. The non-monetary assets and liabilities in foreign currency are recognised at the exchange rate in force at the time of their acquisition.

ILLUSTRATION OF THE ACCOUNTING STANDARDS

The most significant standards used for the drafting of the 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 commission to be amortised

Non-life business

From the entry into force of Art. 5, paragraph 4, of Italian Decree Law No. 7 of January 31st, 2007 (so-called "Decreto Bersani bis"), which introduced the faculty - for the policyholders - of withdrawing annually from long-term policies, without charges and by giving notice of sixty days, the commission relating to the policies issued is

Life business

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

They are allocated, net of reinsurance amount and in any case within the limits of the premium loading present in the tariff, for a period equal to the duration of the contracts and, only for contracts with a generation year prior to 2013, for a period equal to the duration of the contracts with a maximum limit of ten 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 unit 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 unit 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 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 by incorporation of FATA Assicurazioni Danni within the Company. It is amortised, on a straight-line basis and proportionally over time, over a period of 13 years; the amortisation plan is deemed suitable in relation to the period of use of the intangible elements it is made up of.

Other long-term costs

These are represented by costs benefiting the long-term, and are stated net of the amortisation provided.

The amortisation is calculated over a useful life of five years as a rule, or on the basis of the residual useful life.

INVESTMENTS

Land and buildings

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

In relation to the obligation pursuant to Art. 16, paragraph 7, of Italian Legislative Decree No. 173 of May 26th, 1997, the current real estate value, calculated individually for each property owned by the Company, on a consistent basis with the matters established by Art. 18 of the aforementioned legislative decree and ISVAP Regulation No. 22 of April 4th, 2008, as amended by IVASS Provision No. 53 of December 6th, 2016, emerges from an estimate report prepared with reference to December 2019.

Property used for business activities and by third parties

The properties intended for direct use and third party use are systematically depreciated each year in relation to the residual possible use according to economic-technical criteria.

The plots of land and the pertinent areas acquired autonomously are recognised at purchase cost and are not depreciated.

In 2008, the right to revalue real estate assets resulting from the financial statements as of December 31st, 2007, provided for by Italian Legislative Decree No. 185 of November 29th, 2008, converted with Italian Law No. 2 of January 28th, 2009, was exercised, following the criterion of the comparative method (or market method).

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

The Company exercised the right 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 Art. 8 of IVASS Regulation No. 24 of June 6th, 2016, the Board of Directors adopted a specific framework resolution in relation to investment policies (Art. 5), asset and liability management (Art. 6) and liquidity risk

management (Art. 7). The investment policies are reviewed annually.

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

It should be noted that the Company has decided not to make use of the option provided for by Italian Ministerial Decree of July 15th, 2019, of the MEF by which the provisions of Art. 20-*quater*, paragraph 1, of Italian Law No. 136 of December 17th, 2018, on the valuation of securities included in the not long-term segment also for 2019. Therefore, the exemption granted by the aforementioned law to Art. 2426 point 9 of the Italian Civil Code has not been applied.

Investments in Group companies and in other investee companies

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

Company shares and holdings

Investments in subsidiaries, associated companies and other companies in which there is a lasting relationship pursuant to Art. 4, paragraph 2, of Italian Legislative Decree No. 173 of May 26th, 1997, are recognised at the lower value between the purchase price and the value that, at the end of the financial year, is deemed will remain lower, pursuant to Art. 16, paragraph 3, of Italian Legislative Decree No. 173, of May 26th, 1997.

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

Bonds issued by Group companies and investee companies and other fixed-income securities

Fixed-income securities issued by subsidiary, associated companies and other companies, in which a long-term relationship takes place as per Art. 4.2 of Italian Legislative Decree No. 173 of May 26th, 1997, are recognised at purchase or subscription cost and are written down in the presence of permanent impairment losses, as per Art. 16, paragraph 3 of Italian Legislative Decree No. 173, of May 26th, 1997. The amortisation of the additional cost has been adopted as envisaged by paragraph 16 of the same article.

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

Other financial investments

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

Shares and holdings

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

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

In compliance with the provisions of Art. 16, paragraph 6, of Italian Legislative Decree No. 173 of May 26th, 1997, the securities, written down in previous years, for which the reasons that 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 non long-term assets, are valued analytically at the lower between the book value and the realisable value, established on the basis of market trends as per Art. 16, paragraph 6, of Italian Legislative Decree No. 173, of May 26th, 1997.

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

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

In compliance with the provisions of Art. 16, paragraphs 3 and 6, of Italian Legislative Decree No. 173 of May 26th, 1997, the securities, written down in previous years, for which the reasons that 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 in accordance with 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 of the residual commitment in relation to the same in the memorandum accounts, the disclosure of which is set out in Part B of these Notes to the accounts.

With reference to the valuation of financial instruments, it should be noted that the realisable value, which 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 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, that can be defined as "normal and independent".

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

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

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

REPURCHASE TRANSACTIONS

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

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.

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.

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

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

The value of the investments classified in class D "Investments for benefit of life assurance policyholders who bear the investment risk and deriving from 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 recognised at their estimated realisable value pursuant to Art. 16, paragraph 9, of Italian Legislative Decree No. 173 of 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, in accordance with Art. 16, paragraphs 1 and 2, of Italian Legislative Decree No. 173 of May 26th, 1997, and are adjusted by the corresponding accumulated 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 and cash equivalent

These are stated at their nominal 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.

The accruals and deferrals are calculated in accordance with the matching principle, in observance of Art. 2424-bis, paragraph 6, of the Italian Civil Code.

SHAREHOLDERS' EQUITY

Negative reserve for own shares in portfolio

Following the changes introduced by Art. 6, paragraph 1 of Italian Legislative Decree No. 139 of August 18th, 2015, by way of implementation of the 2013/34/EU Directive, own shares are recognised in the financial statements directly reducing the shareholders' equity, in accordance with the matters laid down by Art. 2357-ter.

SUBORDINATED LIABILITIES

These are stated at their nominal value.

TECHNICAL PROVISIONS

Life business technical provisions

The technical provisions, for the exercise of private life assurance, have been valued on the basis of the actuarial standards and the applicative rules set forth by Attachment No. 14 to the ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.

The technical calculation bases adopted are consistent with the provision contained in Attachment No. 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 mathematical provisions.

The Company applies the provisions set out in paragraphs 21 et seq. of Attachment No. 14 to the ISVAP regulation No. 22, dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016, regarding the determination of the foreseeable return of the additional provisions for financial risk, along with those of paragraphs 36 et seq. of the aforementioned attachment, regarding the establishment and calculation of an additional provision for demographic risk.

Furthermore, the Company applies paragraph 41 of said attachment, which envisages the coverage of the mortality risk and guaranteed benefits falling due for the contracts as per Art. 41, paragraph 1, of Italian Legislative Decree No. 209/2005 and subsequent amendments.

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

The reinsurance amount of technical provisions 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 be incurred on the basis of prudent valuations as per paragraph 17 of Attachment No. 14 to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.

Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds

The provisions relating to index-linked and unit-linked policies 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 paragraphs 39 et seq. of Attachment No. 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 business 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 premium provision for non-life insurance comprises both the provision for unearned premiums and the provision for current risks.

The provision for unearned premiums shall be calculated analytically using the *pro rata temporis* method (paragraph 2, point 2 of Attachment No.15 of ISVAP Regulation No. 22 of April 4th, 2008) on the basis of gross premiums written, as defined in Art. 45 of Italian Legislative Decree No 173 of May 26th, 1997, less only acquisition commission and other acquisition costs, limited to directly attributable costs.

The book value thus obtained has been supplemented by the provisions for suretyship, crop hail, other natural disasters and damages deriving from nuclear energy, as provided for in paragraph 9 of Attachment No. 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 accounting period, 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, point 1, of Attachment No. 15 of ISVAP Regulation No. 22, dated April 4th, 2008.

The premium 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 premium 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 of 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 that 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 set out in paragraphs 23 *et seq.* of Attachment No. 15 of ISVAP Regulation No. 22 of 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, reference was made to the following stochastic methods: Mack Paid, Mack Incurred and Dahms 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).

With regard to the assessment of the cost of the current generation, the Company avails itself, as envisaged by paragraph 25, point 1, of Attachment No. 15 of ISVAP Regulation No. 22 dated April 4th, 2008, of the average cost approach (with the exception of the credit and suretyship classes) for the classes, which due to technical features lend themselves to the application of the same criteria.

To this end, two homogeneous risk groups have been identified, dividing claims according to a first year cost threshold (i.e. paid and reserved in the reporting year), representing the amount used for channelling to the Complex Claims Office.

With regard to average costs used, the triangle of inflated and stripped reported averages as of 12/31/2019 for non-delayed claims of the 2016-2019 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 numerousness and quantitative and qualitative standardisation, the inventory method is applied.

The reserve includes the evaluation of the claims, which have occurred but have not been reported as of the year end date, determined on the basis of the provisions set out in paragraphs 27 *et seq.* of Attachment No. 15 of the ISVAP Regulation No. 22 of April 4th, 2008.

The amount was determined on the basis of experience acquired in previous years, estimating separately the

expected number of claims and the relative average cost per each class 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 2013-2019 time period.

The average cost was obtained by observing the average costs reported late for the 2014-2019 generations.

The provision for outstanding claims regarding Card and No Card claims of the land vehicle TPL class is established on the basis of paragraphs 30 *et seq.* of Attachment No. 15 of ISVAP Regulation No. 22 of April 4th, 2008; the overall amount of the provision is calculated in relation to the matters laid down by paragraph 31, point 2.

The portions of the provisions for outstanding claims pertaining to re-insurers are determined adopting the same criteria used for the direct business provisions and taking into account the contractual clauses of the agreements.

The provisions for outstanding claims 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 aging provision of the health class for the rise in the age of the policyholders, in accordance with paragraphs 42 *et seq.* of Attachment No. 15 of ISVAP Regulation No. 22, of April 4th, 2008, and title I, chapter III, section IV of the Part III of ISVAP Regulation No. 33 of 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 of March 10th, 2010.

PROVISIONS FOR RISKS AND CHARGES

Provision for pensions and similar commitments

The item includes the amount of the mathematical provision corresponding to the commitments undertaken regarding to the individual members enrolled (active

members and pensioners) in the Internal Pension Fund for Company Employees and the appraisals at year end not yet included in the mathematical provision as of that date. This item indicates the Company's commitment envisaged by the supplementary in-house agreement dated October 29th, 1999, which amended the original agreement dated June 1st, 1963 in favour of the employees taken on until March 15th, 1982 (if officials, until November 17th, 1982).

The Fund, complying with the defined benefit regime and managed in insurance form, was set up in accordance with Art. 2117 of the Italian Civil Code; the value of the benefit accrued is determined analytically for each individual position using the criteria established in the afore-mentioned 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 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 nominal value.

INCOME STATEMENT

Gross premiums written

These are recognised in accordance with Art. 45 of Italian Legislative Decree No. 173 of May 26th, 1997 with reference to the moment of accrual, which corresponds with the moment of expiry of the premiums as emerging from the contractual documentation, independently of the fact that these amounts have been effectively collected or that they refer in full or in part to subsequent years and are determined net of cancellations in accordance with the aforementioned legislation.

Income

Income is recognised taking into account its pertinence and regardless of the date of collection.

Dividends are recorded in the period they are received.

Costs and charges

Charges are recognised taking into account the pertinence of the same, regardless of the date of payment.

Cost allocation approach

Directly chargeable costs inherent to business, the settlement of claims and investments are allocated to the life and non-life businesses 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 business and the number of settlements for the life business. The charges relating to investments are assigned to the life and non-life businesses on the basis of the volume of the provisions.

Transfers of income and charges

The allocation of portions of the profit of the investments to the non-life technical account and the transfer from the life technical account to the non-technical account is carried out in accordance with Art. 55 of Italian Legislative Decree No. 173 of May 26th, 1997 and Arts. 22 and 23 of ISVAP Regulation No. 22 of April 4th, 2008, as amended by IVASS Provision No. 53 of December 6th, 2016.

Taxation for the year

Current taxes for the year are provided for on an accruals basis with reference to current legislation.

Deferred tax assets and liabilities are recognised on the timing differences between the value assigned to the assets and liabilities according to statutory criteria and the value assigned to the same assets and liabilities for tax purposes.

The assets deriving from prepaid taxes are recognised since, having checked the observance of the prudent principle, there is reasonable certainty of the existence, in the years when the related timing differences will reverse, of taxable income greater than the amounts of the differences, which will be cancelled.

Prepaid taxes and deferred taxes relating to the timing differences arising during the year have been recognised in the financial statements separately, by means of recording the same respectively in "Other receivables" under the assets and in the "Provision for deferred taxation" as a matching balance to the specific income statement item 14 "Income taxes for the year".

Compliance with the tax consolidation scheme does not lead to exceptions or changes to the standards illustrated above.

USE OF ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires the directors to make discretionary evaluations, estimates based on past experience and assumptions considered reasonable and realistic on the basis of information known at the time of the estimate. The use of these estimates influences the book value of assets and liabilities, identification of potential liabilities at the date of the financial statements, as well as the volumes of revenues and costs in the reference period. The assumptions made are deemed appropriate for the preparation of the financial statements and, consequently, the financial statements have been prepared with the intention of clarity and provide a true and fair view of the capital and business-performance status and cash flows for the year. However, it must be noted that changes in these estimates and assumptions could have a significant effect on the capital and business-performance status if different elements of judgement intervene compared to those expressed. In this regard, it should be noted that the continuation of the COVID-19 emergency situation could have an impact on the assumptions used as a basis for the estimates carried out, which at present cannot be quantified.

The main areas of the financial statements that involve significant recourse to discretionary judgements, assumptions, estimates and assumptions about issues, which by nature are uncertain, are set out below:

- determination of impairment losses on long-term equity investments;
- definition of the market value of the assets and liabilities if not directly observable on active markets;
- determination of technical provisions;
- estimate of the recoverable nature of deferred taxes;
- quantification of provisions for risks and charges.

NOTES TO THE ACCOUNTS

**Part B - Information on the
Statement of financial position
and Income statement**

PART B

STATEMENT OF FINANCIAL POSITION -
ASSETS

SECTION 1 - INTANGIBLE ASSETS (Item B)

Intangible assets, presented in summary form in Attachment 4, showed the following changes:

Table 25 - Intangible assets

(€ thousands)	2019	2018	Changes	
			Amount	%
Acquisition commissions to be amortised - life business	11,452	11,700	-248	-2.1
Start-up and expansion costs	0	3,598	-3,598	-100.0
Goodwill	114,116	135,242	-21,126	-15.6
Other long-term costs	3,430	3,832	-402	-10.5
TOTAL (item B)	128,998	154,372	-25,374	-16.4

The following tables, relating to gross amounts of amortisation and the accumulated amortisation, do not contain the acquisition commissions to be amortised since it is amortised using the direct method.

Table 26 - Intangible assets - gross amortisation amounts

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Start-up and expansion costs	21,900	0	0	21,900
Goodwill	351,187	0	0	351,187
Other long-term costs	27,556	283	0	27,839
TOTAL	400,643	283	0	400,926

Table 27 - Intangible assets - accumulated amortisation

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Start-up and expansion costs	18,302	3,598	0	21,900
Goodwill	215,945	21,126	0	237,071
Other long-term costs	23,724	685	0	24,409
TOTAL	257,971	25,409	0	283,380

Acquisition commission to be amortised

Acquisition commissions to be amortised for the life business amounted to € 11.452 million, compared with € 11.7 million at the end of the previous year.

As of December 31st, 2019, no commission to be amortised for the non-life business has been recorded.

Other acquisition expenses

No value had been recorded at the year end date.

Start-up and expansion costs

During the year, the cost relating to the share capital increase subscribed in 2014 was fully amortised with the recognition of an amortisation charge for the period of € 3.98 million.

Goodwill

The item amounted to € 114.116 million at year end (€ 135.242 million as of December 31st, 2018) and included:

- the price paid by Duomo Previdenza (company incorporated in 2007) for the merger by incorporation of the companies Maeci Vita and Le Mans Vita net of the amortisation charge calculated on the basis of a straight-line twenty-year plan. The residual value as of the year end amounted to € 2.092 million, net of the amortisation charge for € 2.092 million;
- the price paid for the acquisition of the business unit from subsidiary C.I.R.A. net of the amortisation charge calculated on the basis of a straight-line twenty-year plan. The residual value as of the year end amounted to € 3.95 million, net of the amortisation charge for € 395 thousand;
- the price paid by Duomo Uni One, net of the amortisation charge 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 as of the year end amounted to € 375 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 as of the year end, net of the amortisation charge for € 7.881 million, amounted to € 70.82 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 for € 1.669 million, calculated on the basis of a straight-line ten-year plan, amounted to € 3.338 million;
- the deficit recognised following the spin-off of Cattolica Previdenza in the Company for a total of € 12.821 million, net of the amortisation charge for the year of € 6.411 million;
- the deficit recognised following the merger by 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 € 20.72 million.

Other long-term costs

The item amounted to € 3.43 million and included:

- € 2.185 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 of the year end date for € 275 thousand;
- € 657 thousand reflecting the amount of the long-term expenses pertaining to the issue in 2014 of the debenture bond incurred for a total amount of € 1.678 million, whose amortisation charge totalled € 168 thousand;
- € 579 thousand reflecting the costs incurred for software implementations, stated net of the amortisation charge for the year of € 234 thousand;
- € 9 thousand reflecting the costs associated with leasehold improvements, displayed net of the amortisation charge for the year of € 8 thousand.

The increases in gross amounts, amounting to € 283 thousand, relate to capitalised costs incurred for software implementations.

As of December 31st, 2018, the item amounted to € 3.832 million.

SECTION 2 - INVESTMENTS (Item C)

Land and buildings

The item "Land and buildings" amounted to € 89.557 million.

The current value of the properties amounted to € 98.19 million; it was updated on the basis of the market value as of December 2019, as emerging from the appraisal report.

As shown in the table below, the item is made up as follows:

Table 28 - Land and buildings

(€ thousands)	2019	2018	Changes Amount	%
Property used for business activities	57,797	59,470	-1,673	-2.8
Property used by third parties	31,760	35,955	-4,195	-11.7
TOTAL (item C.I)	89,557	95,425	-5,868	-6.1

Table 29 - Land and buildings - gross depreciation amounts

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Property used for business activities	88,671	420	0	89,091
Property used by third parties	45,362	0	3,395	41,967
TOTAL	134,033	420	3,395	131,058

Table 30 - Land and buildings - accumulated depreciation

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Property used for business activities	29,201	2,093	0	31,294
Property used by third parties	9,407	800	0	10,207
TOTAL	38,608	2,893	0	41,501

Property used for business activities

Property used for business activities amounted to € 57.797 million. The figure compares with € 59.47 million recorded at the closure of the previous financial year.

The gross amounts totalled € 89.091 million compared with € 88.671 million in the previous financial year. The accumulated depreciation amounts to € 31.294 million. The figures compare with € 29.201 million reported at the end of the previous financial year.

During the year, the increase in accumulated depreciation, totalling € 2.093 million, was entirely attributable to the depreciation charge for the year.

Property used by third parties

The item amounted to € 31.76 million. The balance compares with € 35.955 million as recorded in the 2018 financial statements.

The gross amounts totalled € 41.967 million compared with € 45.362 million in the previous financial year. As a result of an impairment loss deemed to be permanent, the value of a building was written down by € 3.395 million, aligning the book value to the value inferable from the independent expert's appraisal.

The accumulated depreciation amounted to € 10.207 million; the increase of € 800 thousand is attributable to the charge for the year.

Three specifically identified property units were already subject to the conferral of the usufruct right in 2016, to the reserved alternative real estate 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 investee companies

Pursuant to Art. 2426 of the Italian Civil Code and Art. 58 of the Consolidated Tax Law (TUIR), the investments in Group companies (subsidiary, associated companies and other investee companies), represent fixed assets. The class C.II.2.e) bonds are fully recorded under securities not for

long-term use, as indicated in another section of the notes to the accounts.

The changes during the year in investments in Group companies and other investee companies are shown in Attachment 5.

With regard to the investee companies, detailed information is provided in Attachments 6 and 7.

Company shares and holdings

The item includes the investments in subsidiary, associated companies and other investee companies. The following table shows the financial statements balances and the related changes during the year.

Table 31 - Equity investments - summary of values

Company	2019	2018	Changes	
			amount	%
Subsidiaries	1,678,012	1,595,641	82,371	5.2
Associated companies	14,472	2	14,470	n.s.
Other	31,654	37,343	-5,689	-15.2
TOTAL (item C.II.1)	1,724,138	1,632,986	91,152	5.6

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 rose from € 1,595.641 million to € 1,678.012 million, reporting an overall net increase of € 82.371 million.

Increases

The increases during the year, equal to € 116.34 million, are essentially attributable to the following transactions:

- the purchase of 19% of the shares held by third parties in BCC Assicurazioni S.p.A and BCC Vita S.p.A. (51% already held), amounting to € 3.134 million and € 39.33 million respectively.

It should be noted that the following subsidiaries were recapitalised during the year:

- Tua Assicurazioni S.p.A.: € 30 million;

- CattRe S.A.: € 30 million;
- Cattolica Beni Immobili S.p.A.: € 6.8 million;
- Cattolica Agricola S.p.A.: € 4.7 million;
- CP Servizi Consulenziali S.p.A.: € 800 thousand.

A capital increase was carried out for CattRE S.A., while for all the other subsidiaries the recapitalisation was carried out in the form of a capital contribution.

For details of other increases, please refer to Attachment 7 of the Notes to the accounts.

Write-downs

As regards decreases in value, the main changes compared to the previous year concern write-downs of equity investments for a total of € 23.39 million, broken down as follows:

- Cattolica LIFE Dac: € 11.164 million;
- Cattolica Beni Immobili S.p.A.: € 7.823 million;
- C.P. Servizi Consulenziali S.p.A.: € 2.443 million;
- ABC Assicura S.p.A.: € 1.96 million.

With regard to the write-down of the Irish subsidiary Cattolica Life Dac, it should be noted that an agreement

was entered into for the transfer of the equity investment to Monument Re at a price of € 2.401 million. Although at the date of drafting of these Financial Statements, the authorisation process initiated with the competent authorities is still in progress, it is considered highly probable that the transaction will be closed by March 2020. Therefore, the book value was aligned to the aforementioned price, resulting in a write-down of € 11.164 million.

For greater details on the transaction, please refer to the Management report.

With regard to the other write-downs listed above, for the purposes of impairment testing, the Company uses analytical methods aimed at identifying the recoverable value of equity investments.

In continuity with previous years, the Company has used valuation methods for insurance investments that consider the Solvency II regulations 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 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 projections of economic results for the 2020-2022 period, approved by the Board of Directors. These projections will form the basis of the ORDEA 2020-2022 Evaluation (pursuant to IVASS Regulation No. 32/2016).

For the subsidiaries Vera Assicurazioni and Vera Vita, in accordance with the acquisition agreements, reference was made to the 2020-2033 distribution Plans negotiated in the course of the acquisition.

With reference to the Berica Vita 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 based methodology was used for the Non-life equity investments.

The hypotheses on the basis of which the recoverable value of each equity investment emerged as less sensitive were:

- the combined ratio for non-life equity investments and new business for life equity investments;
- the cost of own capital (Rs);
- the Solvency Ratio level;
- the long-term growth rate (g).

The cost of capital has been estimated using the CAPM - Capital Asset Pricing Model. The parameters used for the purposes of the estimate of the recoverable value are: the beta ratio by class of activities, formulated on the basis of

market betas of European insurance companies; the equity risk premium, taking into account the consensus value disclosed in market analysts' reports; the risk free rate.

The cost of own capital (Rs) has been estimated on the basis of these elements, equal to 7.83% for life insurance companies and 6.93% for non-life companies. The long-term growth rate ("g") was 1.44% for all equity investments. These basic assumptions, besides being in line with the long-term nominal growth rate of Italian GDP, are also consistent with the values used by financial analysts of the insurance sector.

For the non-insurance subsidiaries, the recoverable value was determined on the basis of the pro-rata shareholders' equity adjusted, where necessary, by any capital gains/losses relating to the core business assets.

Decreases

The decreases during the year are mainly attributable to the following transactions:

- transfer in favour of the subsidiary CattRe S.A. of the investment held in Estinvest S.r.l. (equal to 100%) for € 7.256 million;
- transfer in favour of Estinvest S.r.l. of the shares held in Satec S.r.l. (equal to 15.87%) for € 1.27 million.

These transfers are part of the corporate reorganisation of Specialty Lines.

Other increases and decreases

Other changes mainly include the net decreases, following the purchase price adjustment, relating to equity investments in Vera Vita and Vera Assicurazioni, for € 86 thousand and € 466 thousand respectively.

The price adjustments mentioned above are due to costs of the service provided by Unipol to the Vera companies prior to the migration to the Cattolica Group systems and to costs relating to the migration itself. Contractually, these costs, which are of a non-recurring nature, are expected to be reflected in the purchase prices of the equity investments.

For other movements recorded on equity investments in subsidiaries during the year, reference should be made to Attachment 7 of the notes to the accounts.

The data of the subsidiary and associated companies, as defined by Art. 2359 of the Italian Civil Code, as indicated in Attachment 6 of the notes to the accounts, is listed in the following tables, as per Art. 2427, paragraph 1, point 5 of the Italian Civil Code. Pursuant to Art. 2429, paragraphs 3 and 4 of the Italian Civil Code, the data included in these tables is accompanied, for the associated companies and subsidiaries included in the scope of consolidation, by a summary statement of the highlights from the last sets of approved financial statements.

Table 32 - 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	8,811	-824	60.00	3,309
BCC Assicurazioni s.p.a.	Milan	14,448	11,197	866	70.00	8,272
BCC Vita s.p.a.	Milan	62,000	201,281	22,599	70.00	125,138
Berica Vita s.p.a.	Vicenza	31,000	98,371	9,731	60.00	65,100
C.P. Servizi Consulenziali s.r.l.	Verona	120	159	-2,444	100.00	159
Cattolica Agricola s.a.r.l.	Verona	35,500	147,038	-587	100.00	148,500
Cattolica Beni Immobili s.r.l.	Verona	7,000	43,027	-7,840	100.00	45,585
Cattolica Immobiliare s.p.a.	Verona	400	4,319	846	100.00	3,021
Cattolica Life d.a.c. (*)	Dublin (Ireland)	635	15,619	-2,574	60.00	2,400
Cattolica Services s.c.p.a.	Verona	20,954	60,623	2	99.96	60,481
Catt Re Sa (*)	Luxembourg	33,600	52,079	571	100.00	55,430
Lombarda Vita s.p.a.	Brescia	185,300	311,685	86,508	60.00	238,894
TUA Assicurazioni s.p.a.	Milan	23,161	152,923	-1,741	99.99	164,298
Vera Assicurazioni s.p.a.	Milan	63,500	78,197	8,700	65.00	307,200
Vera Vita s.p.a.	Verona	219,600	299,777	48,182	65.00	450,225

(*) The balances for the shareholders' equity and profit for the year as of December 31st, 2019, determined in accordance with IAS/IFRS are provided.

The equity investment in BCC Assicurazioni discloses a difference between the book value and the portion of shareholders' equity held of € 434 thousand, to be ascribed to the value of the existing portfolio.

The equity investment in Berica Vita discloses a difference between the book value and the corresponding portion of shareholders' equity of € 6.077 million, justified by the value of the existing portfolio.

The equity investment in Cattolica Agricola discloses a difference between the book value and the corresponding portion of shareholders' equity of € 1.462 million, to be ascribed to the value of the latent capital gains on the property held by the subsidiary.

The equity investment in Cattolica Beni Immobili discloses a difference between the book value and the corresponding portion of shareholders' equity of € 2.558 million, to be ascribed to the value of the latent capital gains on part of the property held by the subsidiary.

The equity investment in CattRe discloses a difference between the book value and the share of shareholders' equity of € 3.351 million, to be attributed to goodwill, in consideration of the future earnings prospects deriving from the portfolio value.

The equity investment in Lombarda Vita discloses a difference between the book value and the corresponding portion of shareholders' equity of € 51.883 million, to be ascribed to the value of the existing portfolio.

The investment in TUA Assicurazioni discloses a difference between the book value and the corresponding portion of shareholders' equity of € 11.395 million, to be ascribed to the value of the existing portfolio and the future earnings prospects.

The equity investments in Vera Assicurazioni and Vera Vita disclose a difference between their book value and the corresponding portion of shareholders' equity of € 256.372 million and € 255.37 million respectively, to be attributed to the existing portfolio, as well as to goodwill by virtue of the future earnings prospects deriving from the partnership agreed with Banco BPM last year.

ASSOCIATED COMPANIES

The item amounts to € 14.472 million and records an increase with respect to the previous year of € 14.47 million. The change from the previous year's value is due to the following.

Table 33 - Summary data of associated companies

Name or business name	Registered offices	Share capital	Shareholders' Equity	of which profit (+)	Investment	Value
				or loss (-)	holding	assigned
				for the year	%	in the financial statements
H-Farm s.p.a.(*)	Roncade (TV)	8,924	32,076	-1,086	4.49	5,888
Ima Italia Assistance s.p.a.	Sesto San Giovanni	3,857	21,943	424	35.00	8,584

(*) The balances for shareholders' equity and the result for the year as of December 31st, 2018, have been shown since the 2019 financial statements had not yet been approved as of the date of approval of Cattolica's financial statements by the Board of Directors.

Increases

Increases during the year refer to the following transactions:

- the purchase of 35% of IMA Italia Assistance S.p.A. for a value of € 8.584 million;
- the purchase of participative financial instruments (SFP) issued by H-Farm S.p.A. for a total of € 7 million;
- reclassification of the equity investment in H-Farm S.p.A. from item C.II.1.e) "Other investee companies" for an amount of € 2.211 million.

The purchase of H-Farm's SFP, which took place on December 18th, 2019, did not entail any change in the shareholding structure, with the Company continuing to hold 4.49% of H-Farm's share capital. The subscription of these instruments, in addition to the existing interests in the investee company (presence of a representative on the board of directors appointed under a shareholders' agreement between shareholders representing around 49 % of H-Farm's share capital and the existence of other commercial relationships, including that which - indirectly - will derive from the lease agreement of H-Campus, owned by the reserved closed-end real estate fund Ca' Tron H-Campus, of which the Company is the majority shareholder), has meant that the counterparty H-Farm has been qualified as a related party, i.e. subject to "significant influence" within the meaning of the reference legislation.

In light of this and with a view to the overall management of the equity investment, the application of the principles related to "significant influence" has been extended, and therefore the reclassification under item C.II.1.d) to the 4.49% stake held by the Company in the investee company.

Decreases

The decreases amounted to € 3.325 million and were mainly due to write-downs of the equity investment held in

H-Farm S.p.A. (€ 866 thousand) and participative financial instruments issued by the latter (€ 2.457 million).

The Discounted Cash Flow method was used to determine the book value in the financial statements, and the consequent measurement of the write-down in the income statement, based on the company's 2020-2024 business plan, within which future management actions were weighted by the presumed probability of realisation. With regard to the write-down of the H-Farm stock, on the other hand, the bid price recognised at the end of the year was used as it is considered that the stock has sufficient liquidity on the market.

OTHER

The item included equity investments entirely recorded in the long-term segment amounting to € 31.654 million (€ 37.343 million as of December 31st, 2018). There were increases of € 165 thousand during the year, relating to the acquisition of 10% of IMA Servizi S.r.l. and decreases of € 5.854 million, as listed below:

- reclassification of the equity investment held in H-Farm S.p.A. for € 2.211 million, as described above;
- transfer of 1% of IMA Servizi S.r.l. to the subsidiary Cattolica Services S.c.r.l. for € 16 thousand;
- write-down of equity investments for permanent impairment losses of € 3.627 million, as described below.

Write-downs

With regard to the valuation of other equity investments, it should be noted that this matter is governed, from the point of view of national accounting principles, by OIC 21. This principle, in paragraph 27, provides that equity investments in fixed assets are "recognised at cost at the time of initial recognition. This cost cannot be maintained, in accordance with the provisions of Art. 2426, paragraph 1, number 3), of the Italian Civil Code, if the value of the equity investment at the end of the financial year is permanently lower than its 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 value of the company on the basis of the flows that it is able to generate.

Valuations carried out led to the recognition of impairment losses on interests held in UBI Banca amounting to € 3.383 million and in Banca di Credito Popolare amounting to € 244 thousand.

Table 34 - Summary data of the other investments

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		
Banca di Credito Popolare s.c.p.a. (*)	Torre Del Greco (NA)	20,039	190,063	8,464	1.01	627
Bcc Campania Centro - CRA s.c.p.a. (*)	Salerno	2,642	1,252,039	3,925	2.60	82
Emil Banca Credito Coop. s.c.p.a. (*)	Bologna	103,256	317,508	20,688	0.09	202
Ima Servizi s.c.a.r.l. (**)	Sesto San Giovanni	100	1,658	0	9.00	149
Ist. di Certific. Etica nello Sport s.p.a. (**)	Verona	270	206	-17	3.70	10
Nummus.Info s.p.a. (**)	Trento	580	481	-31	10.78	78
U.C.I. s.c.a.r.l. (**)	Milan	536	1,311	53	2.16	0
UBI Banca s.p.a. (*)	Bergamo	2,843,177	9,138,182	209,883	0.50	22,925
Verfin s.p.a. (**)	Verona	6,553	13,854	-13	3.94	429
Veronafiore s.p.a. (**)	Verona	63,265	75,354	1,944	7.11	7,152

(*) The balances for the shareholders' equity and result for the year are shown, prepared in accordance with the international accounting standards (IAS/IFRS).

(**) The balances for shareholders' equity and the result for the year as of December 31st, 2018, drawn up according to national accounting standards, have been shown since the 2019 financial statements had not yet been approved as of the date of approval of Cattolica's financial statements by the Board of Directors.

Pursuant to Art. 2427-bis of the Italian Civil Code, it should be noted that the equity investment in UBI Banca, classified within the segment for long-term use, is recognised at a value higher than its fair value (market price as of December 31st). The book value is supported by an analytical evaluation, as previously highlighted, prepared in line with the provisions of OIC 21.

Sales and repayments recorded during the year amounted to € 8.476 million, while purchases amounted to € 1.987 million.

The positive issue discounts amounted to € 5 thousand, the positive trading discounts totalled € 4 thousand.

The period end valuation led to adjustments of € 2 thousand and write-backs of € 855 thousand.

Bonds issued by companies

The item, amounting to € 32.544 million, consists entirely of bonds issued by "other investee companies" (fully recognised in the short-term segment). The value for the previous year was € 38.171 million.

The bonds issued by other investee companies amounted to € 11.271 million for the non-life portfolio and € 21.273 million for the life portfolio and were issued entirely 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 of the year end date:

Table 35 - Other financial investments - breakdown

(€ thousands)	2019	2018	Changes	
			Amount	%
Shares and holdings	46,606	71,527	-24,921	-34.8
Units of mutual investment funds	1,273,937	1,114,578	159,359	14.3
Bonds and other fixed-income securities	5,990,424	6,334,559	-344,135	-5.4
Loans	2,791	2,870	-79	-2.8
Sundry financial investments	0	8	-8	-100.0
Total (item C.III)	7,313,758	7,523,542	-209,784	-2.8

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 amounted to € 46.606 million (of which € 18.469 million were traded on active markets and € 28.137 million traded on non-active markets), attributable for € 41.029 million to the life business and for € 5.577 million to the non-life business; they exclusively included securities not for long-term use.

During the year purchases for € 65.675 million, mainly attributable to the increase in listed shares, sales for € 91.569 million and other negative net changes for € 422 thousand were made.

The year end valuation led to the recognition of adjustments for € 165 thousand and write-backs for € 1.56 million.

The current value as of December 31st was € 57.088 million.

Units of mutual investment funds

The investments in Units of mutual investment funds do not represent fixed assets. They amounted to € 1,273.937 million at the end of the year (of which € 180.641 million were traded on active markets and € 1,093.296 million on non-active markets): € 741.333 million for the non-life portfolio and € 532.604 million for the life portfolio.

During the year purchases were made for € 249.628 million along with sales for € 148.65 million. Furthermore, other increases were recognised consisting of recalls in relation to share capital for commitments undertaken, equal to € 91.309 million and other decreases relating to reimbursements in relation to share capital for commitments undertaken, equal to € 32.137 million.

The year end valuations lead to the recognition of adjustments for € 9.089 million and write-backs for € 8.298 million.

The current value of the item at the end of the year was € 1,430.333 million.

It should be noted that the Company has purchased units in the Fondo Atlante mutual investment funds from the subsidiaries Lombarda Vita and Berica Vita for a total value of € 1.437 million and € 821 thousand respectively. These transactions were carried out at market prices.

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. These totalled € 5,990.424 million (of which € 4,938.286 million traded in active markets and € 1,052.138 million traded in non-active markets): € 1,860.973 million for the non-life portfolio and € 4,129.451 million for the life portfolio.

The current value at the end of the year came to € 6,496.312 million.

During the year, purchases were made for € 1,881.288 million, of which € 1,473.025 was in short-term stocks.

Sales and repayments amounted to € 2,280.92 million.

The period-end valuation led to the recognition of adjustments for € 408 thousand and write-backs for € 44.854 million. The negative issue discounts (costs) amounted to € 1.158 million and the positive ones (revenues) amounted to € 8.312 million; negative trading discounts (costs) total € 2.359 million while the positive ones (revenues) came to € 5.679 million.

The long-term investments amount to € 2,743.682 million, while current ones amount to € 3,246.742 million.

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

- purchases totalled € 408.263 million (€ 233 million life and € 175.263 million non-life);
- the repayments of instruments, which have reached their natural maturity, amounted to € 119.284 million (€ 113.545 million life and € 5.739 million non-life);
- the positive issue discounts amounted to € 5.46 million, the negative ones to € 471 thousand;

- in conclusion, the positive trading discounts amounted to € 5.679 million, the negative ones to € 2.359 million.

During the year, steps were not taken to make any transfer from the non-long-term segment to the long-term one.

The information relating to the breakdown and the changes based on the use of the other financial

investments and the current value are contained in Attachments 8 and 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 36 - Exposure in government debt securities issued or guaranteed by PIGS countries (Portugal, Ireland, Greece and Spain)

<i>(€ thousands)</i>	Book value	Market value
Portugal	83,672	94,403
Ireland	62,249	68,052
Greece	0	0
Spain	354,444	385,097
TOTAL	500,365	547,552

The following table shows the positions with a significant figure divided up by issuer group.

Table 37 - C.III.3 class bonds - main issuer Groups

Issuer Group	% breakdown
Italian government	48.9%
Intesa Sanpaolo Spa	6.1%
Spanish government	5.9%
French government	3.2%
Netherlands government	2.0%

The amount of the instruments issued by Icelandic banks and included in the item "Debt securities and other fixed-income securities" amounted to € 170 thousand.

Loans

The item, amounting to € 2.791 million, compared with € 2.87 million in the previous year mainly includes:

- the loan with collateral granted to Opera San Giovanni Bosco in Sicilia, for € 1.796 million. Interest accrued for € 48 thousand during the year;
- the loans on life policies for € 905 thousand (€ 1.031 at the end of the previous year).

Please see Attachment 10 for variations in the item during the year.

Deposits with credit institutions

No value had been recorded at the year end date.

Sundry financial investments

No value had been recorded at the year end date.

The balance of the item at the end of the previous year came to € 8 thousand.

Foreign currency investments

Other financial investments included foreign currency securities

for an overall value, as at December 31st, of € 235 thousand, corresponding entirely to bonds.

At the end of the previous financial year there were no foreign currency securities recorded.

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 € 195 thousand, dropping from € 9.96 million to € 9.765 million.

SECTION 3 - INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS (Item D)

The item, amounting to € 1,132.346 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 38 - Investments for the benefit of life assurance policyholders who bear the investment risk and deriving from the management of pension funds - breakdown

(€ thousands)	2019	2018	Changes	
			Amount	%
Investments relating to benefits associated with investment funds and stock market indices	314,353	202,256	112,097	55.4
Investments deriving from the management of pension funds	817,993	754,263	63,730	8.4
TOTAL (item D)	1,132,346	956,519	175,827	18.4

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 € 314.353 million. The assets hedging the index-linked contracts amounted to € 162 thousand, those relating to unit-linked contracts totalled € 314.191 million.

Investments deriving from the management of pension funds

Investments deriving from the management of pension funds amounted to € 817.993 million, up € 63.73 million with respect to December 31st, 2018.

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 39 - Technical provisions - reinsurance amount

(€ thousands)	2019	2018	Changes	
			Amount	%
Non-life business				
Premium provision	80,418	90,162	-9,744	-10.8
Provision for outstanding claims	341,621	377,999	-36,378	-9.6
Total non-life	422,039	468,161	-46,122	-9.9
Life business				
Mathematical provisions	15,710	17,319	-1,609	-9.3
Provision for outstanding claims	534	948	-414	-43.7
Total life	16,244	18,267	-2,023	-11.1
TOTAL (item D bis)	438,283	486,428	-48,145	-9.9

The reinsurance amounts of technical provisions amounted in total to € 438.283 million, of which € 422.039 million related to non-life business and € 16.244 million related to life business.

With regard to the non-life business, the premium provision amounted to € 80.418 million (of which € 19.219 million relating to supplementary provisions) and the provision for outstanding claims for € 341.621 million. The decrease in the provision for outstanding claims compared to the

previous year, equal to € 36.378 million, was mainly due to a Commutation of statements and the consequent settlement of the provision for claims outstanding at December 31st, 2018, which involved the main re-insurers of the programme.

With regard to the life business, the mathematical provisions pertaining to reinsurance amount to € 15.71 million, while the provision for outstanding claims ended the year with a balance of € 534 thousand.

SECTION 5 - RECEIVABLES (Item E)

Receivables are made up as follows:

Table 40 - Receivables

(€ thousands)	2019	2018	Changes	
			Amount	%
Policyholders	178,693	158,215	20,478	12.9
Insurance brokers	203,512	202,832	680	0.3
Insurance companies - current accounts	21,815	25,261	-3,446	-13.6
Policyholders and third parties for sums to be recovered	36,833	34,312	2,521	7.3
Total (item E.I)	440,853	420,620	20,233	4.8
Insurance and reinsurance companies	82,267	45,446	36,821	81.0
Total (item E.II)	82,267	45,446	36,821	81.0
Other receivables (Item E.III)	528,899	434,889	94,010	21.6
Total (item E)	1,052,019	900,955	151,064	16.8

Receivables deriving from reinsurance transactions

Receivables from policyholders

The item amounted to € 178.693 million, of which € 168.853 million for premiums in the year and € 9.84 million for premiums relating to previous years. As of December 31st, 2018 the item amounted to € 158.215 million.

The item was adjusted for a total of € 9.022 million, of which € 5.998 million relating to the non-life business and € 3.024 million relating to the life business, for write-downs due to doubtful collection, assumed on the basis of the experience of previous accounting years.

The write-down allowance essentially includes € 1.5 million attributable to the accident, injury and health classes, € 1.271 million to the general TPL class, € 416 thousand for the suretyship class, € 232 thousand for the goods in transit class, € 933 thousand for the fire & natural forces class, € 949 thousand for other damage to assets, € 453 thousand for the motor TPL class and € 2.438 million to class I of the life business.

Receivables from insurance brokers

The balance of receivables from brokers, totalling € 203.512 million, disclosed an increase compared to last year of € 680 thousand.

Receivables from agents are stated net of the write-down allowance; it amounted to € 17.054 million and was established on the basis of the analytical assessments concerning the recoverability of the said receivables.

Receivables from insurance companies - current accounts

The item, net of the write-down allowance for € 147 thousand, amounted to € 21.815 million, compared with € 25.261 million in the previous year.

Receivables from policyholders and third parties for sums to be recovered

The item, net of the write-down allowance for € 11.442 million, amounted to € 36.833 million, compared with € 34.312 million in the previous year.

The write-down allowance, calculated analytically on the basis of valuations regarding the recoverability of the receivables, disclosed an increase of € 8.936 million and uses of € 5.346 million.

Receivables deriving from reinsurance transactions

The item included the entries with credit balances through reinsurance companies and brokers and amounted to € 82.267 million (€ 45.446 million as of December 31st, 2018).

The receivables are stated net of the related write-down allowance; the entity of the allowance, € 5.614 million, is commensurate with the estimated losses due to non-collectability.

Other receivables

Other receivables amount to € 528.899 million, with respect to the € 434.889 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 41 - Other receivables - breakdown

(€ thousands)	2019	2018	Changes	
			Amount	%
Receivables due from the tax authorities	253,485	225,452	28,033	12.4
Receivables for deferred tax assets	135,845	132,504	3,341	2.5
Receivables due from Group companies	94,124	30,895	63,229	n.s.
Sundry receivables	45,445	46,038	-593	-1.3
Total (item E.III)	528,899	434,889	94,010	21.6

Receivables due from the tax authorities amounted to € 253.485 million compared with a balance of € 225.452 million in the previous year. This item mainly refers to €

4.497 million in amounts due for advances paid, for the Company's IRAP (regional business tax), as well as for the surpluses deriving from the tax declarations presented for

€ 31.179 million; to the withholdings made on bank interest and other withholdings for € 12.644 million; to amounts due from the tax authorities transferred to the Company by subsidiaries, which have complied with the tax consolidation scheme, for € 1.95 million. It also includes tax advances paid pursuant to Italian Law No. 265 of November 22nd, 2002, concerning the taxation of the life provisions for € 86.365 million, and amounts due from tax authorities for the payment of the annual advance of tax on insurance premiums envisaged by Art. 9, paragraph 1-bis, of Italian Law No. 1216 of 1961, for € 97.069 million.

Prepaid tax assets amounted to € 135.845 million. They derive from deductible timing differences relating to IRES (corporate income tax), 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 € 21.39 million, the capital losses from valuation on shares amounting to € 1.03 million, the change in the provision for outstanding claims for € 11.796 million, the amortisation of the goodwill from business units acquired for € 17.788 million and other adjustments for € 1.699 million.

These also include the prepaid taxes (€ 38.562 million) recorded on the goodwill and the other intangible assets freed up in accordance with Italian Decree Law No. 185 of November 29th, 2008.

The timing differences relating to IRAP amounted to € 7.423 million.

Receivables from Group companies amounted in total to € 94.124 million, of which € 66.051 million for the transfer of tax positions including current IRES of the companies who have settled for the tax consolidation system and other intercompany receivables amounting to € 28.073 million.

The remaining balance of other receivables, which amount to € 45.445 million, mainly includes the receivables due for guarantee and restricted deposits amounting to approximately € 21.58 million, amounts due from customers and advances to suppliers for € 7.513 million, receivables due from unit-linked management funds and pension funds for € 2.433 million, receivables from tenants of € 862 thousand and receivables from guarantee funds of € 933 thousand.

SECTION 6 - OTHER ASSET ITEMS (Item F)

Tangible assets and inventories

During the year, tangible assets and inventories underwent the following changes:

Table 42 - Tangible assets and inventories

(€ thousands)	2019	2018	Changes	
			Amount	%
Furniture and equipment	1,590	1,909	-319	-16.7
Assets recorded in public registers	14	63	-49	-77.8
Plant and equipment	744	918	-174	-19.0
TOTAL (item F)	2,348	2,890	-542	-18.8

Table 43 - Tangible assets and inventories - gross depreciation amounts

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Furniture and equipment	48,473	496	2	48,967
Assets recorded in public registers	667	0	380	287
Plant and equipment	3,572	127	4	3,695
TOTAL	52,712	623	386	52,949

Table 44 - Tangible assets and inventories - accumulated depreciation

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Furniture and equipment	46,564	813	0	47,377
Assets recorded in public registers	604	45	376	273
Plant and equipment	2,654	297	0	2,951
TOTAL	49,822	1,155	376	50,601

The gross amounts came to € 52.949 million compared with € 52.712 million in the previous year. The accumulated depreciation amounted to € 50.601 million. The figures compare with € 49.822 million reported at the end of the previous year.

During the year, the increase in accumulated depreciation, totalling € 1.155 million, was substantially 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 and cash equivalent

Cash and cash equivalents amounted to € 87.109 million. During the previous year it amounted to € 67.372 million.

With regard to the change in the item, please see the Cash flow statement.

Other assets

Other assets amount to € 138.083 million. During the previous year it amounted to € 152.415 million.

The item includes the balance of the liaison account between the non-life and life sectors for € 70.108 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 € 20.714 million for the amount relating to the taxation on mathematical provisions for the life business accrued during the year, € 21.726 million relating to the indemnities paid to agents who have left, not yet charged for recovery, stated net of the related write-down allowance as well as € 7.902 million regarding the amounts relating to technical items for transactions under reconciliation to be settled as of the year end date.

SECTION 7 - ACCRUALS AND DEFERRALS (Item G)

Table 45 - Accruals and deferrals

(€ thousands)	2019	2018	Changes	
			Amount	%
For interest	56,245	54,868	1,377	2.5
Other accruals and deferrals	914	906	8	0.9
TOTAL (item G)	57,159	55,774	1,385	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. 31st, 2019	Early repayment clauses		
					Maturity date	First call repayment date	Call repayment price
ABNANV 4 3/4 PERP	4,200,000	4,146,154	€	4.75000	PERPETUAL	09/22/2027	100.00
ACAFP 2 5/8 03/17/27	11,400,000	11,080,867	€	2.62500	03/17/2027		
ASSGEN 7 3/4 12/12/42	800,000	800,000	€	7.75000	12/12/2042		
AXASA 5 1/4 04/16/40	100,000	101,291	€	5.25000	04/16/2040		
BACR 4 3/4 PERP	2,000,000	1,939,247	€	4.75000	PERPETUAL	03/15/2020	100.00
BACRED 3 1/2 03/22/29	48,000,000	48,000,000	€	3.50000	03/22/2029		
BAMIIM 4 3/8 09/21/27	5,300,000	5,391,505	€	4.37500	09/21/2027		
BAMIIM 6 11/05/20	6,000,000	5,954,514	€	6.00000	11/05/2020		
BAMIIM 6 3/8 05/31/21	3,319,000	3,258,330	€	6.37500	05/31/2021		
BAMIIM 7 1/8 03/01/21	1,300,000	1,355,451	€	7.12500	03/01/2021		
BBVASM 3 1/2 02/10/2027	2,000,000	2,103,550	€	3.50000	02/10/2027		
BDC 3 7/8 03/15/28	2,700,000	2,688,500	€	3.87500	03/15/2028		
BKIASM 3 3/8 03/15/27	4,700,000	4,714,813	€	3.37500	03/15/2027		
BNP 2 1/4 01/11/27	8,000,000	7,948,555	€	2.25000	01/11/2027		
BNP 2 3/4 01/27/26	7,995,000	7,963,981	€	2.75000	01/27/2026		
BNP 2 5/8 10/14/27	10,700,000	10,725,070	€	2.62500	10/14/2027		
BPEIM 5 1/8 05/31/27	4,500,000	4,642,085	€	5.12500	05/31/2027		
C 4 1/4 02/25/30	2,500,000	2,918,978	€	4.25000	02/25/2030		
CABKSM 2 1/4 04/17/30	2,000,000	1,883,380	€	2.25000	04/17/2030		
CABKSM 2 3/4 07/14/28	1,000,000	1,032,284	€	2.75000	07/14/2028		
CMZB 4 03/23/26	4,200,000	4,236,199	€	4.00000	03/23/2026		
CRDEM 3 1/8 03/13/25	4,405,000	4,371,305	€	3.12500	03/13/2025		
DB 4 1/2 05/19/26	3,900,000	4,008,407	€	4.50000	05/19/2026		
HSBC 3 1/8 06/07/28	2,000,000	1,969,310	€	3.12500	06/07/2028		
HSBC 4 3/4 PERP	7,300,000	7,214,793	€	4.75000	PERPETUAL	07/04/2029	100.00
INTNED 2 1/2 02/15/29	2,000,000	2,043,081	€	2.50000	02/15/2029		
INTNED 3 5/8 02/25/26	6,350,000	6,341,695	€	3.62500	02/25/2026		
ISPIIM 2.855 04/23/25	14,300,000	14,075,714	€	2.85500	04/23/2025		
ISPIIM 3.928 09/15/26	10,000,000	9,924,166	€	3.92800	09/15/2026		
ISPIIM 6 5/8 09/13/23	1,196,000	1,138,364	€	6.62500	09/13/2023		
LBBW 2 7/8 09/28/26	2,000,000	1,992,557	€	2.87500	09/28/2026		
LLOYDS 1 3/4 09/07/28	1,000,000	964,386	€	1.75000	09/07/2028		
LLOYDS 4 1/2 03/18/30	4,000,000	4,360,356	€	4.50000	03/18/2030		
LLOYDS 6 1/2 03/24/20	150,000	149,990	€	6.50000	03/24/2020		
RABOBK 2 1/2 05/26/26	1,000,000	998,613	€	2.50000	05/26/2026		
RABOBK 4 5/8 PERP	2,000,000	2,010,600	€	4.62500	PERPETUAL	12/29/2025	100.00
SANTAN 2 1/2 03/18/25	3,800,000	3,754,727	€	2.50000	03/18/2025		
SANTAN 2 1/8 02/08/2028	3,000,000	2,901,661	€	2.12500	02/08/2028		
SANTAN 3 1/2 03/24/29	48,000,000	48,000,000	€	3.50000	03/24/2029		

(amounts in €)

Description of the Security	Nominal value	Book value	Currency	% interest rate as of Dec. 31st, 2019	Maturity date	Early repayment clauses	
						First call repayment date	Call repayment price
SANTAN 3 1/4 04/04/26	4,600,000	4,581,399	€	3.25000	04/04/2026		
SANTAN 3 1/8 01/19/27	3,000,000	2,976,172	€	3.12500	01/19/2027		
SNSBNK 6 1/4 10/26/20	850,000	38,250	€	0	10/26/2020		
STANLN 3 1/8 11/19/24	2,800,000	2,792,147	€	3.12500	11/19/2024		
TELEFO 3 3/4 PERP	300,000	300,000	€	3.75000	PERPETUAL	03/15/2022	100.00
UBIIM 4 1/4 05/05/26	13,900,000	13,775,783	€	4.25000	05/05/2026		
UBIIM 4.45 09/15/27	2,600,000	2,595,898	€	4.45000	09/15/2027		
UBS 4 3/4 02/12/26	2,100,000	2,148,476	€	4.75000	02/12/2026		
UCGIM 4 1/2 06/14/32	47,000,000	47,000,000	€	1.90000	06/14/2032		
UCGIM 4 3/8 01/03/27	5,000,000	4,944,945	€	4.37500	01/03/2027		
USIMIT 3 7/8 03/01/28	8,000,000	7,895,037	€	3.87500	03/01/2028		
VITAS 5 3/4 07/11/28	36,000,000	36,000,000	€	5.75000	07/11/2028		
VLVY 4.2 06/10/75	1,750,000	1,746,976	€	4.20000	06/10/2075		
ENELIM 3 1/2 05/24/80	4,000,000	3,977,483	€	3.50000	05/24/2080		
SOCGEN Float 06/12/23	20,000,000	19,992,514	€	6.30000	06/12/2023		
SANTAN 5.481 PERP	3,900,000	3,864,276	€	5.48100	PERPETUAL	03/12/2020	100.00
RABOBK 3 1/4 PERP	2,000,000	1,995,160	€	3.25000	PERPETUAL	12/29/2026	100.00
ACHMEA 4 5/8 PERP	3,750,000	3,750,000	€	4.62500	PERPETUAL	03/24/2029	100.00
AGSBB 3 7/8 PERP	2,000,000	2,024,380	€	3.87500	PERPETUAL	12/10/2029	100.00
BANCAR 8 1/4 12/20/29	10,000,000	10,000,000	€	8.25000	12/20/2029		
Total	422,665,000	421,503,377					

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 46 - Shareholders' equity

(€ thousands)	2019	2018	Changes	
			Amount	%
Share capital	522,882	522,882	0	0
Share premium reserve	725,506	752,970	-27,464	-3.6
Revaluation reserve	62,499	62,499	0	0
Legal reserve	283,230	282,537	693	0.2
Other provisions	142,572	182,718	-40,146	-22.0
Profit (loss) for the year	120,241	3,465	116,776	n.s.
Negative reserve for own shares in portfolio	-49,927	-49,927	0	0
TOTAL (item A)	1,807,003	1,757,144	49,859	2.8

Share capital

The fully subscribed and paid in share capital as of December 31st, amounts to € 522.882 million and is composed of 174,293,926 ordinary shares.

Share premium reserve

The share premium reserve amounted to € 725.506 million and was used for € 27.464 million to cover the loss to the life business reported last year.

Revaluation reserves

These include € 41.459 million relating to the reserves recorded pursuant to Italian Law No. 413 of December 30th, 1991 and € 21.04 million for the net balance of the revaluation of the property carried out in 2008 under the provisions of Italian Law Decree No. 185 of November 29th, 2008, converted into Italian Law No. 2 of January 28th, 2009.

Legal reserve

The legal reserve rose from € 282.537 million to € 283.23 million due to the allocation of the profit for 2018.

Other provisions

They are as follows:

- € 71.644 million for the extraordinary reserve. The decrease of € 42.982 million is attributable for € 70.447 million to the distribution of dividends to shareholders (€ 67.113 million) and the contribution paid to the Cattolica Foundation on the basis of the provisions of the Articles of Association (€ 3.334 million) and for € 27.465 million to the non-distributed 2018 economic result as regards non-life business;
- € 65.04 million for the dividend reserve. During the year, € 2.815 million was allocated to the reserve as a result of the cancellation of the 2018 dividend on own shares and € 21,000 following the prescription of the dividend for the distribution of the 2013 result;

- € 1.103 million for the taxed reserve, already existing at the end of 1982 and freed up as per Italian Legislative Decree No. 467 of December 18th, 1997;
- € 689 thousand for the reserve represented by the merger surplus of the companies Plotino and San Zenò;
- € 4.526 million from the reserve for unrestricted net exchange gains, increased during the year by € 309 thousand in relation to the release of the reserve previously set aside following the realisation of net foreign exchange gains;
- the "Reserve for amounts realised on disposal of difference from cancellation of own shares" recognised in accordance with ISVAP Regulation No. 22 of April 4th, 2008, which, as of December 31st, 2018, showed a negative balance of € 441 thousand. This item did not change 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 Art. 6, paragraph 1 of Italian Legislative Decree No. 139 of August 18th, 2015, by way of implementation of the 2013/34/EU Directive, own shares are recognised in the financial statements directly reducing the shareholders' equity, in accordance with the matters laid down by Art. 2357-ter.

As a result, the "Negative reserve for own shares in portfolio" amounts to € 49.927 million, of which € 38.504 million pertaining to the non-life business and € 11.423 million pertaining to the life business, 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 47 - Shareholders' equity - origin, possibility of use and distribution, as well as use in previous years

(€ thousands)	Amount	Possibility of use (*)	Portion available	Summary of uses in the last three years	
				Coverage of losses	Other reasons
Share capital	522,882				
Capital reserves					
Share premium reserve	725,506	a, b, c	675,579 (**)	68,868	
Revaluation reserve	62,499	a, b, c	62,499 (***)		
Other provisions	689	a, b	689		
Profit reserves					
Legal reserve	283,230	b	283,230		
Other provisions	141,883	a, b, c	141,883	457	130,255
Negative reserve for own shares in portfolio	-49,927				
Total	1,686,762		1,163,880	69,325	130,255
Restricted portion			283,919		
Residual unrestricted portion			879,961		

(*) a - for share capital increase

b - for coverage of losses

c - for distribution to shareholders

(**) Net of the negative reserve for own shares in portfolio.

(***) The revaluation reserve can be distributed only with the observance of the provisions as per Art. 2445, paragraphs 2 and 3, of the Italian Civil Code, and the provisions envisaged by the related revaluation laws

The share capital and the share premium reserve, in particular, are available in accordance with the legal and Article of Association provisions and general meeting

resolutions, also in relation to the specific co-operative corporate form and the related regulations.

The following table shows the changes during the year in the shareholders' equity items.

Table 48 - Shareholders' equity - changes during the year

(€ thousands)	Share capital	Share premium reserves	Revaluation reserve	Legal reserve	Negative reserve for own shares	Other reserves	Retained profits	Profit for the year	Total
Shareholders' equity as of 31.12.2017	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:									
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 31.12.2018	522,882	752,970	62,499	282,537	-49,927	182,718	0	3,465	1,757,144
Allocation of profit (loss) for 2018:									0
Dividend payment (€ 0.40 per share)						-67,113		-2,605	-69,718
Allocation to reserves				693		27,465		-28,158	0
Contribution to the Cattolica Foundation						-3,334		-166	-3,500
Other allocations									0
Coverage of life loss for 2018		-27,464						27,464	0
Other uses									0
Other changes 2019:									
Cancellation of dividend on own shares						2,815			2,815
Other						21			21
Profit (loss) for 2019								120,241	120,241
Shareholders' equity as of 31.12.2019	522,882	725,506	62,499	283,230	-49,927	142,572	0	120,241	1,807,003

SECTION 9 - SUBORDINATED LIABILITIES (Item B)

Subordinated liabilities as of December 31st, 2019 comprised:

- a loan of € 80 million granted by UBI Banca on September 30th, 2010 with the following specifications:
 - duration: unspecified;
 - early repayment: as from September 30th, 2020;
 - interest rate: 6-month Euribor + 200 basis points;
 - subordination: with respect to all the unsubordinated creditors including the policyholders;
 - classification on the basis of the SII directive: Basic Own Funds Tier 1-restricted, on the basis of the matters envisaged by Article 308-ter, paragraph 9 of the 2009/138 "Solvency II" Directive (so-called "grandfathering").

The amount of interest for the year on this loan amounted to € 1.380 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 for the year relating to this loan amounted to € 7.25 million.

- a subordinated debenture loan for € 500 million, issued on December 14th, 2017 with the following specifications:
 - duration: 30 years;
 - early repayment: faculty to repay early as from tenth year (call option);

- interest rate: 4.25% until the end of the tenth year. In the event of failure to exercise the call option, the rate becomes floating and is equal to the Euribor reference rate + 4.455 basis points;
- subordination: with respect to other non-subordinated securities;
- classification on the basis of the SII directive: Basic Own Funds Tier 2, since this is compliant with the requisites envisaged by Article 73 of the Delegated Decree (EU) 2015/35 of the European Commission dated October 10th, 2014.

The amount of interest pertaining to the year relating to this loan was € 21.25 million.

SECTION 10 - TECHNICAL PROVISIONS (Item C)

Table 49 - Breakdown of technical provisions

(€ thousands)	2019	2018	Changes	
			Amount	%
Premium provision	701,935	679,638	22,297	3.3
Provision for outstanding claims	2,465,314	2,567,434	-102,120	-4.0
Provision for profit-sharing and repayments	359	0	359	n.a.
Other technical provisions	146	158	-12	-7.6
Equalisation provisions	14,293	13,724	569	4.1
Total non-life classes (item C.I)	3,182,047	3,260,954	-78,907	-2.4
Mathematical provisions	4,723,855	4,744,312	-20,457	-0.4
Premium provisions of supplementary insurance	517	500	17	3.4
Provision for outstanding claims	94,992	184,369	-89,377	-48.5
Provisions for profit-sharing and repayments	14	33	-19	-57.6
Other technical provisions	29,729	35,470	-5,741	-16.2
Total life classes (item C.II)	4,849,107	4,964,684	-115,577	-2.3
TOTAL TECHNICAL PROVISIONS	8,031,154	8,225,638	-194,484	-2.4

n.a. = not applicable

Non-life business

Premium provision

The premium provision amounted to € 701.935 million and comprised € 615.06 million for the provision for unearned premiums (of which € 587.102 million for direct business), € 85.66 million for supplementary provisions of the provision for unearned premiums (of which € 80.444 million for direct business) as well as € 1.215 million for the provision for current risks (of which € 131 thousand for direct business).

After the checks made, the Company deemed it appropriate to establish a supplementary provision for risks outstanding: in accordance with the matters envisaged by paragraph 7 of Attachment No. 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, net of the purchase commission.

The supplementary provision for current risk is allocated to class 8, fire & natural forces, for € 131 thousand (€ 3.166 million to class 13 and € 506 thousand to class 7 as of December 31st, 2018). The current risk provision relating to indirect business on class 10 for € 953 thousand and € 131 thousand on class 1 has also been recognised (as of

December 31st, 2018, it amounted to € 1.677 million on class 10).

In conclusion, supplementary provisions have been recognised for a total of € 85.66 million (€ 79.917 million as of December 31st, 2018), of which € 80.444 million on direct business (€ 12.258 million on class 1, accident and injury, € 220 thousand on class 7, goods in transit, € 34.184 million on class 8, fire & natural forces, € 20.871 million on class 9, other damage to assets, € 57 thousand on class

13, general TPL, € 2 thousand on class 14, credit, € 12.852 million on class 15, suretyship) and € 5.216 million on indirect business (€ 7 thousand on class 1, accident and injury, € 3 thousand on class 7, goods in transit, € 5.206 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 50 - Provisions for unearned premium - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Classes:				
01 - Accident and injury	54,831	54,683	148	0.3
02 - Health	25,857	25,627	230	0.9
03 - Land vehicle hulls	39,169	37,606	1,563	4.2
04 - Railway rolling stock	707	6	701	n.s.
05 - Aircraft hulls	27	20	7	35.0
06 - Ships (sea and inland water vessels)	849	1,152	-303	-26.3
07 - Goods in transit	928	1,298	-370	-28.5
08 - Fire & natural forces	61,167	52,483	8,684	16.5
09 - Other damage to assets	52,916	47,410	5,506	11.6
10 - TPL - Land motor vehicles	255,968	258,501	-2,533	-1.0
11 - TPL - Aircraft	9	7	2	28.6
12 - TPL - Sea and inland water vessels	668	892	-224	-25.1
13 - TPL - General	53,994	52,377	1,617	3.1
14 - Credit	7,021	7,625	-604	-7.9
15 - Suretyship	10,662	9,903	759	7.7
16 - Sundry financial losses	6,544	7,587	-1,043	-13.7
17 - Legal protection	4,477	4,073	404	9.9
18 - Assistance	11,308	10,078	1,230	12.2
TOTAL	587,102	571,328	15,774	2.8

n.s. = not significant

Table 51 - Provisions for unearned premium - indirect business

(€ thousands)	2019	2018	Changes	
			Amount	%
Classes:				
01 - Accident and injury	1,440	1,193	247	20.7
02 - Health	383	467	-84	-18.0
03 - Land vehicle hulls	2,174	1,638	536	32.7
06 - Ships (sea and inland water vessels)	6	6	0	0
07 - Goods in transit	14	17	-3	-17.6
08 - Fire & natural forces	11,579	10,524	1,055	10.0
09 - Other damage to assets	3,872	2,572	1,300	50.5
10 - TPL - Land motor vehicles	1,332	1,583	-251	-15.9
13 - TPL - General	1,252	1,111	141	12.7
15 - Suretyship	5,783	3,873	1,910	49.3
16 - Sundry financial losses	123	60	63	n.s.
TOTAL	27,958	23,044	4,914	21.3

n.s. = not significant

Provision for outstanding claims

The provision for outstanding claims amounts to € 2,465.314 million and comprises € 2,204.45 million for the provision for outstanding claims, which have occurred and been reported, € 179.479 million for the provision for outstanding claims, which have occurred but have not yet been reported, as well as € 81.385 million for the provision for settlement costs.

The estimate of the provision for outstanding claims made, as per the last cost principle, was realised by applying a multi-phase calculation procedure:

- steps are taken to separately evaluate each claim (inventory method), based on the analysis of the documentation relating to each individual damage case, realized by the staff assigned to settle the claims;

- with regard to the classes characterised by slow settlement processes and for which the analytical valuation does not make it possible to take into account all the envisageable charges, the inventory method is flanked by an additional valuation by means of statistical-actuarial procedures or forecast systems on the evolution of the costs.

The valuation of the provision for outstanding claims which have occurred but have not yet been reported was carried by separately estimating the number of delayed claims expected and the related average cost.

With regard to the change during the year in the components of the premium provision and the provision for outstanding claims, please refer to Attachment 13.

Table 52 - Provision for outstanding claims - direct business

(€ thousands)	2019	2018	Changes	
			Amount	%
Classes:				
01 - Accident and injury	110,837	95,650	15,187	15.9
02 - Health	39,129	40,523	-1,394	-3.4
03 - Land vehicle hulls	23,809	18,580	5,229	28.1
04 - Railway rolling stock	253	240	13	5.4
05 - Aircraft hulls	33	49	-16	-32.7
06 - Ships (sea and inland water vessels)	8,865	2,722	6,143	n.s.
07 - Goods in transit	11,035	13,607	-2,572	-18.9
08 - Fire & natural forces	147,856	154,590	-6,734	-4.4
09 - Other damage to assets	63,865	67,473	-3,608	-5.3
10 - TPL - Land motor vehicles	1,208,191	1,251,019	-42,828	-3.4
11 - TPL - Aircraft	10	15	-5	-33.3
12 - TPL - Sea and inland water vessels	3,307	3,492	-185	-5.3
13 - TPL - General	764,734	842,794	-78,060	-9.3
14 - Credit	745	721	24	3.3
15 - Suretyship	31,537	30,497	1,040	3.4
16 - Sundry financial losses	5,201	4,371	830	19.0
17 - Legal protection	7,742	9,146	-1,404	-15.4
18 - Assistance	3,590	4,710	-1,120	-23.8
TOTAL	2,430,739	2,540,199	-109,460	-4.3

n.s. = not significant

Table 53 - Provision for outstanding claims - indirect business

(€ thousands)	2019	2018	Changes	
			Amount	%
Classes:				
01 - Accident and injury	3,003	2,507	496	19.8
02 - Health	565	480	85	17.7
03 - Land vehicle hulls	878	755	123	16.3
06 - Ships (sea and inland water vessels)	31	35	-4	-11.4
07 - Goods in transit	81	64	17	26.6
08 - Fire & natural forces	7,935	3,455	4,480	n.s.
09 - Other damage to assets	3,063	2,333	730	31.3
10 - TPL - Land motor vehicles	6,211	6,224	-13	-0.2
13 - TPL - General	10,736	9,541	1,195	12.5
14 - Credit	335	344	-9	-2.6
15 - Suretyship	1,723	1,493	230	15.4
16 - Sundry financial losses	14	4	10	n.s.
TOTAL	34,575	27,235	7,340	27.0

n.s. = not significant

Provision for profit-sharing and repayments

The item amounts to € 359 thousand, of which € 215 thousand in class 1, accident, € 16 thousand in class 2, illness, € 22 thousand in class 8, fire & natural forces and € 106 thousand in class 13, general TPL.

Other technical provisions

The item amounts to € 146 thousand (of which € 145 thousand direct business and € 1 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, point 3 of Attachment No. 15 of ISVAP Regulation No. 22 of April 4th, 2008.

Equalisation provisions

The item includes the equalisation provision for natural calamity risks, which amounts to € 14.293 million (of which € 14.136 million for direct business and € 158 thousand for indirect business), disclosing an increase of € 569 thousand. In detail, by class, it comprises: € 7.034 million relating to the fire & natural forces class, € 4.436 million relating to the land vehicle hull class, € 1.338 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 is compliant with the matters envisaged by art. 1, paragraph 1 of Ministerial Decree No. 705 dated November 19th, 1996.

Life business

Mathematical provisions

These amount to € 4,723.855 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 € 20.457 million.

Provisions for outstanding claims

The provisions for outstanding claims amount to € 94.992 million (of which € 58.16 million relating to class I, € 16.739 million relating to class III and € 20.093 million relating class V).

These provisions decreased by € 89.377 million due to the settlement of the portfolio and, in particular, to the payment during 2019 of a significant sum in the reserve for amounts to be paid as of 12/31/2018 equal to the capital accrued on expiry of the class V collective agreement for the management of the assets of the CISL Pension Fund.

Other technical provisions

Other technical provisions, amounting to € 29.729 million, are made up of the provisions for future expense totalling € 28.747 million (of which € 18.255 million relating to Class I, € 9.338 million relating to Class III, € 857 thousand relating to Class V, € 89 thousand to class IV and € 208 thousand relating to Class VI) and of the supplementary provision relating to Class I for € 982 thousand. This provision refers to the amount of the expected claims for death coverage.

With regard to the change during the year in the components of the mathematical provisions and the provision for profit-sharing and repayments, please refer to Attachment 14.

SECTION 11 - TECHNICAL PROVISIONS FOR CONTRACTS WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS (item D)

The item amounts in total to € 1,132.346 million, up by € 175.827 million with respect to the end of the previous year.

The provisions pertaining to the risk of death, the credit risk and supplementary insurance are included respectively in the items "mathematical provisions" and "premium provision of supplementary insurance".

Provisions relating to contracts whose benefits are linked to investment funds and stock market indices

These amount to € 314.353 million and are established in the presence of index-linked and unit-linked contracts, amounting respectively to € 162 thousand and € 314.191 million, reporting an increase of € 112.097 million

compared to December 31st, 2018, attributable to positive net premiums written and an increase in the average value of the units.

Provisions deriving from the management of pension funds

The provisions deriving from the management of pension funds rose from € 754.263 million to € 817.993 million.

During 2019, the resources of the segments with guarantee of a return on capital and the payment of a minimum return were managed for two pre-existing pension funds.

Again within the sphere of the activities pertaining to pension funds, during the year the Company managed the resources of the open-end pension fund Cattolica Gestione Previdenza and the Risparmio & Previdenza open-end pension fund.

The Cattolica Gestione Previdenza open-end pension fund is a defined-contribution pension fund. It was set up by the Company in accordance with Art. 12 of Italian Legislative Decree No. 252 dated December 5th, 2005 and was authorised by means of the provision of the Pension Fund Supervisory Commission on July 29th, 1998 and started to operate on February 15th, 1999. The Fund is structured in six segments (Monetario Globale, Obbligazionario Globale, Garantito, Bilanciato Globale, Azionario Globale and Etico). The Company sees directly to the management of the Fund's assets, along with the disbursement of the benefits. The functions of custodian bank for the fund's resources were carried out by 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 of December 31st, 2019, the Fund had 7,532 active members (7,517 at the end of 2018).

The Risparmio & Previdenza open-end pension fund is a defined-contribution pension fund. It was set up by the Company in accordance with Art. 12 of Italian Legislative Decree No. 252 dated December 5th, 2005 and was authorised by means of the provision of the Pension Fund Supervisory Commission on July 29th, 1998 and started to operate on February 19th, 1999. The Fund is structured in four segments (Bilanciato Prudente, Bilanciato Globale, Etico, Garantito). For the management of each of the segments making up the Fund, authorisation has been granted to Pramerica Sgr, which operates as per the instructions imparted by the Company. The benefits are disbursed directly. The functions of Custodian Bank for the Fund's resources were carried out by RBC Investor Services Bank S.A.

As of December 31st, 2019, the Fund had 3,061 active members (3,076 at the end of 2018).

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 € 144.128 million. The change in the assets, positive, compared to 2018, amounted to € 17.218 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 54 - Cattolica Gestione Previdenza open-end pension fund - net asset value by segment

(€ thousands)	2019	2018	Changes	
			Amount	%
Azionario Globale	22,943	19,311	3,632	18.8
Bilanciato Globale	19,794	17,633	2,161	12.3
Etico	1,933	1,581	352	22.3
Garantito	42,978	37,022	5,956	16.1
Monetario Globale	3,900	3,928	-28	-0.7
Obbligazionario Globale	7,408	7,221	187	2.6
Total Cattolica Gestione Previdenza open-end pension fund	98,956	86,696	12,260	14.1

Table 55 - Risparmio & Previdenza open-end pension fund - net asset value by segment

(€ thousands)	2019	2018	Changes	
			Amount	%
Bilanciato Globale	14,938	13,065	1,873	14.3
Etico	1,277	1,168	109	9.3
Garantito	16,331	14,182	2,149	15.2
Bilanciato Prudente	12,626	11,799	827	7.0
Total Risparmio & Previdenza open-end pension fund	45,172	40,214	4,958	12.3

In the following table, provisions, assets and premiums for the year relating to the open-end pension funds are compared with the balances as of December 31st, 2018:

Table 56 - Open-end pension funds of the Company- Investments, provisions and gross premiums written

(€ thousands)	Net asset value		Class DII provisions		Gross premiums written	
	2019	2018	2019	2018	2019	2018
Cattolica Gestione Previdenza open-end pension fund	98,956	86,696	98,956	86,696	9,443	9,675
Risparmio & Previdenza open-end pension fund	45,172	40,214	45,172	40,214	3,979	3,915

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 57 - Other pension funds - Investments, provisions and gross premiums written

	Net asset value		Class DII provisions		Gross premiums written	
	2019	2018	2019	2018	2019	2018
(€ thousands)						
Azimet Previdenza open-end pension fund	0	0	0	0	0	3,776
Cometa	460,065	449,411	460,065	449,411	37,901	39,198
Journalists' fund	0	0	0	0	0	3,525
Fontex supplementary pension fund	0	0	0	0	0	27
Solidarietà Veneto - Pension fund	213,800	177,942	213,800	177,942	32,649	30,212
Total	673,865	627,353	673,865	627,353	70,550	76,738

Table 58 - 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)	Guarantee 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	Guarantee provided on occurrence of the events envisaged in the agreement and on expiry of the agreement	Employee 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 59 - Provisions for risks and charges

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Provision for pensions and similar commitments	2,198	110	547	1,761
Provision for taxation	4,187	0	830	3,357
Other provisions and allowances	58,456	16,170	10,200	64,426
TOTAL (item E)	64,841	16,280	11,577	69,544

The item, which rose from € 64.841 to € 69.544 million, includes provisions for retirement benefits and similar obligations for € 1.761 million, deferred tax provisions for € 3.357 million and other provisions for € 64.426 million.

The provision for pensions represents the Company's financial commitment deriving from the supplementary in-house agreement dated June 1st, 1963 and subsequent amendments and additions toward employees employed

until March 15th, 1982 and, if executives, up until November 17th, 1982.

It is calculated analytically for each employee working and for each pensioner.

Other provisions rose from € 58.465 million to € 64.426 million. The increases for the year amounted in total to € 16.17 million, while the decreases came to € 10.2 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 2019, the agreements produced an overall liability of € 2.196 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 € 2.555 million.

The provision existing at the end of the year came to € 5.761 million.

Furthermore, the item mainly comprised amounts set aside for:

- legal disputes and costs for € 11.482 million (€ 3.003 million was set aside and € 2.038 used during the year);

- liabilities pertaining to the financial requirements relating to seniority bonuses of employees for € 7.836 million;
- sums to be paid out for agents' leaving indemnities, equal to € 7.915 million (€ 650 thousand was set aside during the year);
- liabilities pertaining to the financial requirements relating to health premiums of retired staff for € 8.673 million;
- disputes pending with former trustees and sundry summons, pertaining to the claims area, amounting to € 4 million (during the year, € 900 thousand was set aside and € 300 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 relating to employment matters for € 1.161 million (€ 89 thousand was set aside and € 152 thousand used during the year);
- formal notices and reports on findings that can be served by the supervisory and control authority for € 1.131 million (€ 420 thousand was set aside and € 264 thousand used during the year);
- amounts to be paid in relation to the termination of senior management positions, amounting to € 657 thousand (during the year € 400 thousand were set aside and € 1.229 million used);
- penalties that can be recorded in the register following the rulings of the Supreme Court of Cassation on intercompany VAT Art. 6, amounting to € 3.955 million.

It should be noted that a provision of € 1.372 million was set aside during the year, following the tax claims received from the tax authorities concerning the applicability of VAT exemption to delegation commissions in the context of co-insurance contracts.

Moreover, the provision itself - already set aside at the end of the previous financial year - was used for an amount of € 3.527 million: this amount is mainly due to the fact that the Company adhered to the facilitated settlement of tax disputes pending as of October 24th, 2018, pursuant to Italian Law Decree No. 119/2018.

SECTION 13 - DEPOSITS RECEIVED FROM RE-INSURERS (Item F)

These are recorded in the financial statements for € 16.605 million (€ 20.474 million at the end of the previous year) and represent payables for deposits that the Company withholds in the event of reinsurance payable agreements.

SECTION 14 - PAYABLES AND OTHER LIABILITIES (Item G)

At the end of the year, these came to € 464.916 million, compared with € 365.458 million at the end of the previous year, of which € 63.341 million for insurance and reinsurance transactions; € 5.235 million for payables due to banks and financial institutions, € 5.879 million for employee severance indemnities and € 390.46 million for other payables and other liabilities.

Table 60 - Payables deriving from insurance and reinsurance transactions

(€ thousands)	2019	2018	Changes	
			Amount	%
Payables, deriving from direct insurance transactions, due to:				
Insurance brokers	20,495	15,835	4,660	29.4
Insurance companies - current accounts	2,136	4,376	-2,240	-51.2
Policyholders for guarantee deposits and premiums	18,473	13,327	5,146	38.6
Guarantee funds in favour of policyholders	123	54	69	n.s.
Total (item G.I)	41,227	33,592	7,635	22.7
Payables, deriving from reinsurance transactions, due to:				
Insurance and reinsurance companies	22,115	23,443	-1,328	-5.7
Total (item G.II)	22,115	23,443	-1,328	-5.7

Payables deriving from direct insurance transactions

Payables deriving from direct insurance transactions amount to € 41.227 million.

Payables due to direct insurance brokers

The item amounts in total to € 20.495 million, of which € 18.908 million regarding the non-life business and € 1.587 million the life business. As of December 31st, 2018 it amounted to € 15.835 million.

Payables due to insurance companies - current accounts

The item amounts in total to € 2.136 million, fully attributed to the non-life business.

As of December 31st, 2018, it amounted to € 4.376 million.

Payables due to policyholders for guarantee deposits and premiums

The item amounts in total to € 18.473 million, of which € 12.048 million attributable to the non-life business and € 6.425 million to the life business, essentially pertaining to

amounts collected relating to contracts issued in the following year.

As of December 31st, 2018 it amounted to € 13.327 million.

Payables deriving from reinsurance transactions

Payables due to insurance and reinsurance companies

The item amounts in total to € 22.115 million, of which € 20.241 million attributable to the non-life business and € 1.874 million to the life business, compared with € 23.443 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. The item, not valued at the end of the previous year, amounts to € 5.235 million. .

Employee severance indemnities

The employee severance indemnity provision (Art. 2427.4 of the Italian Civil Code) disclosed the changes analytically indicated in Attachment 15 during the year.

Table 61 - Employee severance indemnities

(€ thousands)	Jan 1, 2019	Increases	Decreases	Dec 31, 2019
Employee severance indemnities (item G.VII)	6,533	3,886	4,540	5,879

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 62 - Other payables - breakdown

(€ thousands)	2019	2018	Changes	
			Amount	%
For taxes payable by policyholders	30,756	30,083	673	2.2
For sundry tax charges	159,404	52,032	107,372	n.s.
Amounts due to social security and welfare institutions	2,780	2,864	-84	-2.9
Sundry payables	83,784	97,199	-13,415	-13.8
Total (item G.VIII)	276,724	182,178	94,546	51.9

n.s. = not significant

Payables for sundry tax charges

"Payables for sundry tax charges" mainly include € 20.714 million for the current payable deriving from the assessment of the taxation on the mathematical provisions of the life business pertaining to the year, € 54.327 million for the liability for IRES, € 15.15 million for IRAP, as well as the payable, for € 66.051 million, relating to the liability for IRES of the companies taking part in the tax consolidation.

Sundry payables

The item amounts to € 83.784 million. The item mainly includes the amounts payable to Group companies for €

15.859 million, sundry payables to personnel for € 13.225 million, payables to management funds for € 12.058 million, payables to Cassa Previdenza Agenti for € 1.191 million, as well as payables to suppliers for € 34.838 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 € 3.696 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 63 - Other liabilities - breakdown

(€ thousands)	2019	2018	Changes	
			Amount	%
Commission for premiums being collected	29,585	23,768	5,817	24.5
Sundry liabilities	83,681	95,944	-12,263	-12.8
Total (item G.IX)	113,266	119,712	-6,446	-5.4

The item includes sundry liabilities for € 83.681 million and commission for premiums being collected for € 29.585 million.

The item "Sundry liabilities" comprises the balance of the liaison account between the non-life and life sectors for €

70.108 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 of the year end date for € 9.199 million.

SECTION 15 - ACCRUALS AND DEFERRALS

The item amounts to € 5.009 million. Deferred income "for interest" includes € 3.409 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. Accrued interest expense on subordinated loans amounting to € 1.346 million was also recognised.

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 "AGRI" investment fund for a total of € 254 thousand 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

Attachment 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, 2020 and by December 31st, 2024, concern the agent portfolio indemnity recovery for € 20.119 million and the receivables for insurance tax advance pursuant to Italian Law No. 265 of November 22nd, 2002, as amended, on the taxation of life reserves amounting to € 86.365 million.

Receivables outstanding with a maturity of more than five years concern the agent portfolio indemnity recovery for € 22.789 million.

Loans on life insurance policies have not been considered since they do not have a pre-established expiry and collection of the same is certain.

There are no payables due beyond twelve months. As of December 31st, there were no payables with secured guarantees.

Pursuant to art. 2427, paragraph 8, of the Italian Civil Code, it is hereby specified that there are no financial charges booked during the year to the balances recorded under the statement of financial position assets.

With reference to the breakdown of the receivables and payables by geographic area, the positions concerning other EU and non-EU countries are not significant.

SECTION 17 BIS - INDIVIDUAL PENSION FUNDS

The Company did not set up any new, individual pension funds during the year pursuant to Art. 13, paragraph 1, letters a) and b) of Italian Legislative Decree No. 252 of December 5th, 2005.

SECTION 18 - GUARANTEES, COMMITMENTS, POTENTIAL LIABILITIES AND OTHER MEMORANDUM ACCOUNTS

Table 64 - Guarantees, commitments and other memorandum accounts

(€ thousands)	2019	2018	Changes	
			Amount	%
Guarantees given	88,446	78,079	10,367	13.3
Guarantees received	134,380	140,901	-6,521	-4.6
Commitments	356,615	388,164	-31,549	-8.1
Third party assets	30	33	-3	-9.1
Securities lodged with third parties	10,177,812	10,132,629	45,183	0.4
TOTAL	10,757,283	10,739,806	17,477	0.2

Guarantees given

The item, totalling € 88.446 million, includes the sureties issued on our behalf in favour of CONSAP and third parties (the guarantees pertaining to these sureties do not give rise to potential liabilities as of December 31st).

The item also includes, for € 196 thousand, the contract entered into with ANIA for compliance with SISCO, relating to the handling of non-life claims with joint-insurance.

Guarantees received

The item, amounting to a total of € 134.38 million, mainly includes the value, amounting to € 120.012 million, of the guarantees pursuant to Art. 4 ANA ed. 2003 received from agents enrolled in the Gruppo Aziendale Agenti Cattolica, formerly Duomo, Gruppo Aziendale Agenti Cattolica, formerly UniOne, Gruppi Aziendali Agenti, formerly FATA, Gruppi Aziendali Agenti TUA and Circolo Agenti Cattolica for insurance sureties entered into with COFACE.

It also includes the value of the guarantees received by agents who are not enrolled in either Gruppo Aziendale Agenti or Circolo Agenti but who have adhered to the insurance agreement entered into with COFACE directly by Cattolica amounting to € 1.309 million, those deriving from the provision of bank sureties amounting to € 4.894 million, those relating to two Cattolica ex Persona Life agents amounting to € 400 thousand and those of the Agencies with Agreement for the liberalisation of the Non-life business portfolio amounting to € 375 thousand.

The item also includes the value of the guarantees (€ 3.374 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 € 338.495 million.

It also includes, for € 1.471 million and € 16.649 million, the commitment undertaken in relation to the subsidiary Cattolica Life and to Vera Financial, respectively, for the purchase at nominal value of the tax credit deriving from the payment of the tax on life mathematical provisions, for the portion which can effectively be transferred, pursuant to Art. 1, paragraph 2, of Italian Law Decree No. 209/2002 converted, with amendments, into Italian Law No. 265/2002.

Third party assets

This comprises the value of the Company's shares owned by the shareholders and deposited at the Company's headquarters.

Securities lodged with third parties

The item includes the amount, corresponding to the book value as of December 31st, of the securities under management or deposited care of banks and asset managers.

The securities relating to Group companies and other investee companies (class C and class D) lodged with third parties amount to € 1,763.745 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 business amounts to € 173.126 million, of which € 186.365 million attributable to direct business and € - 13.239 million to reinsurance activities.

It is characterised by:

- The decrease in premiums for the year from € 1,546.237 million to € 1,532.94 million;
- the decrease in charges relating to claims from € 999.927 million to € 972.444 million, representing 63.4% of premiums for the year (64.7% as of December 31st, 2018);
- the increase in the incidence of management expenses on premiums for the year, which rose from 29.2% to 29.5%: in absolute value these expenses rose from € 452.119 million to € 452.949 million; in particular, other administrative expenses rose from € 142.794 million to € 145.144 million, while other management expenses fell from € 309.325 million to € 307.805

million, representing 20.1% of premiums for the year (20% in 2018);

- the balance of other technical items (including the change in other technical provisions and the equalisation provision), which increased from a negative balance of € 14.597 million to a negative balance of € 19.912 million;
- the positive contribution of financial operations, with a portion of profit transferred from the non-technical account for € 85.491 million. Specifically, the contribution of financial operations of the non-life business was positive for € 144.449 million (€ 33.634 million in net income as of December 31st, 2018).

As of December 31st, 2018, the result of the technical account amounted to € 99.553 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 65 - Reclassified non-life technical account - Italy and foreign portfolio

(€ thousands)	Direct	Ceded	Indirect	Retroceded	Total
Gross premiums written and ceded premiums	1,732,833	-206,475	41,126	-9,042	1,558,442
Change in premium provision	-17,359	-7,598	-1,980	1,435	-25,502
Claims incurred	-1,101,686	150,616	-24,829	3,455	-972,444
Change in sundry technical provisions	10	0	1	0	11
Balance of other technical items	-20,259	1,371	-466	0	-19,354
Operating expenses	-490,361	47,462	-11,629	1,579	-452,949
Technical balance	103,178	-14,624	2,223	-2,573	88,204
Change in equalisation provisions	-543	0	-26	0	-569
Portion of profit from investments transferred from the non-technical account	83,730	0	1,761	0	85,491
Result of technical account	186,365	-14,624	3,958	-2,573	173,126

Gross premiums written

Gross premiums written amount to € 1,773.959 million, of which € 1,732.833 million for direct business and € 41.126 million for indirect business. The premiums ceded and retroceded came to € 215.517 million. In the "Management Report", table 6 shows the amounts of gross premiums written by class.

The gross premiums of the Company as of December 31st, 2018 came to € 1,757.222 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 € 85.491 million, was calculated by multiplying the value of the income from investments pertaining to the non-life business, 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 and liabilities at the start and end of the year.

Other technical income

The other technical income amounted to € 6.784 million (€ 17.416 million as of December 31st, 2018) and includes the use of the provision relating to the write-down of receivables due from policyholders for € 2.723 million, cancellations of commission for € 1.914 million, cancellations on premiums ceded for € 1.727 million, the recovery of legal costs for € 185 thousand and other technical items for € 235 thousand.

Claims incurred

The charges relating to claims amounted in total to € 972.444 million compared with € 999.927 million in the previous year.

Table 66 - Claims settled - direct and indirect business

(€ thousands)	2019	2018	Changes	
			Amount	%
Compensation and expenses	1,152,028	1,056,600	95,428	9.0
Settlement costs	84,788	90,528	-5,740	-6.3
Contribution to road accident victim fund	18,254	18,955	-701	-3.7
Gross amount	1,255,070	1,166,083	88,987	7.6

Claims settled relating to the current year amounted to € 548.834 million and include compensation and direct costs for € 481.095 million, internal and external claims settlement costs for € 49.485 million and the contribution in favour of the road accident victim guarantee fund for € 18.254 million. The total amount of the item for claims settled relating to previous years came to € 706.236 million and concerned compensation and direct costs for € 670.933 million and settlement costs for € 35.303 million.

The reinsurance amount totalled € 160.592 million.

The change in the gross amount of the provision for outstanding claims came to € 102.862 million (revenue). During the previous year it amounted to € 13.055 million (revenue).

The reinsurance amount totalled € 6.521 million (cost).

The value of the initial provision for outstanding claims amounted to € 2,567.434 million (€ 2,540.199 million relating to direct business and € 28.236 million relating to indirect business); this item at the end of the year amounted to € 2,465.314 million, of which € 2,430.739 million relating to direct business and € 34.575 million to indirect business.

The balance of portfolio changes at the end of the year was € 742 thousand (revenue).

The change in recoveries, amounting to € 25.692 million, increased by € 1.671 million compared to the previous year.

Repayments and profit-sharing, net of reinsurance

The item, amounting to € 825 thousand, includes amounts paid for profit sharing and the change in the reserve for amounts still to be paid at year-end.

Commissions and profit-sharing received from re-insurers

This item amounts to € 49.04 million and mainly includes the commission received from re-insurers for € 45.809 million.

Other technical charges

This balance amounts to € 25.313 million and mainly includes the write-down of the receivables due from

policyholders for the year amounting to € 615 thousand, cancellations of prior years' premiums for technical reasons for € 9.181 million, cancellations of premiums due to non-collectability for € 1.063 million, the penalisation of the Direct Compensation Agreement for € 4.153 million. The balance of the item at the end of the previous year came to € 31.267 million.

Change in equalisation provisions

The negative change for the year amounting to € 569 thousand includes the increase in the equalisation provision for natural calamity risks as per paragraphs 37 et seq. of Attachment No. 15 and paragraph 29 of Attachment No. 16 to ISVAP Regulation No. 22 of April 4th, 2008, as amended by IVASS Provision No. 53 of 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 positive result of € 22.818 million compared with a negative result of € 27.794 million in 2018 and was characterised by:

- the decrease in premiums for the year, which fell from € 814.416 million to € 612.36 million;
- the increase in the incidence of management expenses on premiums for the year, which rose from 6.5% to 8.3%: in absolute value these expenses fell from € 53.186 million to € 50.616 million; in particular, other administrative expenses rose from € 26.088 million to € 26.124 million, while other management expenses fell from € 27.098 million to € 24.492 million, representing 4% of premiums for the year (3.3% in 2018);
- the decrease in outstanding claims and the change in the technical provisions, which fell from € 866.077 million to € 755.932 million;
- the greater contribution of the class C financial operations with net income of € 175.44 million compared with € 125.743 million in 2018; the change with respect to the previous period is mainly attributable to the greater recording of write-backs on investments which, net of adjustments, amounted to € 2.108 million compared to net adjustments of € 45.788 million at the end of the previous year; net profits on the realisation of investments rose from € 3.247 million to € 20.787 million; income, net of

investment management charges, fell from € 168.284 million to € 152.545 million;

- net income of class D amounted to € 65.21 million compared with € -17.542 million in the previous year;
- the balance of the other technical items whose result presented a negative balance of € 5.034 million, compared to the negative € 4.765 million recorded in 2018.

Premiums for the year, net of reinsurance

The overall amount of the gross premiums written totals € 620.35 million, of which € 620.323 million relating to direct business and € 27 thousand relating to indirect business. The premiums ceded came to € 7.99 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 € 825.293 million. Premiums ceded totalled € 10.877 million.

Life premiums disclosed a decrease of 24.8%.

Income from investments

Attachment 21 provides a breakdown of the income from investments.

Income from class C investments amounts to € 209.251 million, of which € 8.117 million deriving from shares and holdings (of which € 6.053 million from shares and holdings of group companies and other investee companies), € 153.258 million from other investments, € 20.321 million from

write-backs on investments written down in previous years and € 27.555 million from profits on the realisation of investments.

In absolute value the item therefore disclosed an increase of € 5.547 million, mainly attributable to higher write-backs (€ +16.448 million) and higher profits on disposals (€ +9.433 million) only partly offset by a decrease in income from shares and holdings (€ -11.946 million) and other investments (€ 8.388 million).

The balance of the item at the end of the previous year came to € 203.704 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 € 71.424 million and disclosed an increase of € 55.873 million.

The balance of the item at the end of the previous year came to € 15.551 million.

Other technical income

The balance recorded for € 4.245 million mainly includes income paid by mutual fund managers relating to the investment transactions mainly associated with class III and VI policies for an amount of € 4.098 million.

The item at the end of the previous year amounted to € 4.104 million.

Claims incurred

The item in its entirety comes to € 604.676 million and compares with a balance at the end of the previous year of € 1,090.612 million.

The amounts paid for benefits totalled € 696.517 million (of which € 696.245 million relating to direct business and € 272 thousand relating to indirect business). The balance includes settlement costs for the year which amounted to € 1.888 million.

With reference to direct business, the repayment for redemptions amounted to € 352.929 million, repayments for contracts, which have matured, amounted to € 297.488 million and repayments for claims amounted to € 43.94 million.

The reinsurance amount of claims paid came to € 6.125 million.

The change in the gross amounts of the provision for outstanding claims amounted to € 85.987 million (revenue), while the reinsurance amount is virtually unchanged at € 271 thousand (revenue).

Change in technical provisions

The class C technical provisions amounted to € 4,849.107 million (€ 4,964.684 million at the end of the previous year) and include the mathematical provisions, the premium provision of supplementary insurance and other technical provisions. The class D technical provisions amounted to € 1,132.346 million (€ 956.519 million at the end of the previous year).

The change in the mathematical provisions and other technical provisions net of reinsurance amount totalled € 151.256 million (cost). This change is mainly attributable for € 175.828 million (cost) to class D technical provisions and for € 24.572 million (revenue) to class C technical provisions.

Equity and financial charges

The overall value, equating to € 33.811 million, includes € 8.83 million for investment management charges, € 18.213 million for adjustments on investments deriving from the year end valuations (of which € 11.152 million relating to investments held in Group companies) and € 6.768 million for losses deriving from the realisation of investments.

The balance of the item at the end of the previous year came to € 77.961 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 investment 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-linked and unit-linked contracts for a total of € 6.214 million.

The balance of the item at the end of the previous year came to € 33.093 million.

Operating expenses

The item overall amounted to € 50.616 million and is made up of collection and acquisition commissions, the change in commission to be amortised and other acquisition costs for € 24.962 million and other administrative expenses for € 26.124 million; commission and profit-sharing received from re-insurers amounted to € 470 thousand.

The balance of the item at the end of the previous year came to € 53.186 million.

Other technical charges

Recorded for € 9.279 million, these are mainly attributable to maintenance commission paid to the banking and agency network for a total of € 6.5 million.

The item at the end of the previous year amounted to € 8.869 million.

Portion of profit transferred to the non-technical account

The portion of profit from investments transferred to the non-technical account from the technical account of the life classes was calculated on the basis of the criteria established by art. 23 of ISVAP Regulation No. 22 dated

April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016.

The amount, equal to € 17.944 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 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 Attachment 25 and the summary of all the classes is summarised in Attachment 26 to the notes to the accounts.

The recognition to the individual class of the items took place on an analytical basis as a rule. The items common to several classes have been divided up using different criteria according to the nature of the cost as illustrated in "Part A - "Accounting principles" in the notes to the accounts.

Life insurance

The summary of the technical accounts by individual class of the Italian portfolio is shown in Attachment 27 and the summary of all the classes is summarised in Attachment 28 to the notes to the accounts.

Like the Non-life classes, also in the Life classes the recognition to the individual class of the items took place on an analytical basis as a rule. The items common to several classes have been divided up using different criteria according to the nature of the cost as illustrated in "Part A - "Accounting principles" in the notes to the accounts.

SECTION 22 - INFORMATION CONCERNING THE NON-TECHNICAL ACCOUNT (III)

Income from investments

The item amounted in total to € 186.18 million.

Income from shares and holdings amounted to € 32.044 million and includes € 29.044 million from shares and holding of subsidiaries, associated companies and other investee companies.

Income from other investments amounts to € 89.503 million, the write-backs on investments written down in previous years amount to € 35.885 million and profits on the realisation of investments amount to € 28.748 million.

In absolute value, the financial statement item reported an increase of € 17.633 million. Income from other investments increased by € 1.443 million and write-backs of impairment losses by € 34.28 million, while income deriving from shares and holdings fell (€ -34.1 million).

The balance of income from investments as of December 31st, 2018 amounted to € 168.547 million.

The analytical statement of the income from investments is provided in Attachment 21.

Equity and financial charges

The overall value, equating to € 41.731 million, includes € 8.895 million for investment management charges, € 26.444 million for value adjustments deriving from the year end valuations (of which € 19.191 million relating to investments held in Group companies and other investments) and € 6.392 million for losses deriving from the realisation of investments.

The balance of charges from investments as of December 31st, 2018 amounted to € 134.913 million.

An analytical statement of the equity and financial charges is provided in Attachment 23.

Other income

The item is made up as follows:

Table 67 - Other income - breakdown

(€ thousands)	2019	2018	Changes	
			Amount	%
Exchange gains	15	17	-2	-11.8
Recoveries of administrative expenses and charges from third parties	536	403	133	33.0
Other income from Group companies	24,370	17,643	6,727	38.1
Recoveries from provision for risks and charges and write-downs	17,914	22,007	-4,093	-18.6
Other income	1,425	2,085	-660	-31.7
TOTAL (item III.7)	44,260	42,155	2,105	5.0

The item amounts to € 44.26 million. This includes the uses of write-down provisions for risks and charges, for € 7.714 million and € 10.2 million respectively, for € 17.914 million overall.

The item also includes recoveries from Group companies for € 23.971 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 € 536 thousand. Other income totalling € 1.84 million, of which € 1.258 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 € 42.155 million.

Other charges

The item is made up as follows:

Table 68 - Other charges - breakdown

(€ thousands)	2019	2018	Changes	
			Amount	%
Exchange losses	39	28	11	39.3
Interest expense	30,548	29,975	573	1.9
Amortisation of deferred charges	25,408	26,115	-707	-2.7
Other taxes	4,254	4,087	167	4.1
Provisions and allowances for risks and charges and write-downs of receivables	28,965	26,763	2,202	8.2
Other charges	41,151	26,162	14,989	57.3
TOTAL (item III.8)	130,365	113,130	17,235	15.2

The item amounts to € 130.365 million and compares with a balance as of December 31st, 2018 of € 113.13 million.

The item includes interest expense relating to the subordinated loans for € 29.881 million; goodwill amortisation for € 21.125 million, other deferred charges for € 676 thousand, start-up and expansion costs for € 3.598 million and leasehold improvements for € 8 thousand; provisions and allowances for the write-down of risks and charges of € 14.991 million and € 13.974 million

respectively, for a total of € 28.965 million; losses on receivables of € 11.802 million.

The "Other charges", which amount to € 34.309 million, mainly include costs incurred on behalf of Group companies and charged to the same for € 23.426 million, as well as charges consequent to the payment of the amounts due to former employees who joined the Intersectorial Solidarity Fund for € 3.24 million.

Extraordinary income

The item presents a balance of € 5.448 million and mainly includes € 1.703 million in taxes relating to previous years. In addition, the item includes € 3.05 million from contingent assets for income items relating to previous years. It also includes capital gains on the sale of securities recognised in the long-term use segment, for an amount of € 618 thousand.

The balance of the item at the end of the same period in the previous year came to € 7.181 million.

Extraordinary charges

This item has a balance of € 6.64 million and consists mainly of the following components: taxation relating to previous years amounting to € 2.41 million, of which € 1.47 million to adjust the estimate of income taxes for the previous year compared to the calculation made when they were paid, the charge for 2018 incurred following the activation of the recourse to the extraordinary section of the Intersectorial Solidarity Fund for the insurance sector amounting to € 2.196 million, contingent liabilities for negative income components relating to previous years amounting to € 959 thousand and, finally, taxes paid abroad amounting to € 1.015 million.

The balance of the item at the end of the same period in the previous year came to € 7.708 million.

Income taxes for the year

Income taxes for the year disclosed a balance of € 65.307 million, made up of current taxes (IRES and IRAP) for € 69.477 million, prepaid taxes for € 7.694 million (revenue) and deferred taxes for € 830 thousand (revenue) and substitute tax pursuant to Italian Decree Law No. 185/2008 for € 4.354 million.

The prepaid taxes relating to the period have been recorded in observance of the prudent approach on the basis of the reasonable certainty that taxable income will exist, in the years in which they will reverse, which permits recovery of the recognised taxes.

The amount of the substitute tax referred to in Italian Decree Law No. 185 of November 29th, 2008, amounting to € 4.354 million, derives from the deferral of the charge for the substitute tax paid for the tax recognition of the deficit of Duomo Uni One Assicurazioni di Cattolica Previdenza, Fata and the merger of San Miniato Previdenza, as well as a consequence of the freeing-up of the equity investments recognised in the consolidated financial statements.

Table 69 - Income taxes for the year

(€ thousands)	IRES	IRAP	Total
Current taxes	54,327	15,150	69,477
Change in prepaid taxes	-5,567	-2,127	-7,694
Change in deferred taxes	-743	-87	-830
Substitute tax Italian Decree Law No. 185/2008	4,354	0	4,354
TOTAL	52,371	12,936	65,307

As per art. 2427 of the Italian Civil Code, the following table describes the timing differences which have led to the recognition of prepaid taxes, with indication of the

changes with respect to the previous year and the amounts credited and debited to the income statement.

Table 70 - 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	64,821	15,557	0	0	15,670	3,761	49,151	11,796
Provisions and allowances for risks and charges	44,713	10,732	14,377	3,451	6,408	1,538	52,682	12,645
Write-down of receivables from policyholders	150,660	36,157	0	0	0	0	150,660	36,157
Allowance for write-downs of other receivables	29,156	6,998	14,990	3,598	7,714	1,851	36,432	8,745
Valuation capital losses	12,072	2,897	359	86	8,133	1,953	4,298	1,030
Excess amortisation/depreciation	42,924	10,302	31,192	7,486	0	0	74,116	17,788
Other adjustments	6,878	1,651	7,079	1,699	6,878	1,651	7,079	1,699
Total	351,224	84,294	67,997	16,320	44,803	10,754	374,418	89,860
IRAP								
Write-down of receivables from policyholders	34,727	2,368	0	0	0	0	34,727	2,368
Excess amortisation/depreciation	42,924	2,927	31,192	2,128	0	0	74,116	5,055
Total	77,651	5,295	31,192	2,128	0	0	108,843	7,423
Other adjustments								
Total prepaid taxes		89,589		18,448		10,754		97,283
Net effect in Income statement						-7,694		

Table 71 - 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 stocks from FATA merger	15,926	3,822	0	0	3,096	743	12,830	3,079
Total	15,926	3,822	0	0	3,096	743	12,830	3,079
IRAP								
Capital gains on stocks from FATA merger	5,357	365	0	0	1,277	87	4,080	278
Total	5,357	365	0	0	1,277	87	4,080	278
Total Deferred taxes		4,187		0		830		3,357
Net effect in Income statement						-830		

The following table shows the reconciliation between the ordinary rate and the effective rate.

Table 72 - Income taxes for the year - reconciliation between the ordinary rate and the effective rate

(value as %)	2019			2018		
	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	-0.03%			-0.30%		
Capital losses subject to the "participation exemption" regime	3.90%			86.99%		
Adjustments due to the provisions on "dividend washing"	0.41%			1.70%		
Interest expense	0.16%			1.47%		
Dividends	-4.92%			-100.69%		
Non-deductible amortisation/depreciation	0.49%			4.66%		
Life provisions changes	-0.05%			-1.63%		
Provision for co-insurance VAT contingent liabilities	-0.28%			5.29%		
Other non-deductible costs	2.74%	0.61%		19.08%	5.86%	
Other adjustments	1.81%	-0.46%		18.78%	10.03%	
Effective rate	28.23%	6.97%	35.20%	59.35%	22.71%	82.06%

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 (Attachment 30);
- summary statement of direct business premiums written (Attachment 31);
- statement of charges relating to staff, directors and auditors (Attachment 32).

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.

Transactions on derivative contracts

Pursuant to ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December

Derivative transactions resulted in net write-backs of € 174 thousand.

Statement 2 - Operations on derivatives - C and D classes

(€ thousands)	Number of contracts	Underlying type	Book value as of Dec. 31st, 2019	Market value as of Dec. 31st, 2019
Class C derivative instruments - forward				
FORWARD 12497 BANCO SANTANDER SA	1	BOND	0	41
FORWARD 12498 BANCO SANTANDER SA	1	BOND	0	46
Total class C derivative instruments - forward	2		0	87
Class C derivative instruments - options				
OPTION CP FLEX 2020	1	MULTIPLE ASSETS/LIABILITIES	170	170
OPTION CP FLEX 2025	1	MULTIPLE ASSETS/LIABILITIES	4,058	4,058
OPTION CP FLEX 2030	1	MULTIPLE ASSETS/LIABILITIES	2,333	2,333
OPTION CP FLEX 2035	1	MULTIPLE ASSETS/LIABILITIES	1,909	1,909
Total class C derivative instruments - options	4		8,470	8,470
TOTAL CLASS C DERIVATIVE INSTRUMENTS			8,470	8,557
Class D derivative instruments - rights				
Total class D derivative instruments - rights			0	0
TOTAL CLASS D DERIVATIVE INSTRUMENTS			0	0
TOTAL CLASS C + D DERIVATIVE INSTRUMENTS			8,470	8,557

Statement 3 - Derivatives valued at fair value - C and D classes

(€ thousands)	Market value
Class C derivative instruments - options	8,470
Class C derivative instruments - warrants	0
Class C derivative instruments - rights	0
Class C derivative instruments - forward	87
Total class C derivative instruments	8,557
Class D derivative instruments - warrants	0
Class D derivative instruments - rights	0
Total class D derivative instruments	0
TOTAL CLASS C+D DERIVATIVE INSTRUMENTS	8,557

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 of April 4th, 2008, the table provides, separately for non-life and life businesses, the amount of each item of shareholders' equity at the end of the financial year and following the same.

Table 73 - Change in shareholders' equity after the end of the year

(€ thousands)	Shareholders' equity at the end of the year			Shareholders' equity updated on the basis of the proposal to distribute the profits emerging from the financial statements or other equity elements and changes which have taken place after the end of the year (*)		
	Non-life	Life	Total	Non-life	Life	Total
Share capital	359,482	163,400	522,882	359,482	163,400	522,882
Share premium reserve	559,528	165,978	725,506	559,528	165,978	725,506
Revaluation reserve	37,232	25,267	62,499	37,232	25,267	62,499
Legal reserve	231,958	51,272	283,230	231,958	51,272	283,230
Other provisions	139,225	3,347	142,572	139,225	3,347	142,572
Retained profits (losses)	0	0	0	110,326	9,915	120,241
Profit (loss) for the year	110,326	9,915	120,241	0	0	0
Negative reserve for own shares in portfolio	-38,504	-11,423	-49,927	-38,504	-11,423	-49,927
TOTAL (item A)	1,399,247	407,756	1,807,003	1,399,247	407,756	1,807,003

(*) gross of the dividend pertaining to own shares

It should be noted that the Board of Directors reserved the right to formulate its proposal for the allocation of profits at and during the Shareholders' Meeting that is called to approve the financial statements, providing the appropriate information.

PUBLICATION OF THE FEES FOR THE ACCOUNTS AUDIT AND OTHER SERVICES OTHER THAN THE AUDIT

The following table, prepared according to art. 149-duodecies of the CONSOB Issuers' Regulations supplemented by CONSOB Resolution No. 15915 dated May 3rd, 2007, illustrates the fees for 2019 for the accounts audit services, certification and other services provided by the Independent Auditors and bodies belonging to the same network.

The amounts do not include out-of-pocket expenses acknowledged or VAT.

Table 74 - Independent Auditors' fees

(€ thousands)			
Type of service	Party providing the service	Recipient	Fee
Accounts audit	Deloitte & Touche s.p.a.	Parent Company	1,106
	Deloitte & Touche s.p.a.	Subsidiaries	658
	Deloitte & Touche network	Subsidiaries	177
Certification service ⁽¹⁾	Deloitte & Touche s.p.a.	Parent Company	1,082
	Deloitte & Touche s.p.a.	Subsidiaries	1,214
	Deloitte & Touche network	Subsidiaries	66
Other services	Deloitte & Touche s.p.a.	Parent Company	115
Total			4,418

(1) Fees for segregated management schemes, internal funds, pension funds, signing of tax declarations, certification of Solvency II and Consolidated "non-financial" statement.

ACTIVITIES CARRIED OUT WITH THE SHAREHOLDERS

After completing the matters illustrated in the management report, you are hereby informed that the premiums written in the year for contracts to which the more favourable conditions envisaged for the Shareholders have been applied, or for dedicated products, amounted to € 11.081 million for the non-life business and € 40.2 million for the life business.

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 € 8.184 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 of 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 Art. 123-ter of the

Consolidated Law on Finance, 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 terms 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 Company and the subsidiary and associated companies.

Pursuant to Art. 2427, paragraph 16, of the Italian Civil Code, the amount of the compensation payable to the Company's Directors and Statutory Auditors collectively for each category (excluding expenses, VAT and various contributions) amounted respectively to € 4.638 million for the Directors and € 562 thousand for the Statutory Auditors.

SIGNIFICANT EVENTS DURING THE FIRST FEW MONTHS OF 2020

Pursuant to art. 2427, paragraph 22-quater, of the Italian Civil Code, with reference to the nature, description and capital, financial and economic effect of the significant events after the end of the year, please refer to the specific paragraph of the "Other information" section in the Management Report.

PROPOSAL FOR THE ALLOCATION OF THE PROFIT FOR THE YEAR

Pursuant to art. 2427, paragraph 22-septies, of the Italian Civil Code, with reference to the proposal for the

allocation of the result for the year, please refer to the section at the end of the Management Report.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to CONSOB Regulation No. 17221 of 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 and last updated by resolution dated December 19th, 2019, 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 other sections of the financial statements.

With reference to dealings with the Group companies, pursuant to art. 2497-bis and with other related parties pursuant to art. 2427, paragraph 22-bis, of the Italian Civil Code, the effects that these activities have had on the business of the company and its results are illustrated. In this context it is specified that, during the year, the following have been established:

- agreements for the disbursement of general services, for services relating to the management of the investments and to other operational activities;
- insurance/reinsurance dealings which it has been deemed appropriate to maintain with the Group;
- the joint option for tax consolidation.

The calculation of the amounts recharged for the provision of intercompany services has been carried out observing the guidelines and the commitments of a general nature established in the outline agreement in force, approved by the competent bodies, and the procedure for the allocation of the intercompany costs. Agreement on the management procedures and the monitoring of the disbursement of the services has made it possible to make an accurate allocation of the portions of cost relating to the companies using the service. The model used is that involving recharging of costs. The allocation criteria is based on the identification of specific indicators aimed at establishing the portion of cost associated with the activity to be charged to the individual companies which benefit from the same.

Intercompany reinsurance transactions concerned the agreements entered into by the Company with ABC

Assicura, BCC Assicurazioni, TUA Assicurazioni, CATTRe and Vera Assicurazioni.

With regard to all intercompany agreements, with reference to IVASS Regulation No. 30 of October 26th, 2016, (Intercompany Transactions), since the reinsurance coverage of companies has not changed significantly, the limit for the underwriting of agreements that are not proportional (excess of loss) has been maintained up to a maximum exposure of € 8.5 million, which is sufficient for the reinsurance units in place in 2019 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 BCC Assicurazioni and TUA Assicurazioni transfer a proportional multi-branch bouquet partly prevalent to the Company, which in turn carries 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 re-insurers as retrocession).

The retention of the proportional multi-class bouquet of the companies is further protected by excess claims coverage, which is also partly prevalent with the Company.

For the purpose of diversifying the risk and guaranteeing the market conditions, the proportional and non-proportional agreements of subsidiaries are transferred for the remainder directly to the reinsurance market.

More specifically, approximately 70% of agreements of the subsidiaries, BCC Assicurazioni and TUA Assicurazioni are placed with the Company and the remaining with the reinsurance market. Exceptions are the proportional coverage of ABC Assicura and BCC Assicurazioni, whose transfer to the Company is 60%, while 40% is placed with the market.

For ABC Assicura, since the placement of all of the Company's products was closed on November 15th, 2017, the coverages in place during the previous year were extended (when necessary) and, given the small portfolio still under risk, they were placed entirely with the Company.

With regard to CATTRe, proportional and non-proportional coverages have been placed mainly with the Reinsurance market and, therefore, transfers to the Company are negligible.

Finally, with regard to Vera Assicurazioni, only 70% of the excess claims coverage has been provided with the company and 30% with the reinsurance market.

In certain cases, on the basis of the singularities of the business and the type of transfer, the coverage of the subsidiaries was placed directly on the open market.

With regard to transactions with related parties, with reference to the approval procedures described in the Company's Report on Corporate Governance, shareholders are hereby informed that, for reporting purposes, a procedure has been set up for detecting the outstanding transactions, via the prior acquisition of the necessary information in relation to international accounting standards and subsequent extrapolation of the transactions relating to the same.

It should be noted that the Company has purchased units in the Fondo Atlante mutual investment funds from the subsidiaries Lombarda Vita and Berica Vita for a total value of € 1.437 million and € 821 thousand respectively. These transactions were carried out at market prices.

The table below shows the equity and economic positions deriving from the aforementioned transactions of the Company with subsidiaries and associated companies and their subsidiaries; the changes during the year are commented on in the "Significant events during the year" section.

With reference to the statement of financial position dealings, and in particular those relating to the tax

consolidation, the item "Other receivables" mainly includes the amounts due from the subsidiaries for the transfer of the current IRES to Cattolica; the item "Other payables" mainly comprises the amounts due to the subsidiaries for the income recognised in the presence of tax losses transferred and amounts due for the transfer of the receivables of the subsidiaries for withholdings, for advance payments and for tax credits on mutual investment funds.

With reference to the income statement dealings, the item "dividends" include those collected from the subsidiaries. Furthermore, the "other revenues" item includes the recharging of costs and services and sundry recoveries of administrative charges.

The item "Financial and equity revenues" includes the capital gains deriving from the transfer to CattRe S.A. of the equity investment held in Estinvest S.r.l. and the transfer to Estinvest S.r.l. of the shares held in Satec S.r.l. and All Risk Solutions S.r.l.

These transactions were carried out under market conditions supported by an independent expert opinion.

"Other costs" mainly include the amounts charged by subsidiaries for services and sundry administrative charges.

Table 75 - Equity and economic transactions with companies subject to management and coordination and with associated companies

Statement of financial position transactions			
(€ thousands)	Subsidiaries	Associated companies and their subsidiaries	Total 2019
Assets			
Shares	1,678,012	14,472	1,692,484
Receivables of the insurance and reinsurance operations	1,786		1,786
Reinsurance technical provisions	31,369		31,369
Other receivables and other assets	94,124	141	94,265
Total	1,805,291	14,613	1,819,904
Liabilities			
Payables of the insurance and reinsurance operations	12,744		12,744
Reinsurance technical provisions	46,534		46,534
Other payables and other liabilities	15,902	670	16,572
Total	75,180	670	75,850
Economic transactions and relationships			
(€ thousands)	Subsidiaries	Associated companies and their subsidiaries	Total 2019
Profits and revenues			
Gross premiums written	2,330		2,330
Revenues from reinsurance transactions	63,668		63,668
Financial and equity revenues	618		618
Dividends	34,349		34,349
Other revenues	24,370	141	24,511
Total	125,335	141	125,476
Losses and expenses			
Costs for reinsurance transactions	68,733		68,733
Commissions	3,673		3,673
Other costs	133,853	670	134,523
Total	206,259	670	206,929

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 Chairman PAOLO BEDONI (**)

_____ (**)

_____ (**)

(*) 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

(€ thousands)	2019	2018
A. CASH FLOWS DERIVING FROM OPERATING ACTIVITIES		
Profit (loss) for the year	120,241	3,465
Adjustments for non-monetary elements and other adjustments		
Adjustment of reserves:		
Change in non-life premium provision	32,041	3,874
Change in provision for outstanding claims and other non-life technical provisions	-64,826	5,215
Change in mathematical provisions and other life technical provisions	62,273	-148,750
Amortisation/depreciation	32,476	30,013
Increase in employee severance indemnity and contractual pension fund	3,886	4,051
Net increase in other funds/provisions	4,703	3,827
Other non-monetary income and charges from financial activities	-11,993	-11,751
Capital gains and losses from valuation deriving from financial activities	-63,867	180,513
Write-down of receivables and loans	5,169	-2,409
(Increase) / decrease in trade receivables and other assets	-156,165	66,850
Increase / (decrease) in payables and other liabilities	89,659	-47,642
CASH FLOW FROM OPERATING ACTIVITIES (A)	53,597	87,256
B. CASH FLOW DERIVING FROM INVESTMENT ACTIVITIES		
Intangible fixed assets	-35	1,212
Tangible fixed assets	-237	-78
Property	-421	-33
Purchases of financial fixed assets and current financial assets	-4,120,169	-4,971,711
Sales of financial fixed assets and current financial assets	4,156,631	4,958,523
Loans to third parties	79	248
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	35,848	-11,839
C. CASH FLOW DERIVING FROM FINANCING ACTIVITIES		
Loan capital		
Increase/(decrease) in short-term payables due to banks	5,235	-7,199
Loans taken out/(repaid)	0	0
Own equity		
Changes in shareholders' equity	0	27
Sale/(purchase) of own shares	0	-2,982
Seniority indemnity disbursed	-4,540	-3,636
Dividends	-70,403	-58,559
CASH FLOW FROM FINANCING ACTIVITIES (C)	-69,708	-72,349
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)	19,737	3,068
Cash and cash equivalent as of January 1st	67,372	64,304
Cash and cash equivalent as of December 31st	87,109	67,372
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	19,737	3,068

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

The Chairman PAOLO BEDONI (**)

_____ (**)

_____ (**)

(*) 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 2019

(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 be amortised	4 0	
	2. Other acquisition expenses	6 0	
	3. Start-up and expansion costs	7 0	
	4. Goodwill	8 99,203	
	5. Other long-term costs	9 2,926	10 102,129
C.	INVESTMENTS		
I	- Land and buildings		
	1. Property used for business activities	11 57,797	
	2. Property used by third parties	12 31,760	
	3. Other property	13 0	
	4. Other realty rights	14 0	
	5. Property under construction and advance payments	15 0	16 89,557
II	- Investments in Group companies and other investee companies		
	1. Company shares and holdings:		
	a) parent companies	17 0	
	b) subsidiaries	18 1,348,862	
	c) affiliated companies	19 0	
	d) associated companies	20 9,365	
	e) other companies	21 23,834	22 1,382,061
	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 11,271	28 11,271
	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
		to be carried forward	35 1,393,332
			102,129

Financial Year 2019

Balances for the previous year

			.181	0
	.182	0		
	.184	0		
	.186	0		
	.187	2,474		
	.188	111,827		
	.189	3,263	.190	117,564
	.191	59,470		
	.192	35,955		
	.193	0		
	.194	0		
	.195	0	.196	95,425
.197	0			
.198	1,286,071			
.199	0			
.200	2			
.201	27,361	.202	1,313,434	
.203	0			
.204	0			
.205	0			
.206	0			
.207	10,834	.208	10,834	
.209	0			
.210	0			
.211	0			
.212	0			
.213	0	.214	0	.215
				1,324,268
		to be carried forward		117,564

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS
ASSETS

				Balances for the year		
		carry forward				
				102,129		
C.	INVESTMENTS (continued)					
III	- Other financial investments					
	1. Shares and holdings					
	a) Listed shares	36	1,664			
	b) Unlisted shares	37	3,913			
	c) Holdings	38	0	39	5,577	
	2. Units of mutual investment funds			40	741,333	
	3. Bonds and other fixed-income securities					
	a) listed	41	1,852,263			
	b) unlisted	42	8,708			
	c) convertible bonds	43	0	44	1,860,971	
	4. Loans					
	a) loans with secured guarantee	45	1,796			
	b) loans on policies	46	0			
	c) other loans	47	90	48	1,886	
	5. Units in mutual investments			49	0	
	6. Deposits with credit institutions			50	0	
	7. Sundry financial investments			51	0	
				52	2,609,767	
IV	- Deposits with ceding companies			53	6,475	
				54	4,099,131	
D bis.	TECHNICAL PROVISIONS - REINSURANCE AMOUNT					
	I - NON-LIFE CLASSES					
	1. Premium provision			58	80,418	
	2. Provision for outstanding claims			59	341,621	
	3. Provision for profit-sharing and repayments			60	0	
	4. Other technical provisions			61	0	
					62	422,039
						to be carried forward
						4,623,299

Balances for the previous year

	carry forward		117,564
216	25,504		
217	2,913		
218	0	219	28,417
		220	660,384
221	2,014,524		
222	1,474		
223	709	224	2,016,707
225	1,749		
226	0		
227	90	228	1,839
		229	0
		230	0
		231	0
		232	2,707,347
		233	6,558
		234	4,133,598
		238	90,162
		239	377,999
		240	0
		241	0
	to be carried forward	242	468,161
			4,719,323

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS

ASSETS

				Balances for the year	
		carry forward			4,623,299
E.	RECEIVABLES				
I	- Receivables, deriving from direct insurance transactions, due from:				
	1. Policyholders				
	a) for premiums for the year	71	159,682		
	b) for premiums for previous years	72	6,144	73	165,826
	2. Insurance brokers			74	164,969
	3. Insurance companies - current accounts			75	21,815
	4. Policyholders and third parties for sums to be recovered			76	36,833
				77	389,443
II	- Receivables deriving from reinsurance transactions, due from:				
	1. Insurance and reinsurance companies			78	77,438
	2. Reinsurance brokers			79	0
				80	77,438
III	- Other receivables			81	320,961
				82	787,842
F.	OTHER ASSET ITEMS				
I	- Tangible assets and inventories:				
	1. Furniture, office machines and internal means of transport			83	1,388
	2. Movable assets recorded in public registers			84	11
	3. Plant and equipment			85	723
	4. Inventories and miscellaneous assets			86	0
				87	2,122
II	- Cash and cash equivalent				
	1. Bank and postal account deposits			88	30,298
	2. Cheques and cash amounts			89	3
				90	30,301
IV	- Other assets				
	1. Transitory reinsurance accounts - receivable			92	0
	2. Sundry assets			93	31,701
				94	31,701
	of which Liaison account with the life business			95	64,124
				901	0
G.	ACCRUALS AND DEFERRALS				
	1. For interest			96	16,983
	2. For rental fees			97	0
	3. Other accruals and deferrals			98	794
				99	17,777
	TOTAL ASSETS				100
					5,493,042

Balances for the previous year

	carry forward		4,719,323
251	130,048		
252	13,178	253	143,226
	254		163,539
	255		25,261
	256	257	34,312 366,338
	258		38,773
	259	0	260 38,773
		261	288,242 262 693,353
	263		1,666
	264		56
	265		896
	266	0	267 2,618
	268		30,650
	269	7	270 30,657
	272		0
	273	33,178	274 33,178 275 66,453
	903		0
		276	15,085
		277	0
		278	761 279 15,846
			280 5,494,975

Balances for the previous year

	281	359,482	
	282	559,529	
	283	37,232	
	284	231,265	
	285	0	
	500	0	
	287	179,384	
	288	0	
	289	30,928	
	501	-37,101	290 1,360,719
			291 525,000
292	679,638		
293	2,567,434		
294	0		
295	158		
296	13,724		297 3,260,954
to be carried forward			5,146,673

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year		
	carry forward			5,106,294
E.	PROVISIONS FOR RISKS AND CHARGES			
1.	Provision for pensions and similar commitments	128	1,435	
2.	Provision for taxation	129	3,357	
3.	Other provisions and allowances	130	53,765	131 58,557
F.	DEPOSITS RECEIVED FROM RE-INSURERS			132 8,751
G.	PAYABLES AND OTHER LIABILITIES			
I	- Payables, deriving from direct insurance transactions, due to:			
1.	Insurance brokers	133	18,908	
2.	Insurance companies - current accounts	134	2,136	
3.	Policyholders for guarantee deposits and premiums	135	12,048	
4.	Guarantee funds in favour of policyholders	136	123	137 33,215
II	- Payables, deriving from reinsurance transactions, due to:			
1.	Insurance and reinsurance companies	138	20,241	
2.	Reinsurance brokers	139	0	140 20,241
III	- Bond loans			141 0
IV	- Payables due to banks and financial institutions			142 5,144
V	- Payables with secured guarantee			143 0
VI	- Sundry loans and other financial payables			144 0
VII	- Employee severance indemnities			145 5,362
VIII	- Other payables			
1.	For taxes payable by policyholders	146	30,424	
2.	For sundry tax charges	147	64,543	
3.	Amounts due to social security and welfare institutions	148	249	
4.	Sundry payables	149	50,758	150 145,974
IX	- Other liabilities			
1.	Transitory reinsurance accounts - payable	151	0	
2.	Commission for premiums being collected	152	27,836	
3.	Sundry liabilities	153	80,309	154 108,145 155 318,081
	of which Liaison account with the life business	902	70,108	
			to be carried forward	5,491,683

Balances for the previous year

carry forward		5,146,673			
	308	1,805			
	309	4,187			
	310	48,304			
		311	54,296		
			312	9,919	
313	14,472				
314	4,376				
315	12,507				
316	54	317	31,409		
318	22,009				
319	0	320	22,009		
		321	0		
		322	0		
		323	0		
		324	0		
		325	5,997		
326	28,655				
327	20,585				
328	733				
329	58,853	330	108,826		
331	0				
332	22,158				
333	91,312	334	113,470	335	281,711
904	79,860				
to be carried forward				5,492,599	

STATEMENT OF FINANCIAL POSITION - NON-LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		5,491,683
H.	ACCRUALS AND DEFERRALS		
	1. For interest	156 1,105	
	2. For rental fees	157 0	
	3. Other accruals and deferrals	158 254	159 1,359
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160 5,493,042

Balances for the previous year

carry forward		5,492,599
	336	1,105
	337	0
	338	1,271
	339	2,376
	340	5,494,975

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 be amortised	3 11,452	
	2. Other acquisition expenses	6 0	
	3. Start-up and expansion costs	7 0	
	4. Goodwill	8 14,913	
	5. Other long-term costs	9 504	10 26,869
C.	INVESTMENTS		
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 investee companies		
	1. Company shares and holdings:		
	a) parent companies	17 0	
	b) subsidiaries	18 329,150	
	c) affiliated companies	19 0	
	d) associated companies	20 5,107	
	e) other companies	21 7,820	22 342,077
	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 21,273	28 21,273
	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
		35 363,350	
		to be carried forward	26,869

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
ASSETS

				Balances for the year	
				carry forward	26,869
C.	INVESTMENTS (continued)				
III	- Other financial investments				
	1. Shares and holdings				
	a) Listed shares	36	16,805		
	b) Unlisted shares	37	24,224		
	c) Holdings	38	0	39	41,029
	2. Units of mutual investment funds			40	532,604
	3. Bonds and other fixed income securities:				
	a) listed	41	4,125,966		
	b) unlisted	42	3,437		
	c) convertible bonds	43	50	44	4,129,453
	4. Loans				
	a) loans with secured guarantee	45	0		
	b) loans on policies	46	905		
	c) other loans	47	0	48	905
	5. Units in mutual investments			49	0
	6. Deposits with credit institutions			50	0
	7. Sundry financial investments			51	0
				52	4,703,991
IV	- Deposits with ceding companies			53	3,290
				54	5,070,631
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	314,353
II	- Investments deriving from the management of pension funds			56	817,993
				57	1,132,346
D bis.	TECHNICAL PROVISIONS - REINSURANCE AMOUNT				
	II - LIFE BUSINESS				
	1. Mathematical provisions	63	15,710		
	2. Premium provision of supplementary insurance	64	0		
	3. Provision for outstanding claims	65	534		
	4. Provision for profit-sharing and repayments	66	0		
	5. Other technical provisions	67	0		
	6. Technical provisions for contracts where the risk is borne by policyholders and deriving from the management of pension funds	68	0		
				69	16,244
				to be carried forward	6,246,090

Balances for the previous year

	carry forward		36,808
216	19,096		
217	24,014		
218	0	219	43,110
		220	454,194
221	4,310,104		
222	2,510		
223	5,238	224	4,317,852
225	0		
226	1,031		
227	0	228	1,031
		229	0
		230	0
		231	8
		232	4,816,195
		233	3,402
		234	5,166,486
		235	202,256
		236	754,263
		237	956,519
		243	17,319
		244	0
		245	948
		246	0
		247	0
		248	0
	to be carried forward	249	18,267
			6,178,080

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS

ASSETS

		Balances for the year	
	carry forward		6,246,090
E. RECEIVABLES			
I - Receivables, deriving from direct insurance transactions, due from:			
1. Policyholders			
a) for premiums for the year	.71 9,171		
b) for premiums for previous years	.72 3,696	.73 12,867	
2. Insurance brokers		.74 38,543	
3. Insurance companies - current accounts		.75 0	
4. Policyholders and third parties for sums to be recovered		.76 0	.77 51,410
II - Receivables deriving from reinsurance transactions, due from:			
1. Insurance and reinsurance companies		.78 4,829	
2. Reinsurance brokers		.79 0	.80 4,829
III - Other receivables			.81 207,938
			.82 264,177
F. OTHER ASSET ITEMS			
I - Tangible assets and inventories:			
1. Furniture, office machines and internal means of transport		.83 202	
2. Movable assets recorded in public registers		.84 3	
3. Plant and equipment		.85 21	
4. Inventories and miscellaneous assets		.86 0	.87 226
II - Cash and cash equivalent			
1. Bank and postal account deposits		.88 56,806	
2. Cheques and cash amounts		.89 2	.90 56,808
IV - Other assets			
1. Transitory reinsurance accounts - receivable		.92 0	
2. Sundry assets		.93 106,382	.94 106,382
of which Liaison account with the non-life business		.901 70,108	.95 163,416
G. ACCRUALS AND DEFERRALS			
1. For interest		.96 39,262	
2. For rental fees		.97 0	
3. Other accruals and deferrals		.98 120	.99 39,382
TOTAL ASSETS			.100 6,713,065

Balances for the previous year

	carry forward		6,178,080
251	12,840		
252	2,149	253	14,989
		254	39,293
		255	0
		256	0
		257	54,282
		258	6,673
		259	0
		260	6,673
		261	146,647
		262	207,602
		263	243
		264	7
		265	22
		266	0
		267	272
		268	36,715
		269	0
		270	36,715
		272	0
		273	119,237
		274	119,237
		275	156,224
		903	79,860
		276	39,783
		277	0
		278	145
		279	39,928
		280	6,581,834

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	165,978
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	3,347
VIII	- Retained profits (losses)	108	0
IX	- Profit (loss) for the year	109	9,915
X	- Negative reserve for own shares in portfolio	401	-11,423
		110	407,756
B. SUBORDINATED LIABILITIES			
			111
			155,000
C. TECHNICAL PROVISIONS			
II - LIFE BUSINESS			
1.	Mathematical provisions	118	4,723,855
2.	Premium provision of supplementary insurance	119	517
3.	Provision for outstanding claims	120	94,992
4.	Provision for profit-sharing and repayments	121	14
5.	Other technical provisions	122	29,729
		123	4,849,107
D. TECHNICAL PROVISION FOR CONTRACTS WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS AND DERIVING FROM THE MANAGEMENT OF PENSION FUNDS			
I	- Provisions relating to contracts whose benefits are linked to investment funds and stock market indices	125	314,353
II	- Provisions deriving from the management of pension funds	126	817,993
		127	1,132,346
			to be carried forward
			6,544,209

Balances for the previous year

	281	163,400	
	282	193,441	
	283	25,267	
	284	51,272	
	285	0	
	500	0	
	287	3,334	
	288	0	
	289	-27,463	
	501	-12,826	290 396,425
			291 155,000
298	4,744,312		
299	500		
300	184,369		
301	33		
302	35,470		303 4,964,684
	305	202,256	
	306	754,263	307 956,519
to be carried forward			6,472,628

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		6,544,209
E.	PROVISIONS FOR RISKS AND CHARGES		
1.	Provision for pensions and similar commitments	128	326
2.	Provision for taxation	129	0
3.	Other provisions and allowances	130	10,661
		131	10,987
F.	DEPOSITS RECEIVED FROM RE-INSURERS		132
			7,854
G.	PAYABLES AND OTHER LIABILITIES		
I	- Payables, deriving from direct insurance transactions, due to:		
1.	Insurance brokers	133	1,587
2.	Insurance companies - current accounts	134	0
3.	Policyholders for guarantee deposits and premiums	135	6,425
4.	Guarantee funds in favour of policyholders	136	0
		137	8,012
II	- Payables, deriving from reinsurance transactions, due to:		
1.	Insurance and reinsurance companies	138	1,874
2.	Reinsurance brokers	139	0
		140	1,874
III	- Bond loans	141	0
IV	- Payables due to banks and financial institutions	142	91
V	- Payables with secured guarantee	143	0
VI	- Sundry loans and other financial payables	144	0
VII	- Employee severance indemnities	145	517
VIII	- Other payables		
1.	For taxes payable by policyholders	146	332
2.	For sundry tax charges	147	94,861
3.	Amounts due to social security and welfare institutions	148	2,531
4.	Sundry payables	149	33,026
		150	130,750
IX	- Other liabilities		
1.	Transitory reinsurance accounts - payable	151	0
2.	Commission for premiums being collected	152	1,749
3.	Sundry liabilities	153	3,372
		154	5,121
	of which Liaison account with the non-life business	902	0
	to be carried forward		155
			146,365
			6,709,415

Balances for the previous year

carry forward			6,472,628
	308	393	
	309	0	
	310	10,152	311 10,545
			312 10,555
313	1,363		
314	0		
315	820		
316	0	317 2,183	
318	1,434		
319	0	320 1,434	
		321 0	
		322 0	
		323 0	
		324 0	
		325 536	
326	1,428		
327	31,447		
328	2,131		
329	38,346	330 73,352	
331	0		
332	1,610		
333	4,632	334 6,242	335 83,747
904	0		
to be carried forward			6,577,475

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Balances for the year	
	carry forward		6,709,415
H.	ACCRUALS AND DEFERRALS		
	1. For interest	156 3,650	
	2. For rental fees	157 0	
	3. Other accruals and deferrals	158 0	159 3,650
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160 6,713,065

Balances for the previous year

carry forward			6,577,475
	336	4,359	
	337	0	
	338	0	339 4,359
			340 6,581,834

Company CATOLICA ASSICURAZIONI SOC. COOP.Financial Year 2019

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	1 173,126	21 22,817	41 195,943
Income from investments	+ 2 186,180		42 186,180
Equity and financial charges	- 3 41,731		43 41,731
Portions of profit from investments transferred from the technical account - life business.....	+ 4	24 17,944	44 17,944
Portions of profit from investments transferred from the technical account - non-life business	- 5 85,491		45 85,491
Interim operating profit (loss)	6 232,084	26 40,761	46 272,845
Other income	+ 7 37,521	27 6,739	47 44,260
Other charges	- 8 102,835	28 27,530	48 130,365
Extraordinary income.....	+ 9 5,077	29 371	49 5,448
Extraordinary charges.....	- 10 5,810	30 830	50 6,640
Profit (loss) before taxation	11 166,037	31 19,511	51 185,548
Income taxes for the year.....	- 12 55,711	32 9,596	52 65,307
Profit (loss) for the year	13 110,326	33 9,915	53 120,241

Notes to the Accounts - Attachment 4

Financial Year 2019

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.....	+	1 412,343	31	134,033
Increases during the year	+	2 282	32	420
for: purchases or increases		3 282	33	420
write-backs.....		4 0	34	0
revaluations.....		5 0	35	0
other changes.....		6 0	36	0
Decreases during the year	-	7 248	37	3,395
for: sales or decreases		8 0	38	0
permanent write-downs		9 0	39	3,395
other changes.....		10 248	40	0
Gross closing balances (a)		11 412,377	41	131,058
Amortisation/depreciation:				
Opening balances	+	12 257,971	42	38,608
Increases during the year	+	13 25,408	43	2,893
for: depreciation/amortisation charge for the year		14 25,408	44	2,893
other changes.....		15 0	45	0
Decreases during the year	-	16 0	46	0
for: reductions due to disposals		17 0	47	0
other changes.....		18 0	48	0
Closing balances - amortisation/depreciation (b) (*)		19 283,379	49	41,501
Book value (a - b)		20 128,998	50	89,557
Current value			51	98,190
Total revaluations		22	52	0
Total write-downs.....		23 0	53	3,395

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Notes to the Accounts - Attachment 5

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

Assets - changes during the year in investments in Group companies and other investee companies: 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	1,632,986	21 38,171	41 0
Increases during the year:	+ 2	134,300	22 2,851	42 0
for: purchases, subscriptions or disbursements	3	58,213	23 1,987	43 0
write-backs.....	4	0	24 855	44 0
revaluations	5	0		
other changes	6	76,087	26 9	46 0
Decreases during the year:	- 7	43,148	27 8,478	47 0
for: sales or reimbursements	8	8,544	28 8,476	48 0
write-downs	9	30,343	29 2	49 0
other changes	10	4,261	30 0	50 0
Book value	11	1,724,138	31 32,544	51 0
Current value	12	1,721,405	32 33,834	52 0
Total revaluations	13	0		
Total write-downs	14	30,343	34 2	54 0

The item C.II.2 includes:

Listed bonds61	32,544
Unlisted bonds62	0
Book value63	32,544
of which convertible bonds64	0

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Assets - Statement containing information relating to investee companies (*)

Ord. 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
77	b	NL	9	ALL RISKS SOLUTIONS S.R.L. - ROME	242
80	b	NL	9	C.P. SERVIZI CONSULENZIALI SPA - VERONA	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	2	ESTINVEST SRL - VENICE	242
90	b	NL	1	SATEC SRL - VENICE	242
78	d	L	9	H-FARM SPA - RONCADE	242
91	d	NL	1	IMA ITALIA ASSISTANCE SPA - SESTO SAN GIOVANNI	242
30	e	NL	9	UCI SCARL - MILAN	242
35	e	NL	2	VERFIN SPA - VERONA	242
42	e	NL	3	EMIL BANCA CRED.COOP.SOC.COOP. - BOLOGNA	242
62	e	L	3	UBI BANCA SPA - BERGAMO	242
73	e	NL	9	VERONAFIERE SPA - VERONA	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 - BATTIPAGLIA	242
85	e	NL	9	ESICERT ISTITUTO CERTIFICAZIONE ETICA - VERONA	242
92	e	NL	9	IMA SERVIZI SCARL - SESTO SAN GIOVANNI	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

Share capital		Shareholders' equity (***)	Profit or Loss for the last year (***)	Holding (5)		
Amount (4)	Number of shares			(4)	(4)	Direct %
14,448	2,889,600	11,197	866	70.00		70.00
185,300	37,060,000	311,685	86,508	60.00		60.00
8,925	17,500,000	8,811	-824	60.00		60.00
400	400,000	4,319	846	100.00		100.00
20,954	20,954,083	60,623	2	99.96	0.04	100.00
31,000	3,100,000	98,371	9,731	60.00		60.00
635	634,850	3,381	-14,812	60.00		60.00
62,000	62,000,000	201,281	22,599	70.00		70.00
23,161	4,632,126	152,923	-1,741	99.99		99.99
35,500	35,500,000	147,038	-587	100.00		100.00
7,000	7,000,000	43,027	-7,840	100.00		100.00
0	0	0	0	0		0
120	24,000	159	-2,444	100.00		100.00
63,500	63,500,000	78,197	8,700	65.00		65.00
219,600	43,920,001	299,777	48,182	65.00		65.00
33,600	3,360,000	52,079	571	100.00		100.00
0	0	0	0	0		0
0	0	0	0	0		0
8,924	89,241,650	32,076	-1,086	4.49		4.49
3,857	33,539	21,943	424	35.00		35.00
536	1,050,000			2.16	1.81	3.97
6,553	1,270,000			3.94		3.94
103,256	3,959,190			0.09		0.09
2,843,177	1,144,285,146			0.50		0.50
63,265	63,264,569			7.11		7.11
580	580,000			10.78		10.78
20,039	7,766,938			1.01		1.01
2,642	1,024,061			2.60	4.30	6.90
270	270,000			3.70		3.70
100	100,000			9.00	29.30	38.30

(***) To be filled in only for subsidiary and associated companies

Company CATTOLICA ASSICURAZIONI SOC. COOP.Assets - Breakdown of the changes in investments in Group companies and other investees:
shares and holdings

Ord. No. (1)	Type (2)	(3)	Name	Increases during the year		
				For purchases		Other increases
				Quantity	Value	
4	b	D	BCC ASSICURAZIONI SPA	274,512	1,567	0
4	b	V	BCC ASSICURAZIONI SPA	274,512	1,567	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	5,890,000	19,665	0
67	b	V	BCC VITA SPA	5,890,000	19,665	0
71	b	D	TUA ASSICURAZIONI SPA	0	0	24,300
71	b	V	TUA ASSICURAZIONI SPA	0	0	5,700
74	b	D	CATTOLICA AGRICOLA	0	0	4,700
75	b	D	CATTOLICA BENI IMMOBILI	0	0	6,800
77	b	D	ALL RISKS SOLUTIONS S.R.L.	0	0	2
80	b	V	C.P. SERVIZI CONSULENZIALI SPA	0	0	800
86	b	D	VERA ASSICURAZIONI SPA	0	0	0
86	b	V	VERA ASSICURAZIONI SPA	0	0	0
87	b	D	VERA VITA S.P.A.	0	0	1,153
87	b	V	VERA VITA S.P.A.	0	0	345
			Total C.II.1			
	a		Parent companies			
	b		Subsidiaries			
	c		Affiliated companies			
	d		Associated companies			
	e		Other			
			Total D.I			
			Total D.II			

(1) Must correspond with that indicated in Attachment 6

(2) Type

- a = Parent companies
- b = Subsidiaries
- c = Affiliated companies
- d = Associated companies
- e = Others

(3) Indicate:

- D for the investments assigned to the non-life business (item C.II.1)
 - V for the investments assigned to the life business (item C.II.1)
 - V1 for the investments assigned to the life business (item D.I)
 - V2 for the investments assigned to the life business (item D.2)
- The investment, even if split, must in any case be assigned the same order number

Notes to the Accounts - Attachment 7
Financial Year 2019

Decreases during the year			Book value (4)		Purchase cost	Current value
For sales		Other decreases	Quantity	Value		
Quantity	Value					
0	0	1	1,748,208	6,705	12,205	6,705
0	0	0	274,512	1,567	1,567	1,567
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	1,960	10,500,000	3,309	15,649	3,309
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	5,582	190,455	1,200	16,550	1,200
0	0	5,582	190,455	1,200	16,550	1,200
0	0	0	21,700,000	62,569	79,519	62,569
0	0	0	21,700,000	62,569	79,519	62,569
0	0	0	3,741,166	132,770	132,770	132,770
0	0	0	890,834	31,528	31,528	31,528
0	0	0	35,500,000	148,500	148,500	148,500
0	0	7,823	7,000,000	45,585	60,200	45,585
2,000	2	0	0	0	0	0
0	0	2,443	24,000	159	14,771	159
0	0	358	31,781,750	236,544	251,187	236,544
0	0	108	9,493,250	70,656	75,030	70,656
0	0	1,220	21,981,961	346,673	375,094	346,673
0	0	364	6,566,040	103,552	112,041	103,552

(4) Indicate using (*) if carried at equity (only for type b and d)

Company CATTOLICA ASSICURAZIONI SOC. COOP.Assets - Breakdown of the changes in investments in Group companies and other investees:
shares and holdings

Ord. No. (1)	Type (2)	(3)	Name	Increases during the year		
				For purchases		Other increases
				Quantity	Value	
88	b	D	CATTRE SA	0	0	30,000
89	b	D	ESTINVEST SRL	0	0	76
90	b	D	SATEC SRL	0	0	0
77	d	D	ALL RISKS SOLUTIONS S.R.L.	0	0	0
78	d	D	H-FARM SPA	9	928	293
78	d	V	H-FARM SPA	61	6,072	1,918
91	d	D	IMA ITALIA ASSISTANCE SPA	11,739	8,584	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
92	e	D	IMA SERVIZI SCARL	10,000	165	0
			Total C.II.1		58,213	76,087
	a		Parent companies			
	b		Subsidiaries		42,464	73,876
	c		Affiliated companies			
	d		Associated companies		15,584	2,211
	e		Other		165	0
			Total D.I		0	0
			Total D.II		0	0

(1) Must correspond with that indicated in Attachment 6

(3) Indicate:

(2) Type

a = Parent companies
b = Subsidiaries
c = Affiliated companies
d = Associated companies
e = Others

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 2019

Decreases during the year			Book value (4)		Purchase cost	Current value
For sales		Other decreases	Quantity	Value		
Quantity	Value					
0	0	0	3,360,000	55,430	55,430	55,430
80,798	7,256	0	0	0	0	0
21,488	1,270	0	0	0	0	0
0	0	2	0	0	0	0
0	0	440	531,120	781	1,406	781
0	0	2,883	3,475,061	5,107	9,217	5,107
0	0	0	11,739	8,584	8,584	9,936
0	0	0	22,664	0	7	0
0	0	0	50,000	429	516	460
0	0	0	3,734	202	317	95
0	0	3,383	5,681,426	22,925	38,031	16,544
0	0	0	4,496,673	7,152	10,148	9,465
0	0	293	0	0	0	0
0	0	1,918	0	0	0	0
0	0	0	62,500	78	78	78
0	0	244	78,521	627	2,376	627
0	0	0	13,345	41	41	76
0	0	0	13,345	41	41	76
0	0	0	10,000	10	10	0
1,000	16	0	9,000	149	149	149
	8,544	34,604		1,724,138	1,982,988	1,721,406
	8,528	25,441		1,678,012	1,912,067	1,678,012
	0	3,325		14,472	19,207	15,824
	16	5,838		31,654	51,714	27,570
	0	0		0	0	0
	0	0		0	0	0

(4) Indicate using (*) if carried at equity (only for Type b and d)

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	0	41	0	62
a) listed shares	0	22	0	42	0	64
b) unlisted shares	0	23	0	43	0	67
c) holdings	0	24	0	44	0	68
2. Units of mutual investment funds	0	25	0	45	0	70
3. Bonds and other fixed-income securities	980.064	26	1.087.059	46	880.909	66
a) listed government securities	437.774	27	456.896	47	559.650	67
a2) other listed securities	534.267	28	622.169	48	320.574	48
b) 1) unlisted government securities	0	29	0	49	0	69
b2) other unlisted securities	8.023	30	7.994	50	665	70
c) convertible bonds	0	31	0	51	0	71
5. Units in mutual investments	0	32	0	52	0	72
7. Sundry financial investments	0	33	0	53	0	73

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	0	161	0	302
a) listed shares	0	142	0	162	0	304
b) unlisted shares	0	143	0	163	0	305
c) holdings	0	144	0	164	0	306
2. Units of mutual investment funds	0	145	0	165	0	307
3. Bonds and other fixed-income securities	1.763.618	146	1.939.789	166	2.365.833	186
a) 1) listed government securities	1.302.860	147	1.407.570	167	1.721.836	187
a2) other listed securities	458.207	148	529.675	168	643.063	188
b) 1) unlisted government securities	551	149	551	169	544	189
b2) other unlisted securities	2.000	150	1.993	170	341	190
c) convertible bonds	0	151	0	171	49	191
5. Units in mutual investments	0	152	0	172	0	192
7. Sundry financial investments	0	153	0	173	0	193

Company

CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year

2019

Assets – Changes during the year in other financial investments for permanent use: company shares and holdings, units of mutual investment 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	2,446,394 81	0 101	0
Increases during the year:	0 22	0 42	419,402 82	0 102	0
for purchases	0 23	0 43	408,263 83	0 103	0
write-backs	0 24	0 44	0 84	0 104	0
transfers from non-permanent portfolio	0 25	0 45	0 85	0 105	0
other changes	0 26	0 46	11,139 86	0 106	0
Decreases during the year:	0 27	0 47	122,114 87	0 107	0
for sales.....	0 28	0 48	119,284 88	0 108	0
Write-downs	0 29	0 49	0 89	0 109	0
transfers to non-permanent portfolio	0 30	0 50	0 90	0 110	0
other changes	0 31	0 51	2,830 91	0 111	0
Book value	0 32	0 52	2,743,682 92	0 112	0
Current value	0 33	0 53	3,026,848 93	0 113	0

Financial Year 2019

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	2,870	21 0
Increases during the year:	+ 2	69	22 0
for: disbursements	3	21	
write-backs	4	0	
other changes.....	5	48	
Decreases during the year:.....	- 6	148	26 0
for: reimbursements	7	148	
write-downs.....	8	0	
other changes.....	9	0	
Book value	10	2,791	30 0

Assets - Statement of assets relating to benefits associated with investment funds and stock market indices (item D.1)

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	0 41	0 61
II. Investments in Group companies and other investees:				
1. Shares and holdings.....	0 22	0	0 42	0 62
2. Bonds	0 23	0	0 43	0 63
3. Loans	0 24	0	0 44	0 64
III. Units of mutual investment funds	0 25	0	0 45	0 65
IV. Other financial investments:				
1. Shares and holdings.....	162 26	178 46	183 66	208 66
2. Bonds and other fixed-income securities.....	0 27	0	0 47	0 67
3. Deposits with credit institutions	0 28	0	0 48	0 68
4. Sundry financial investments	0 29	0	0 49	0 69
V. Other assets	0 30	0	0 50	0 70
VI. Cash and cash equivalent	0 31	0	0 51	0 71
Other liabilities	0 32	0	0 52	0 72
	0 33	0	0 53	0 73
Total	162 34	178 54	183 74	208 74

Notes to the Accounts - Attachment 11

Financial Year 2019

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		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	259,673 25	149,706 45	232,114 65	153,035
IV. Other financial investments:				
1. Shares and holdings	0 26	0 46	0 66	0
2. Bonds and other fixed-income securities	36,058 27	43,106 47	35,655 67	45,816
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	9,908 30	9,460 50	9,908 70	9,460
VI. Cash and cash equivalent	10,377 31	1,160 51	10,377 71	1,160
Other liabilities	-1,825 32	-1,354 52	-1,825 72	-1,354
	0 33	0 53	0 73	0
Total	314,191 34	202,078 54	286,229 74	208,117

Assets - Statement of assets relating to benefits associated with investment funds and stock market indices (item D.1)

Fund code: Fund description: TOTAL

	Current value		Acquisition cost	
	Financial Year	Previous year	Financial Year	Previous year
I. Land and buildings	0 21	0	0 61	0
II. Investments in Group companies and other investees:				
1. Shares and holdings.....	0 22	0	0 62	0
2. Bonds	0 23	0	0 63	0
3. Loans	0 24	0	0 64	0
III. Units of mutual investment funds	259,673 25	149,706	232,114 65	153,035
IV. Other financial investments:				
1. Shares and holdings.....	162 26	178	183 66	208
2. Bonds and other fixed-income securities.....	36,058 27	43,106	35,655 67	45,816
3. Deposits with credit institutions	0 28	0	0 68	0
4. Sundry financial investments	0 29	0	0 69	0
V. Other assets	9,908 30	9,460	9,908 70	9,460
VI. Cash and cash equivalent	10,377 31	1,160	10,377 71	1,160
Other liabilities	-1,825 32	-1,354	-1,825 72	-1,354
	0 33	0	0 73	0
Total	314,353 34	202,256	286,412 74	208,325

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	0 22	280 42	0 62	299
II. Other financial investments:				
1. Shares and holdings.....	730 23	18,358 43	704 63	24,412
2. Bonds and other fixed-income securities.....	765,575 24	697,616 44	757,524 64	705,828
3. Units of mutual investment funds.....	41,065 25	31,555 45	35,648 65	33,289
4. Deposits with credit institutions	0 26	0 46	0 66	0
5. Sundry financial investments	0 27	0 47	0 67	0
III. Other assets	3,128 28	4,847 48	3,128 68	4,847
IV. Cash and cash equivalent.....	10,017 29	3,774 49	10,017 69	3,774
Other liabilities	-2,523 30	-2,167 50	-2,523 70	-2,167
	0 31	0 51	0 71	0
Total	817,992 32	754,263 52	804,498 72	770,282

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

Liabilities - Changes during the year in the components of the premium provision (item C.I.1) and the provision for outstanding claims (item C.I.2) of the non-life classes

Type	Financial Year	Previous year	Changes
Premium provision:			
Provisions for unearned premiums	1 700,720	11 674,289	21 26,431
Provision for risks in progress.....	2 1,215	12 5,349	22 -4,134
Book value	3 701,935	13 679,638	23 22,297
Provision for outstanding claims:			
Provision for compensation and direct expenses	4 2,204,450	14 2,299,884	24 -95,434
Provision for settlement costs.....	5 81,385	15 89,048	25 -7,663
Provision for claims not reported	6 179,479	16 178,502	26 977
Book value	7 2,465,314	17 2,567,434	27 -102,120

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

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	Changes
Mathematical provision for pure premiums.....	1 4,622,988	11 4,650,775	21 -27,787
Premium carry forward	2 18,405	12 20,760	22 -2,355
Provision for mortality risk	3 10,649	13 9,790	23 859
Integration provisions	4 71,813	14 62,987	24 8,826
Book value	5 4,723,855	15 4,744,312	25 -20,457
Provision for profit-sharing and repayments	6 14	16 33	26 -19

Liabilities - Changes during the year in provisions for risks and charges (item E) and employee severance indemnities (item G.VII)

		Provision for pensions and similar commitments	Provision for taxation	Other provisions and allowances	Employee severance indemnity
Opening balances.....	+	2,198 ¹¹	4,187 ²¹	58,456 ³¹	6,533
Provisions for the year.....	+	110 ¹²	0 ²²	16,170 ³²	3,886
Other increases.....	+	0 ¹³	0 ²³	0 ³³	0
Uses for the year.....	-	547 ¹⁴	830 ²⁴	10,200 ³⁴	4,498
Other decreases.....	-	0 ¹⁵	0 ²⁵	0 ³⁵	42
Book value		1,761¹⁶	3,357²⁶	64,426³⁶	5,879

Analytical statement of assets and liabilities relating to group companies and other investees

I: Assets

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Shares and holdings	0 2	1,678,012 3	0 4	14,472 5	31,654 6	1,724,138
Bonds	0 8	0 9	0 10	0 11	32,544 12	32,544
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 ceding companies	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 funds	0 50	0 51	0 52	0 53	0 54	0
Receivables deriving from direct insurance transactions	0 56	330 57	0 58	0 59	0 60	330
Receivables deriving from reinsurance transactions	0 62	1,456 63	0 64	0 65	0 66	1,456
Other receivables	0 68	94,125 69	0 70	141 71	0 72	94,266
Bank and postal account deposits	0 74	0 75	0 76	0 77	23,134 78	23,134
Sundry assets	0 80	0 81	0 82	0 83	0 84	0
Total	0 86	1,773,923 87	0 88	14,613 89	87,332 90	1,875,868
of which subordinated assets	0 92	0 93	0 94	0 95	16,372 96	16,372

Analytical statement of assets and liabilities relating to group companies and other investees

II: Liabilities

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Subordinated liabilities	0 98	0 99	0 100	0 101	80,000 102	80,000
Deposits received from re-insurers	0 104	0 105	0 106	0 107	0 108	0
Payables deriving from direct insurance transactions	0 110	0 111	0 112	0 113	0 114	0
Payables deriving from reinsurance transactions	0 116	12,744 117	0 118	0 119	0 120	12,744
Payables due to banks and financial institution	0 122	0 123	0 124	0 125	0 126	0
Payables with secured guarantee	0 128	0 129	0 130	0 131	0 132	0
Other loans and other financial payables.....	0 134	0 135	0 136	0 137	0 138	0
Sundry payables	0 140	15,859 141	0 142	670 143	0 144	16,529
Sundry liabilities	0 146	43 147	0 148	0 149	0 150	43
Total	0 152	28,646 153	0 154	670 155	80,000 156	109,316

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2019

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 81,701	33 70,243
d) other unsecured guarantees given in the interests of parent, subsidiary and affiliated companies.....	4 0	34 1,091
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 88,446	42 78,079
II. Guarantees received:		
a) from Group and associated companies and other investees.....	13 0	43 0
b) from third parties	14 134,380	44 140,901
Total	15 134,380	45 140,901
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	21 356,615	51 388,164
Total	22 356,615	52 388,164
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 10,177,812	54 10,132,629
Total	25 10,177,812	55 10,132,629

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	20.000	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	8.470	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	8.470	35	20.000	135	87	55	8.296	0

Only the transactions on derivative contracts outstanding as of the date the financial statements are drawn up which involve commitments for the company must be inserted. In the event that the contract does not exactly correspond to the figures described or in which characteristic elements of several types converge, said contract must be inserted in the nearest applicable contractual category. Offsetting of items is not permitted unless in relation to purchase/sale transactions referring to the same type of contract (same content, maturity, underlying assets, etc.).

The contracts which envisage the exchange of two currencies must be indicated just once, conventionally making reference to the currency to be purchased. The contracts which envisage both the exchange of interest rates and the exchange of currency are only indicated under the contracts on currency. The derivative contracts which envisage the exchange of interest rates are conventionally classified as "purchases" or as "sales" depending on whether they involve the purchase or sale of the fixed rate for the insurance company.

(1) The settlement price of derivative contracts which involve or may involve the forward exchange of capital is indicated for the same; the face value of the reference capital is indicated in all the other cases.

(2) Indicate the fair value of the derivative contracts;

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

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)	239,465 ²	238,925 ³	144,151 ⁴	68,517 ⁵	-3,056
TPL - Land motor vehicles (class 10)	762,911 ⁷	765,444 ⁸	546,657 ⁹	204,822 ¹⁰	1,166
Land vehicle hulls (class 3)	115,498 ¹²	113,935 ¹³	78,751 ¹⁴	36,316 ¹⁵	1,953
Maritime, aeronautical and transport insurance (classes 4, 5, 6, 7, 11 and 12)	22,243 ¹⁷	22,914 ¹⁸	13,623 ¹⁹	4,721 ²⁰	-2,978
Fire and other damage to assets (classes 8 and 9)	338,976 ²²	322,275 ²³	284,729 ²⁴	92,124 ²⁵	12,691
TPL - General (class 13)	178,205 ²⁷	179,754 ²⁸	9,268 ²⁹	51,119 ³⁰	-18,834
Credit and suretyship (classes 14 and 15)	14,139 ³²	11,422 ³³	11,127 ³⁴	5,320 ³⁵	1,412
Sundry financial losses (class 16)	13,724 ³⁷	14,767 ³⁸	7,217 ³⁹	5,460 ⁴⁰	-571
Legal protection (class 17)	12,666 ⁴²	12,262 ⁴³	383 ⁴⁴	4,642 ⁴⁵	-2,144
Assistance (class 18)	35,006 ⁴⁷	33,776 ⁴⁸	5,780 ⁴⁹	17,320 ⁵⁰	-4,263
Total direct insurance	1,732,833 ⁵²	1,715,474 ⁵³	1,101,686 ⁵⁴	490,361 ⁵⁵	-14,624
Indirect insurance	25,619 ⁵⁷	21,612 ⁵⁸	14,568 ⁵⁹	8,035 ⁶⁰	-1,137
Total Italian portfolio	1,758,452 ⁶²	1,737,086 ⁶³	1,116,254 ⁶⁴	498,396 ⁶⁵	-15,761
Foreign portfolio	15,507 ⁶⁷	17,534 ⁶⁸	10,261 ⁶⁹	3,593 ⁷⁰	-1,435
Grand total	1,773,959 ⁷²	1,754,620 ⁷³	1,126,515 ⁷⁴	501,989 ⁷⁵	-17,196

Company CATTOLICA ASSICURAZIONI SOC. COOP. Financial Year 2019

Summary information concerning the life classes relating to premiums and the reinsurance balance

	Direct business	Indirect business	Total
Gross premiums:	1 620,323	11 27	21 620,350
a) 1. for individual contracts	2 487,470	12 27	22 487,497
2. for collective contracts.....	3 132,853	13 0	23 132,853
b) 1. periodic premiums.....	4 259,142	14 27	24 259,169
2. single premiums.....	5 361,181	15 0	25 361,181
c) 1. for contracts without profit-sharing	6 30,749	16 0	26 30,749
2. for contracts with profit-sharing	7 395,664	17 27	27 395,691
3. for contracts when the investment risk is borne by the policyholders and for pension funds	8 193,910	18 0	28 193,910
Reinsurance balance	9 -3,275	19 0	29 -3,275

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2019

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 investee companies	1	29,044	41	6,053	81	35,097
Dividends and other income from shares and holdings of other companies	2	3,000	42	2,064	82	5,064
Total	3	32,044	43	8,117	83	40,161
Income from investments in land and buildings	4	1,436	44	0	84	1,436
Income deriving from other investments:						
Income on bonds of group companies and investee companies	5	373	45	762	85	1,135
Interest on loans to Group companies and investee companies	6	0	46	0	86	0
Income deriving from units of mutual investment funds	7	31,907	47	22,678	87	54,585
Income on bonds and other fixed income securities	8	55,731	48	129,639	88	185,370
Interest on loans	9	48	49	31	89	79
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	9	53	149	93	158
Total	14	88,068	54	153,259	94	241,327
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 investee companies	17	436	57	418	97	854
Other shares and holdings	18	108	58	1,452	98	1,560
Other bonds	19	29,872	59	14,991	99	44,863
Other financial investments	20	5,468	60	3,460	100	8,928
Total	21	35,884	61	20,321	101	56,205
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 investee companies	23	0	63	0	103	0
Profits on bonds issued by Group companies and investee companies	24	0	64	2	104	2
Profits on other shares and holdings	25	3,707	65	1,070	105	4,777
Profits on other bonds	26	17,146	66	23,909	106	41,055
Profits on other financial investments	27	7,895	67	2,574	107	10,469
Total	28	28,748	68	27,555	108	56,303
GRAND TOTAL	29	186,180	69	209,252	109	395,432

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

Income and unrealised capital gains on investments for benefit of policyholders who bear the investment risk and deriving from the management of pension funds (item II.3)

I. Investments relating to benefits associated with investment funds and stock market indices

	Amounts
Income deriving from:	
Land and buildings	1 0
Investments in Group companies and investees	2 0
Units of mutual investment funds	3 1,663
Other financial investments	4 1,162
- of which income from bonds	5 1,162
Other assets	6 0
Total	7 2,825
Profits on realisation of investments	
Capital gains deriving from the sale of land and buildings	8 0
Profits on investments in Group companies and investees	9 0
Profits on units of mutual investment funds	10 2,014
Profits on other financial investments	11 508
- of which bonds	12 507
Other income	13 4
Total	14 2,526
Unrealised capital gains	15 32,931
GRAND TOTAL	16 38,282

II. Investments deriving from the management of pension funds

	Amounts
Income deriving from:	
Investments in Group companies and investees	21 0
Other financial investments	22 3,606
- of which income from bonds	23 2,771
Other assets	24 74
Total	25 3,680
Profits on realisation of investments	
Profits on investments in Group companies and investees	26 1
Profits on other financial investments	27 13,373
- of which bonds	28 10,437
Other income	29 1
Total	30 13,375
Unrealised capital gains	31 16,086
GRAND TOTAL	32 33,141

Company CATTOLICA ASSICURAZIONI SOC. COOP.Financial Year 2019

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 5,273	31 6,275	61 11,548
Charges relating to investments in land and buildings	2 531	32 132	62 663
Charges relating to bonds	3 2,767	33 1,791	63 4,558
Charges relating to units of mutual investment funds	4 0	34 59	64 59
Charges relating to units in mutual investments	5 0	35 0	65 0
Charges relating to sundry financial investments	6 269	36 320	66 589
Interest on deposits received from re-insurers	7 56	37 252	67 308
Total	8 8,896	38 8,829	68 17,725
Adjustment on investments relating to:			
Land and buildings	9 4,195	39 0	69 4,195
Shares and holdings of Group companies and investees	10 19,191	40 11,152	70 30,343
Bonds issued by Group companies and investees	11 0	41 2	71 2
Other shares and holdings	12 122	42 44	72 166
Other bonds	13 264	43 143	73 407
Other financial investments	14 2,673	44 6,872	74 9,545
Total	15 26,445	45 18,213	75 44,658
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 3,985	47 27	77 4,012
Losses on bonds	18 729	48 732	78 1,461
Losses on other financial investments	19 1,677	49 6,008	79 7,685
Total	20 6,391	50 6,767	80 13,158
GRAND TOTAL	21 41,732	51 33,809	81 75,541

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

Equity and financial charges and unrealised capital losses on investments for benefit of policyholders who bear the investment risk and 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	27
Other assets	127
Total	154
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	2
Losses on other financial investments	63
Other charges	2
Total	67
Unrealised capital losses	91
GRAND TOTAL	312

II. Investments deriving from the management of pension funds

	Amounts
Operating expenses deriving from:	
Investments in Group companies and investees	0
Other financial investments	603
Other assets	4,435
Total	5,038
Losses on realisation of investments	
Losses on investments in Group companies and investees	0
Losses on other financial investments	62
Other charges	1
Total	63
Unrealised capital losses	803
GRAND TOTAL	5,904

Company CATOLICA ASSICURAZIONI SOC. COOP.

Non-life insurance - Summary statement of the technical

	Class code 01		Class code 02	
	Accident and injury (name)		Health (name)	
Direct business gross of transfers under reinsurance				
Premiums written	+	1 168,059	1 71,406	
Change in premium provision (+ or -)	-	2 309	2 231	
Claims incurred	-	3 83,267	3 60,884	
Change in sundry technical provisions (+ or -) (1)	-	4 0	4 -10	
Balance of other technical items (+ or -)	+	5 -642	5 -1,602	
Operating expenses	-	6 57,671	6 10,846	
Technical balance of direct business (+ or -)	A	7 26,170	7 -2,147	
Profit (loss) of liability reinsurance transactions (+ or -)	B	8 -2,497	8 -559	
Net result of indirect business (+ or -)	C	9 -661	9 -109	
Change in equalisation provisions(+ or -)	D	10 5	10 0	
Portion of profit from investments transferred from the non-technical account	E	11 4,763	11 1,976	
Result of technical account (+ or -)		12 27,770	12 -839	
Direct business gross of transfers under reinsurance				
Premiums written	+	1 6,418	1 134,284	
Change in premium provision (+ or -)	-	2 -854	2 13,428	
Claims incurred	-	3 1,618	3 116,030	
Change in sundry technical provisions (+ or -) (1)	-	4 0	4 0	
Balance of other technical items (+ or -)	+	5 -317	5 -1,144	
Operating expenses	-	6 1,377	6 38,136	
Technical balance of direct business (+ or -)	A	7 3,960	7 -34,454	
Profit (loss) of liability reinsurance transactions (+ or -)	B	8 -2,073	8 10,551	
Net result of indirect business (+ or -)	C	9 -5	9 -1,647	
Change in equalisation provisions(+ or -)	D	10 0	10 564	
Portion of profit from investments transferred from the non-technical account	E	11 61	11 5,384	
Result of technical account (+ or -)		12 1,943	12 -20,730	
Direct business gross of transfers under reinsurance				
Premiums written	+	1 178,205	1 249	
Change in premium provision (+ or -)	-	2 -1,549	2 -604	
Claims incurred	-	3 9,268	3 321	
Change in sundry technical provisions (+ or -) (1)	-	4 0	4 0	
Balance of other technical items (+ or -)	+	5 -2,446	5 -15	
Operating expenses	-	6 51,119	6 712	
Technical balance of direct business (+ or -)	A	7 116,921	7 -195	
Profit (loss) of liability reinsurance transactions (+ or -)	B	8 -18,834	8 -516	
Net result of indirect business (+ or -)	C	9 444	9 5	
Change in equalisation provisions(+ or -)	D	10 0	10 0	
Portion of profit from investments transferred from the non-technical account	E	11 20,404	11 96	
Result of technical account (+ or -)		12 118,935	12 -610	

(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 2019

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	115,498	1	975	1	201	1	13,155
2	1,563	2	702	2	6	2	-303
3	78,751	3	93	3	25	3	9,534
4	0	4	0	4	0	4	0
5	-357	5	-5	5	-136	5	-206
6	36,316	6	8	6	48	6	2,321
7	-1,489	7	167	7	-14	7	1,397
8	1,953	8	58	8	-134	8	-809
9	-28	9	0	9	0	9	3
10	0	10	0	10	0	10	0
11	1,842	11	2	11	0	11	42
12	2,278	12	227	12	-148	12	633

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	204,692	1	762,911	1	55	1	1,439
2	3,273	2	-2,533	2	2	2	-224
3	168,699	3	546,657	3	6	3	2,347
4	0	4	0	4	0	4	0
5	-2,828	5	-8,632	5	37	5	-2
6	53,988	6	204,822	6	100	6	867
7	-24,096	7	5,333	7	-16	7	-1,553
8	2,140	8	1,166	8	-48	8	28
9	-517	9	1,486	9	0	9	1
10	0	10	0	10	0	10	0
11	3,842	11	45,006	11	0	11	120
12	-18,631	12	52,991	12	-64	12	-1,404

Class code Suretyship (name)	15	Class code Sundry financial losses (name)	16	Class code Legal protection (name)	17	Class code Assistance (name)	18
1	13,890	1	13,724	1	12,666	1	35,006
2	3,321	2	-1,043	2	404	2	1,230
3	10,806	3	7,217	3	383	3	5,780
4	0	4	0	4	0	4	0
5	-1,586	5	-153	5	-56	5	-169
6	4,608	6	5,460	6	4,642	6	17,320
7	-6,431	7	1,937	7	7,181	7	10,507
8	1,928	8	-571	8	-2,144	8	-4,263
9	-1,164	9	65	9	0	9	0
10	0	10	0	10	0	10	0
11	1,116	11	289	11	72	11	258
12	-4,551	12	1,720	12	5,109	12	6,502

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year

2019

Summary statement of the technical account recapitulating all the non-life classes
Italian portfolio

	Direct insurance risks		Indirect insurance risks		Retained risks Total 5 = 1 - 2 + 3 - 4
	Direct risks 1	Risks transferred 2	Undertaken risks 3	Reteceded risks 4	
Premiums written	1	11	21	31	41
Change in premium provision (+ or -)	2	12	22	32	42
Claims incurred.....	3	13	23	33	43
Change in sundry technical provisions (+ or -)	4	14	24	34	44
Balance of other technical items (+ or -)	5	15	25	35	45
Operating expenses	6	16	26	36	46
Technical balance (+ or -)	7	17	27	37	47
Change in equalisation provisions (+ or -)					48
Portion of profit from investments transferred from the non-technical account	9		29		49
Result of technical account (+ or -)	10	20	30	40	50

Summary statement of the technical account recapitulating all the life classes

Italian portfolio

	Direct insurance risks		Indirect insurance risks		Retained risks Total 5 = 1 - 2 + 3 - 4					
	Direct risks 1	Risks transferred 2	Undertaken risks 3	Retroceded risks 4						
Premiums written.....	1	620,323	11	7,990	21	27	31	0	41	612,360
Charges relating to claims	2	610,258	12	5,854	22	272	32	0	42	604,676
Change in mathematical provisions and sundry technical provisions (+ or -)	3	149,797	13	-1,609	23	-170	33	0	43	151,236
Balance of other technical items (+ or -)	4	-5,721	14	0	24	0	34	0	44	-5,721
Operating expenses	5	51,084	15	470	25	2	35	0	45	50,616
Income from investments net of the portion transferred to non-technical account (*)	6	222,570			26	136			46	222,706
Result of technical account (+ or -)	7	26,033	17	3,275	27	59	37	0	47	22,817

(*) Algebraic sum of the items relating to the Italian portfolio included in items II.2, II.3, II.9, II.10 and II.12 of the income statement

Company CATTOLICA ASSICURAZIONI SOC. COOP. Financial Year 2019

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	1,777
Change in equalisation provisions(+ or -)	D	10	0
Portion of profit from investments transferred from the non-technical account	E	11	218
Result of technical account (+ or -)		12	1,995
			(A + B + C - D + E)

Section II: Life insurance

		Total classes	
Direct business gross of transfers under reinsurance			
Premiums written	+	1	0
Claims incurred	-	2	0
Change in mathematical provisions and sundry technical provisions (+ or -)	-	3	0
Balance of other technical items (+ or -)	+	4	0
Operating expenses	-	5	0
Income from investments net of the portion transferred to the non-technical account (1)	+	6	0
Profits (loss) of direct business gross of transfers under reinsurance (+ or -)	A	7	0
Profit (loss) of liability reinsurance transactions (+ or -)	B	8	0
Net result of indirect business (+ or -)	C	9	0
Result of technical account (+ or -)		10	0
			(A + B + C)

(1) Algebraic sum of the items relating to the foreign portfolio included in items II.2, II.3, II.9, II.10 and II.12 of the income statement

Company

CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

Transactions with Group companies and other investees

I: Income

	Parent companies	Subsidiaries	Affiliated companies	Associated companies	Other	Total
Income from investments						
Income from land and buildings	1 0 2 0 3 0 4 0 5 0 6 0					
Dividends and other income from shares and holdings	7 0 8 34,349 9 10 0 11 748 12 35,097					
Income on bonds	13 0 14 0 15 0 16 0 17 1,135 18 1,135					
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 34,349 39 40 0 41 1,883 42 36,232					
Income and unrealised capital gains on investments for the benefit of the policyholders who bear the investment risk and deriving from the management of pension funds						
43 0 44 0 45 0 46 0 47 0 48 0						
Other income						
Interest on receivables	49 0 50 0 51 0 52 0 53 0 54 0					
Recoveries of administrative expenses and charges	55 0 56 23,971 57 58 0 59 23,971					
Other income and recoveries	61 0 62 399 63 64 0 65 399					
Total	67 0 68 24,370 69 70 0 71 24,370					
Profits on realisation of investments (*)	73 0 74 618 75 76 0 77 618					
Extraordinary income	79 0 80 0 81 0 82 0 83 0 84 0					
GRAND TOTAL	85 0 86 59,337 87 88 0 89 1,883 90 61,220					

Transactions with Group companies and other investees

II: Expense

	Parent companies	Subsidiaries	Associated companies	Affiliated companies	Other	Total
Charges for management of investments and interest expense:						
Charges relating to investments	91	0	93	94	95	96
Interest on subordinated liabilities	97	98	99	100	101	1,380
Interest on deposits received from re-insurers	103	104	105	106	107	108
Interest on payables deriving from direct insurance transactions	109	110	111	112	113	114
Interest on payables deriving from reinsurance transactions	115	116	117	118	119	120
Interest on payables due to banks and financial institutions	121	122	123	124	125	126
Interest on payables with secured guarantee	127	128	129	130	131	132
Interest on other payables	133	134	135	136	137	138
Losses on receivables	139	140	141	142	143	144
Administrative charges and expenses on behalf of third parties	145	146	147	148	149	133,853
Sundry charges	151	152	153	154	155	3,673
Total	157	158	159	160	161	138,906
Charges and unrealised capital losses on investments for the benefit of the policyholders who bear the investment risk and deriving from the management of pension funds	163	164	165	166	167	168
Losses on realisation of investments (*)	169	170	171	172	173	174
Extraordinary charges	175	176	177	178	179	180
GRAND TOTAL	181	182	183	184	185	138,906

(*) With reference to the counterparty in the transaction

Company CATTOLICA ASSICURAZIONI SOC. COOP.
 Financial Year 2019

Summary statement of direct business premiums written

	Non-life business		Life business		Total	
	Establishment	L.P.S.	Establishment	L.P.S.	Establishment	L.P.S.
Premiums written:						
in Italy	1 1,726,292	5 0	11 619,948	15 0	21 2,346,240	25 0
in other European Union countries	2 0	6 4,072	12 0	16 0	22 0	26 4,072
in third countries	3 0	7 2,469	13 0	17 375	23 0	27 2,844
Total	4 1,726,292	8 6,541	14 619,948	18 375	24 2,346,240	28 6,916

Company CATTOLICA ASSICURAZIONI SOC. COOP.

Financial Year 2019

Statement of charges relating to staff, directors and auditors

I: Personnel costs

	Non-life business	Life business	Total
Costs for subordinate work services:			
Italian portfolio:			
- Remuneration.....	1 56,246 31	11,428 61	67,674
- Social security contributions	2 18,658 32	3,200 62	21,858
- Provision for employee severance indemnities and similar commitments	3 3,296 33	590 63	3,886
- Miscellaneous costs pertaining to personnel.....	4 6,911 34	1,462 64	8,373
Total	5 85,111 35	16,680 65	101,791
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 85,111 40	16,680 70	101,791
Costs for freelance work services:			
Italian portfolio	11 39,648 41	0 71	39,648
Foreign portfolio	12 0 42	0 72	0
Total	13 39,648 43	0 73	39,648
Total costs for work services	14 124,759 44	16,680 74	141,439

II: Description of the items booked

	Non-life business	Life business	Total
Operating expenses relating to investments	15 1,605 45	3,413 75	5,018
Claims incurred	16 41,127 46	67 76	41,194
Other acquisition expenses	17 31,403 47	5,716 77	37,119
Other administrative expenses	18 45,603 48	5,648 78	51,251
Administrative charges and expenses on behalf of third parties	19 5,021 49	1,836 79	6,857
.....	20 0 50	0 80	0
Total	21 124,759 51	16,680 81	141,439

III: Average headcount during the year

	Number
Executives	91 52
Office employees.....	92 896
Workers.....	93 0
Other.....	94 0
Total	95 948

IV: Directors and statutory auditors

	Number	Fees due
Directors	96 15 98	4,638
Statutory Auditors	97 3 99	562

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

The Chairman PAOLO BEDONI _____ (**)

_____ (**)

_____ (**)

(*) 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 as of
Town or City	Address	Surface area	December 31st, 2018	December 31st, 2019	REVALUATIONS	WRITE-DOWNS	December 31st, 2019(*)
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	-3,394,747	10,476,374
VERONA	L.GE CANGRANDE, 16	18,981	32,176,203	32,511,241	26,172,198	-4,476,529	54,206,910
ROME	VIA URBANA, 169 A/171	6,814	8,317,631	8,435,909	26,528,081	0	34,963,990
TOTAL		44,736	54,068,342	54,521,658	85,213,418	-8,676,260	131,058,815

(*) Gross of accumulated depreciation for properties amounting to € 41,501,444 as of December 31st, 2019

The Chairman
PAOLO BEDONI

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, Paolo Bedoni, in his capacity as Chairman of the Board of Directors, Carlo Ferraresi, in his capacity as General Manager with executive powers, and Enrico Mattioli, in his capacity as Manager in charge of preparing the financial reports of Cattolica Assicurazioni Soc. Coop., hereby certify, also 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 in relation to the characteristics of the Company and
- the effective application,

of the administrative and accounting procedures in place for preparing the financial statements as of financial year 2019.

2. The adequacy of the administrative and accounting procedures in place for preparing the financial statements as at December 31st, 2019, has been assessed through a process established by Cattolica Assicurazioni Soc. Coop. on the basis of the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission) and, as regards the IT component, of applicable processes of the COBIT Framework (Control Objectives for Information and related Technology), which represent the internationally-accepted reference frameworks.

3. It is also certified that:

3.1 the financial statements as at December 31st, 2019:

- 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 fair representation of the equity, economic and financial situation 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 situation of the issuer, together with the description of the main risks and uncertain situations to which it is exposed.

Verona, March 18th, 2020

Paolo Bedoni

Carlo Ferraresi

Enrico Mattioli

Chairman

General Manager

Manager in charge of preparing
the Company's financial reports

**MANAGEMENT
CONTROL
COMMITTEE'S
REPORT**

MANAGEMENT CONTROL COMMITTEE'S REPORT

Dear Shareholders,

First of all, it should be noted that, in implementation of the resolution passed by the shareholders' meeting held on April 28th, 2018, as from April 14th, 2019, Società Cattolica di Assicurazione (hereinafter, the Company) adopted the monistic administration and control system, in line with the best practices recognised at European level, which are also being affirmed at national level.

This system is characterised by the presence of a Board of Directors within which a Management Control Committee operates, made up of three directors appointed by the Shareholders' Meeting who are non-executive and independent and who are responsible for supervision, since the obligation of the Board of Statutory Auditors in force under the traditional system has ceased to exist.

In the case of the Company, the newly established Committee operated in continuity with the previous control body, whose members were reconfirmed by the Shareholders' Meeting in the new function, being taken from the only list submitted by the Board of Directors.

This having been stated for the purposes of the information provided herein, to be understood, therefore, as extended to the results of activities previously carried out during the year as Board of Statutory Auditors, this Report is the first that the Management Control Committee reviews for the Shareholders' Meeting, convened for the approval of the financial statements, to report in accordance with Art. 153, paragraph 1, of Italian Legislative Decree No. 58/1998 (Consolidated Law on Finance) and the aforementioned, paragraph 1, letter i), of Art. 43 of the Articles of Association, on the supervisory activities carried out, omissions and reprehensible facts found.

*** **

1.- REPORT ON SUPERVISORY ACTIVITIES

Current legislation and the Articles of Association assign the tasks incumbent on the control body to the Management Control Committee (hereinafter also referred to as the Committee). The Articles of Association also assign to the Committee the responsibilities of the Control and Audit Committee pursuant to Art. 19 of Italian Legislative Decree No. 39/2010.

In the exercise of its functions, the Committee held autonomous meetings and, similar to the Board of Statutory Auditors for the part of the year in question, attended joint meetings with the Audit and Risks Committee for the exchange of information and tasks of mutual interest, as well as for the purposes of more effective coordination of control functions.

In 2019, during their respective periods of office, the Management Control Committee and the Board of Statutory Auditors also participated in further activities of the corporate bodies by attending the following meetings:

- the Management Control Committee
 - 33 of the Management Control Committee, 13 of which were joint meetings with the Audit and Risks Committee;
 - 19 of the Board of Directors.
- the Board of Statutory Auditors
 - 20 of the Board of Statutory Auditors, 7 of which were joint meetings with the Audit and Risks Committee;
 - 8 of the Board of Directors;
 - 8 of the Executive Committee;
 - 1 of the Shareholders' Meeting.

In addition, there were 59 meetings of Internal Committees, which are normally attended by the Chairman of the control body or, if they are prevented from attending, by another member of the control body delegated for this purpose. More specifically, 36 of these were taken by the undersigned Committee, while 23 were taken by the Board of Statutory Auditors.

2.- MONITORING OF COMPLIANCE WITH THE LAW AND THE ARTICLES OF ASSOCIATION

Pursuant to Art. 43 of the Articles of Association, the Committee monitored compliance with the law and the Articles of Association, in accordance with Art. 2409-octiesdecies of the Italian Civil Code, Art. 149 of Italian Legislative Decree No. 58 of February 24th, 1998 (hereinafter also Consolidated Law on Finance), IVASS Regulation No. 3872018, and taking into account the guidelines provided by CONSOB Communication No. 1025564 of April 6th, 2001, and subsequent amendments and additions.

In addition, in its capacity as the "Internal Control and Audit Committee," the Board of Statutory Auditors carried out the duties assigned to it under Art. 19 of Italian Legislative Decree No. 39 of January 27th, 2010, as amended by Italian Legislative Decree No. 135/2016, where applicable, in particular by monitoring: (a) the financial disclosure process, (b) the efficacy of the company's internal quality control, risk management and internal audit systems, (c) the statutory audit of the annual and consolidated financial statements, (d) 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 statutory audit of the accounts.

Supervisory activities involved monitoring compliance with current legislation, the processes of application of new regulations and, in particular, the implementation of the monistic system of governance and administration. With regard to the latter, the Committee oversaw the adoption by the Board of Directors and the internal committees provided for by the Articles of Association in compliance with the Borsa Italiana S.p.A. Code of Conduct (from 2020, Corporate Governance Code) of the respective Regulations. In turn, the Committee has approved its own Regulations in order to define the procedures to be followed in accordance with the principles of effectiveness and efficiency, consistent with the rules of corporate governance provided for by current legislation, as well as the principles set out in the aforementioned Code of Conduct.

As part of its ordinary activities, the Committee also examined the processes for amending and/or updating existing internal regulations, as well as the processes for timely compliance with newly issued regulations, in a context that already makes use of the regulatory, procedural and organisational controls required by sector legislation.

Società Cattolica Assicurazioni complies with the "Borsa Italiana S.p.A. Code of Conduct" of the Italian Committee for the Corporate Governance of listed companies. The Committee examined the draft Report on Corporate Governance and Ownership Structure for 2019 referred to in Art. 5, paragraph 2, letter i) of IVASS Regulation No. 38/2018, approved by the Board of Directors on March 18th, 2020.

The current Board of Directors, appointed by the Shareholders' Meeting of April 13th, 2019, on the occasion of the changeover to the monistic administration and control system, has securely implemented the aforementioned Code with the establishment of the following internal committees: "Control and Risks Committee", "Remuneration Committee", "Related Parties

Committee", "Corporate Governance and Sustainability Committee" and "Appointments Committee", providing for a regulatory review of the same. The restoration of the "Investment Committee" was not considered.

Again in compliance with the Borsa Italiana Code of Conduct and IVASS Regulation No. 38/2018 (formerly ISVAP No. 20/2008), the Board of Directors and the Management Control Committee, with the support of the Appointments Committee and with the help of a third party company, carried out the annual self-assessment process for which they are responsible, the results of which are recognised in the aforementioned Report.

Reference should be made to the latter for further information on the management and control model adopted by the Company and the methods of application of the further recommendations of the Code of Conduct, also in terms of internal audit and risk management, in compliance with the provisions of the Private Insurance Code and IVASS Regulation No. 38/2018.

It should also be noted that, on March 10th, 2020, at the conclusion of the self-assessment process carried out with the help of the same consultant, the Committee confirmed the suitability of its members and the adequacy of its composition with reference to the requirements of professionalism, competence, integrity and independence required by law and, in particular, by Arts. 148, paragraph 3, letters b. and c., and 148-bis, paragraph 1, of Italian Legislative Decree No. 58/98, providing the Board of Directors with the appropriate information.

With regard to the conditions for the existence of the requirement of independence, it should be noted 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 an individual 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 fell within the scope of these circumstances for the period of office.

Finally, we acknowledge that the letter of December 19th, 2019, 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 7th Annual Report on the application of the Corporate Governance Code, was examined by this Committee and 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 ownership structures (hereinafter the Report on corporate governance).

With regard to the matters stated above, the Board of Statutory Auditors has no particular observations to make.

On October 31st, 2019, the Board of Directors revoked the operating powers of the Managing Director, Alberto Minali, finding a just cause for revocation in a series of circumstances, situations and statements misaligned between the latter and the collegiate body, supported by the opinions issued by the Company's legal advisors. In the same context, the Board of Directors granted the powers already granted by the Managing Director to the General Manager of the Markets and Distribution Channels Area, Carlo Ferraresi. The above has been disclosed to the market.

As part of its supervisory activities, the Committee, on the basis of the evidence of an extraordinary audit conducted by an external company on compliance with the rules on Internal dealing and, in particular, with the provisions of EU Regulation 596/2014, Arts. 14 and 19, and Italian Legislative Decree No. 107/2018, which revealed potential profiles of non-compliance with these rules by company representatives and/or persons closely related to them, carried out the necessary investigations and requested additional checks by the Internal Audit Unit. The results of the activities described above were sent to the Supervisory Authorities and made known to the market by the Company with specific press releases. The Company has also revised and updated the internal regulatory compendium relating to the aforementioned legislation, intervening on the possible areas of improvement and enhancement of the controls for compliance with the provisions. The process has seen the approval by the administrative body of a new version of the Document containing the procedures adopted on market abuse (MAR Procedure) following an in-depth analysis, as well as the launch of a plan, to be completed within the first half of the current financial year, which provides, inter alia, for the establishment of specific functional controls, the updating of the current IT system and the adoption and implementation of operational protocols.

Last December, IVASS and CONSOB launched independent inspections of the Company, as announced in the Management Report, to which reference should be made for further information.

The checks are still ongoing.

The Committee monitored the timeliness of the Company's response to the inspectors' requests.

It should also be noted that, last February, as part of the annual plan for the inspection of large taxpayers, the Veneto Regional Directorate of the Italian Revenue Agency launched a tax audit of the Company for the 2015-2018 financial years.

In 2019, the Board of Statutory Auditors, then in office, received two complaints pursuant to Art. 2408 of the Italian Civil Code from Partner Tavernini and Partner FINEMA S.R.L. to which it had responded at the last meeting.

In 2020, the shareholder FINEMA S.R.L. submitted a new complaint to the Management Control Committee, with regard to which an investigation is still in progress. The Committee therefore reserves the right to produce its conclusions in accordance with the law at the next meeting.

In the last financial year, no complaints were received by the supervisory body.

3.- MONITORING OF COMPLIANCE WITH THE PRINCIPLES OF PROPER ADMINISTRATION

The Committee met both independently and in joint meetings with the Audit and Risks Committee, the heads of corporate areas and departments, the Executive appointed to draw up the corporate accounting and the independent auditors Deloitte & Touche S.p.A. (hereinafter, the Independent Auditors), also in order to assess whether the choices made are based on decision-making processes inspired by principles of correct information and reasonableness, with adequate representation of the risks and effects of the decisions taken.

The Committee oversaw the observance of the provisions and fulfilments envisaged for the most important economic, financial and equity transactions, finding that they complied with the law and the Articles of Association and were not manifestly imprudent or risky, nor did they create any conflicts of interest, contrasting with the resolutions passed by the Shareholders' Meeting or in any case, such as to compromise the integrity of the Company's assets.

It is acknowledged that, in accordance with Art. 38 of the Articles of Association and Art. 150, paragraphs 1 and 2, of the Consolidated Law on Finance, the Board of Directors has received, at least quarterly, the required periodic information on the Company's operating performance and outlook, its activities and the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries, with particular attention to any transactions in which an interest, on its

own behalf or on behalf of third parties, of directors is identified.

In the course of its activities, the Committee did not find any atypical and/or unusual transactions with third parties, related parties or intercompany, as defined in CONSOB Communication No. DEM/1025564 of 04/06/2001 and subsequent amendments.

In this regard, it should be noted that, pursuant to CONSOB Regulation No. 17221 of March 12th, 2010, and subsequent amendments, the Company has for some time now been implementing and periodically updating a specific "Procedure for the management of transactions with related parties", 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.

With regard to the transactions with related parties outside the Group, the same are generally placeable within the sphere of market values.

Information on the most significant transactions and those with related parties and/or intercompany of an ordinary nature is provided in specific sections of the Management Reports and Notes to the accounts of the Financial Statements and Consolidated Financial Statements, to which reference should also be made for qualitative and quantitative information on the characteristics of these transactions, as well as the related conditions agreed.

The Committee also supervised the exercise by the Company of its management and coordination powers pursuant to Arts. 2497 *et seq.* of the Italian Civil Code.

Pursuant to Art. 114, paragraph 2, of Italian Legislative Decree No. 58/1998, Società Cattolica di Assicurazione, in its capacity as issuer, has provided the necessary instructions to its subsidiaries so that they may provide all the information required to comply with the disclosure obligations envisaged by law and by European Regulation No. 596/2014. The presence of members of the Company's Board of Directors and Senior Management on the administrative bodies of these companies helps to ensure compliance. Management and coordination activities were also carried out in accordance with Arts. 2497-2497 *septies* of the Italian Civil Code in accordance with the guidelines illustrated by the Directors in the specific section of the Management Report.

The Management Report to the draft Annual and Consolidated Financial Statements describes the main risks to which the Cattolica Group is subject and the related management policies, with information extended to the possible impacts on the company's performance, in the foreseeable future, due to the Covid-19 health emergency.

In the insurance sector, the Committee has periodically checked compliance with the provisions of IVASS

Regulation No. 24/2016 on activities intended to cover technical provisions, checking 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.

In view of the above, there are no observations regarding the ongoing application of the principles of sound administration.

4.- MONITORING OF THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

The Committee oversaw the organisational structure, participating actively in the decision-making phase and sharing the choices made by the Board of Directors to adapt the structure to the business and governance needs of the Company and the Group.

Particularly important during the year was the abolition of the Executive Committee with the adoption of the monistic system of governance and the switch of the Co-General Manager of Markets and Distribution Channels to the Managing Director and the associated powers that come with the role.

In addition, examinations were carried out for the process of updating the governance of insurance subsidiaries to IVASS Regulation No. 38/2018 and, with a view to making the functions more efficient, the reorganisation of the Communication and Institutional Relations and Legal and Corporate Affairs Units. Within the control functions, the revision/integration of the organisational model of the Compliance Unit and the operations of the Anti-Money Laundering Unit were analysed in light of the results obtained and with a view to strengthening the workforce as a result of the expansion of the scope of the Cattolica Group companies.

On the occasion of the revocation of the powers formerly granted to the Managing Director, Alberto Mindali, the Board of Directors assigned the same powers to Carlo Ferraresi, General Manager of Markets and Distribution Channels. Therefore, at the meeting held on January 16th, 2020, in order to concentrate the efforts of the Delegated General Manager, to strengthen coordination between the Technical and Commercial Areas and to strengthen operational and IT system, the Board of Directors resolved to create a Co-General Directorate of the Insurance Area reporting to the Delegated General Manager and a Deputy General Directorate Chief Operations Office, establishing their powers and responsibilities, for details of which reference should be made to the Corporate Governance Report.

5.- SUPERVISION OF THE ADEQUACY AND FUNCTIONING OF THE INTERNAL CONTROL SYSTEM

The internal control system adopted by the Group, which provides for the ultimate role of reference of the Committee, includes the presence of the so-called Fundamental Units located at a higher level of control than line and/or business operations, with different degrees defined by the nature of the controls to which they belong, i.e.: level II Units (Risk Management, Actuarial, Compliance, Anti-Money Laundering Units) and level III Units (Internal Audit Unit).

In the role assigned, the Committee monitored the adequacy and functioning of the internal control system, interacting with the Audit and Risks Committee for their respective responsibilities.

The action has found its place both in the continuous participation of the managers of the control units in the joint meetings of the aforementioned Committees, and in the collegial examination and evaluation of the activities carried out by the control units, as well as in the respective annual Plans, periodic reports and final reports, the contents of which are analysed, the results, the suggested improvements and the processes for their implementation by the company structures concerned. For more timely information, the Internal Audit Unit (also, the Audit Unit) sends to the members of the Committees in question the reports of the audits carried out at the end of each intervention, anticipating periodic reporting.

In accordance with Art. 35 and Art. 91 of IVASS Regulation No. 38/2018, the 2019 Final Reports submitted by the Head of the Audit Unit with reference, respectively, to the Company and the Group, conclude by expressing an opinion on the adequacy of the effectiveness and efficiency as a whole of the internal control system and of the other components of the corporate governance system, pending improvement and remedial action in progress.

In the context of the Annual Plans, the launch in 2019 of the Integrated Risk Based Control Plan is of particular importance and its development will continue this year. The project aims to articulate and organise the control system on the basis of the risks that it aims to govern through a wider dissemination of risk-based analyses among the control units with the aim of combining second-level controls and assessments with those of the Audit Unit.

The Committee also monitored the adequacy, reliability and security of the information system, monitoring its operation also with regard to the challenging process of migration to the Group's systems of the archives of the companies included in the joint-venture signed with Banco BPM. The increasing complexity of the operating

levels has led the Company to implement a plan to strengthen the Unit, to be completed by the end of the current year.

However, this context did not affect the business continuity and business recovery of the information system as a whole.

Both at the time of the aforementioned joint meetings and during separate meetings, the Committee engaged with the Executive appointed to draw up the corporate accounting, as a controlling role in the handling of the risks pertaining to the financial disclosure as per Art. 154-bis of the Consolidated Law on Finance, and with the Supervisory Body pursuant to Italian Legislative Decree No. 231/2001, examining the periodic reports and receiving information on the activities carried out, as well as observing the process of updating the Organisation, Management and Control Model in order to incorporate, also, the offences included in the 231 catalogue.

Via the presence during the meetings of the Chairman or his delegated person, the control body also took part in the activities of the internal board committees (Related Parties Committee, Corporate Governance and Sustainability Committee, Remuneration Committee, Appointments Committee) in relation to which the preliminary and support activities for the decisions of the management body in accordance with the respective duties, were ascertained.

In particular, the Committee monitored the correct application of the rules relating to the remuneration of the managers of key functions in coordination with the Remuneration Committee and the Audit and Risks Committee.

During the year under review, where required, the Committee provided the opinions and observations envisaged by legislation.

The analyses carried out and on the basis of the elements acquired have not revealed any elements, which would lead this Committee 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.

6.- MONITORING OF THE ADEQUACY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM

The Committee monitored the adequacy of the administrative and accounting system, with particular reference to the effectiveness of the company's internal quality control and risk management systems, the reliability of its structure and its ability to correctly

represent the Company's and the Group's operating performance.

In order to perform the supervisory duties referred to in Art. 19, paragraph 1, letter c), of Italian Legislative Decree No. 39/2010 on financial reporting, the activity included monitoring the related process and the effectiveness of the internal quality control and risk management systems for the purposes of Italian Law No. 262/05. The action included in-depth sessions and discussions with the Executive appointed to draw up the corporate accounting pursuant to Art. 154-bis of the Consolidated Law on Finance during which specific aspects of this information were analysed, the activities included in the related annual plan were evaluated and the results of the periodic controls carried out by the relevant organisational Unit were examined, as well as sharing of the interventions and actions to strengthen the internal control system relating to this reporting.

In joint meetings with the Audit and Risks Committee, the Executive appointed to draw up the corporate accounting, the managers of the administrative area and the Independent Auditors, the Committee provided its contribution in assessing the correct use of the accounting principles for the preparation of the annual and consolidated financial statements. In particular, the guidelines and results of the Impairment Tests conducted on goodwill, on the valuation of equity securities classified as "available for sale" and on illiquid securities were examined.

More generally, the activities carried out have made it possible to verify that the financial statements have been prepared in compliance with the provisions of Italian Legislative Decree No. 209/2005, ISVAP Regulation No. 22/2008, as amended by IVASS Provision No. 53/2016, and Italian 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 updated during the year. There are no exceptions to the legal provisions relating to the preparation of 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 2019 Consolidated Financial Statements have been prepared by Cattolica Assicurazioni, in its capacity as Parent Company, pursuant to Art. 154-ter, paragraph 1, of Italian Legislative Decree No. 58/1998 and Art. 95 of Italian Legislative Decree No. 209/2005, in compliance with the IAS/IFRS international accounting standards, approved by

the European Commission by December 31st, 2019, and in compliance with the instructions dictated by ISVAP Regulation No. 7/2007, as well as the provisions of the CONSOB regulation adopted with Resolution No. 11971/1999 and subsequent amendments and additions. The Chairman of the Board of Directors, the Delegated General Manager and the Executive appointed to draw up the corporate accounting have issued the attestations required by Art. 154-bis, paragraph 5 of the Consolidated Law on Finance.

To the extent of its competence, the Committee also examined the process of preparing the Consolidated Non-Financial Statement in compliance with the provisions of Italian Legislative Decree No. 254/2016. This activity included, in particular, progress meetings with the manager of the operating unit in charge, attached to the Communication and Institutional Relations Division, and monitoring the implementation of the processes and procedures designed to provide the information required by the legislation in question, as well as examination of the Final Report.

These documents were approved by the Board of Directors on March 18th, 2020.

In 2019, the Committee oversaw the process of preparing the financial information summarised in the Report on the Solvency and Financial Condition and the Periodic Information to IVASS pursuant to IVASS Regulation No. 33/206 for the year ended December 31st, 2018, approved by the Board of Directors on April 4th, 2019.

The Company conducted its annual internal assessment of its current and prospective risk and solvency profile (Own Risk and Solvency Assessment - ORSA) with reference to the date of December 31st, 2018 and over a three-year period in line with the 2018-2020 Business Plan, but with a view to the 2019-2021 three-year period. The process was completed by sending the final report to IVASS on July 18th, 2019, subject to the approval of the Board of Directors. The related evidence showed the consistency of the solvency position of the Cattolica Group and of the Company with the thresholds defined by the Propensity to Risk. The SII Ratio of the Group and the Parent Company was consistently above the risk propensity thresholds in the face of the market stress scenario defined internally.

During 2019, the values of this ratio confirmed this trend, remaining above the threshold levels.

In compliance with the provisions issued by IVASS on March 17th, 2020 with regard to the tensions recorded on the financial markets as a result of the Covid-19 epidemiological emergency, the Company activated the additional periodic reporting on the solvency data of the Company and the Group in order to continuously monitor the increasing volatility.

Società Cattolica Assicurazioni has activated 2 Pension Funds ("*Fondo Pensione Aperto Cattolica Gestione Previdenza - a Contribuzione Definita*" and "*Fondo Pensione Aperto Risparmio & Previdenza - a Contribuzione Definita*") and 4 Individual Pension Plans (PIP). During the year, the Committee met with the Manager responsible for monitoring performance. The Board of Directors examined and approved the 2019 statements of the same at the meeting called for March 18th, 2020, having noted the reports issued on the same date by the Independent Auditors certifying that the statements of the accumulation phase of the various segments of the Funds provide a true and fair view of the balance sheet and financial position as of December 31st, 2019, and of the change in net assets allocated to services for the year ended on that date, in accordance with the provisions governing their preparation. The annual reports of the Manager of the Pension Funds and PIPs, intended for COVIP, also concluded without irregularities.

Based on the overall findings, as well as on the observations of the Independent Auditors, the Committee believes that the administrative and accounting system of the Company and the Group is substantially adequate and reliable, as it is able to ensure the completeness, correctness and timeliness of financial information regarding management events and the preparation of the financial statements and other financial communications.

7.- MONITORING OF THE STATUTORY AUDIT PROCESS

During the meetings held with the Independent Auditors for the exchange of information as per Art. 150, paragraph 3, of Italian Legislative Decree No. 58/98, no significant aspects emerged, as well as further to the periodic check as per Art. 14, paragraph 1, letter b) of Italian Legislative Decree No. 39/2010. The Committee also oversaw the statutory audit of the annual accounts and the consolidated accounts, in pursuance of Art. 19, paragraph 1, letter d) of Italian Legislative Decree No.39/2010, by means of specific meetings aimed at examining the relevant aspects of the audit plan and the verification actions planned and implemented.

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 Committee, which discussed the contents, checking the adequacy of the planned checks and controls.

On April 8th, 2020, the Independent Auditors Deloitte & Touche S.p.A. issued the reports pursuant to Art. 14 of Italian Legislative Decree No. 39/2010, Art. 10 of EU Regulation No. 537/2014 and Art. 102 of Italian Legislative

Decree No. 209/2005, for the Company's Financial Statements and the Group's Consolidated Financial Statements as of December 31st, 2019, which show that the financial statements provide a true and fair view of the balance sheet and financial position at that date, as well as of the economic result for the year, in compliance with the reference standards and regulations. An opinion has also been expressed on the consistency - with the financial statements - of the Management Reports and the envisaged information presented in the Report on corporate governance and the ownership structures, as well as the opinion on their compliance with the law. The statements referred to in Art. 14, paragraph 2, letter e), made on the basis of the knowledge and understanding of the company and its context acquired during the audit activity, without any evidence, follow. Finally, within the meaning of Italian Legislative Decree No. 209/2005, with reference to the annual financial statements, an opinion is expressed on the sufficiency of the technical provisions pursuant to Art. 102, paragraph 2.

Also on April 8th, 2020, Deloitte & Touche issued to the Committee, in its capacity as the Internal Control and Audit Committee, the Additional Report referred to in Art. 11 of EU Regulation No. 537/2014, which does not show significant deficiencies in the internal control system in relation to the financial reporting process and cases of actual or alleged non-compliance with laws and regulations or statutory provisions. In turn, the Committee will forward the said Report to the Board of Directors in accordance with Art. 19, paragraph 1, letter a) of Italian Legislative Decree No. 39/2010, without comments.

On the latter date, Deloitte & Touche issued the certification report pursuant to Art. 3, paragraph 10, of Italian Legislative Decree No. 254/2016 without remarks, as well as the annual note confirming independence pursuant to Art. 6, paragraph 2, of European Regulation No. 537/2014 and paragraph 17 of ISA Italia 260.

With regard to the Report on Solvency and Financial Condition (SFCR) for the year 2018, Deloitte & Touche submitted its report on April 18th, 2019, in accordance with Art. 47-septies, paragraph 7, of Italian Legislative Decree No. 209/2005 and Art. 4, paragraph 1, letters a) and b) of IVASS Regulation No. 42/2018. As part of the procedures carried out with reference to the solvency reporting included in the SFCR, the Independent Auditors pursuant to Art. 12 of the aforementioned Regulation highlighted certain aspects that could be improved, although not the nature of significant deficiencies or deficiencies common to the insurance companies of the group. The same, indeed already brought to the attention of the Board of Directors and in the recovery phase, were subsequently the subject of an in-depth discussion with the Supervisory Authority, without follow-up.

Some of the reports issued by Deloitte & Touche on the final statements of the Pension Funds activated by Cattolica Assicurazioni, were already mentioned in the previous paragraph.

The Company granted the Independent Auditors Deloitte & Touche S.p.A. a number of responsibilities other than the accounts audit, whose costs, excluding out-of-pocket expenses and VAT, are indicated below:

- examination of the "annual pension funds management report", € 12,536;
- examination of the "annual internal funds management report", € 203,320;
- certification of the annual rate of return for segregated management schemes, € 111,464;
- solvency II certificate, € 663,300;
- consolidated non-financial statement pursuant to Italian Legislative Decree No. 254/16, € 73,228;
- checking the Unico 2019 form and 770 form, € 17,725;
- other responsibilities: € 5,628 for the audit of the consolidated financial statements in English, € 5,706 for the audit of the consolidated interim report in English, € 15,454 for the audit of the individual financial statements in English, € 12,000 for the audit of the Report on the Solvency and Financial Condition in English, € 6,030 to audit the Consolidated non-financial statement pursuant to Italian Legislative Decree No. 254/16 and € 70,000 for activities relating to the Consolidated non-financial statement pursuant to Italian Legislative Decree No. 254/16.

In addition, it should be noted that, within the scope of the other companies included in the scope of consolidation and subject to audit activities, the value of non-audit appointments assigned to the aforementioned Independent Auditors, for checking the Unico 2019 form and 770 form, for the certification of the annual rate of return for segregated management schemes, for the examination of the "annual report on internal funds management", for the examination of the "annual report on pension funds management" and for the Solvency II certification amounts to € 1,214,182 (excluding out-of-pocket expenses and VAT).

The table summarising the services provided to the Company and its subsidiaries by the Independent Auditors and by the bodies belonging to its network, with an indication of the fees paid, is included in the Financial Report (Table 74).

It should be noted that the Committee, in its capacity as the Internal Control and Audit Committee, has, as a general rule, examined in advance the proposals for services other than the statutory audit offered by the appointed Independent Auditors and the companies belonging to the relevant network, assessing their compatibility with the limits set out in Art. 5 of EU

Regulation No. 537/2014 and the absence of potential threats to the independence of the statutory audit, supported by consistent statements issued by the auditor appointed.

In order to ascertain the possible granting of appointments to parties linked by on-going relations with the 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 latter, in a note of January 16th, 2020, addressed to the Company, with reference to its "network" as defined in accordance with Art. 149-bis, paragraph 2 of the Issuers' Regulation (limited to the countries in which Cattolica Assicurazioni Group entities are present), disclosed that:

- the operating entities with registered offices in Italy are: Deloitte Central Mediterranean S.r.l., Deloitte Consulting S.r.l., Deloitte Business 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. as sole shareholder, Office Innovazione S.r.l., Quantum Leape S.r.l., Telnext S.r.l. a sole shareholder, Clustin S.r.l. a sole shareholder, Deloitte Legal-Studio Associato, Studio Tributario e Societario, Consorzio Deloitte Consulting, Fondazione Deloitte, Studio Tributario Societario Deloitte - StP S.r.l., Deloitte Legal S.t.A.r.l. and IN2Law S.r.l.;
- the operating entities that have their registered office in Ireland are: all entities that have the term "Deloitte" in their corporate name and DT Tech Solution UK Limited;
- the operating entities with registered offices in Luxembourg are: all entities that have the term "Deloitte" in their company name, Aerogolf Business Center S.à r.l., Fiduciaire Générale de Luxembourg S.à r.l. and D.Law.

From the checks carried out, it does not appear that the Company or other companies in the Group have granted any appointment other than the auditing of the accounts of companies in the Network of Independent Auditors Deloitte&Touche S.p.A.

In view of the above, the Committee believes that no critical aspects have emerged with regard to the independence of the Independent Auditors.

Lastly, it should be noted that the Committee, in coordination with the respective supervisory bodies, monitored the selection process for the Independent Auditor, which was completed in 2019, for Lombarda Vita S.p.A. and Tua Assicurazioni S.p.A. and is about to be completed in the current year for B.C.C. Vita S.p.A.

In addition, the nine-year audit assignment entrusted to Deloitte & Touche S.p.A. for the Company and the Group expires in 2020. In its capacity as responsible party for the procedure, the Committee has therefore initiated the selection process of the independent auditors with the intention of submitting a reasoned proposal to the Shareholders' Meeting convened to approve the 2019 Financial Statements for the 2021-2029 period.

8- MUTUAL PURPOSE

Pursuant to Art. 2545 of the Italian Civil Code, with reference to the corporate management for the pursuit of the mutual purpose, please refer to the information provided in the Management Report in the specific chapter "Shareholders" - "Mutual purpose of the Company". On a consistent basis with the related Articles of Association provision, the Company permits the shareholders to take out insurance policies under particularly 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.

9.- CONCLUSIONS

Dear Shareholders,

As a result of the activities carried out and described above, and the improvement processes underway and planned, this Committee has not found any elements that could undermine the structure of the internal control system and the governance and risk management process.

Moreover, taking into account the process of drawing up the financial statements, the opinions expressed by the Independent Auditors and the attestations of the Chairman of the Board of Directors, the Delegated General Manager and the Executive appointed to draw up the corporate accounting, as far as their competences are concerned, there are no reasons preventing the approval by the Shareholders' Meeting of the Financial Statements as of December 31st, 2019 and the Management Report.

With regard to the allocation of the profit for the year of € 120,241,333, the Committee refers the expression of its opinion to the formulation of the relative proposal by the Board of Directors.

Verona, April 9th, 2020

THE MANAGEMENT CONTROL COMMITTEE

Mr Giovanni Glisenti - Chairman

Ms Federica Bonato

Mr Cesare Brena

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, 2019, 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, 2019 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, 2019 the Company recorded, in the item C.II "Investments in Group companies and in other investees", investments in subsidiaries for Euro 1,678 million.

Investments in subsidiaries, existing a long-term connection, are classified in the long-term use portfolio and recorded at purchase cost net of any identified impairment losses.

In order to verify the possible existence of permanent losses in the value of investments in subsidiaries recorded in the financial statements, the Company carried out specific analytical evaluations, determining the recoverable amount of these investments based on their ability to generate future cash flows.

As indicated by the Directors in the "Part A – Accounting standards" of the explanatory notes, the analyses aimed at identifying permanent 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 the related results.

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 2020-2022 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.

The section related to investments in subsidiaries of the "Part B - Information on the Statement of financial position and Income statement" of the explanatory notes, contains the disclosure of the aspects described above together with 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 the expected cash flows related to the above mentioned subsidiaries 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 matter for the audit of the financial statements as at December 31, 2019 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 used to determine the 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;
- control of the correct calculation of the carrying value of investments in subsidiaries and of the related adjustments for permanent losses;
- control 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, 2019 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 1,052.1 million.

As noted by the Directors in the "Part A – Accounting standards" of the explanatory 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 standards" of the explanatory 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 matter for the audit of the Company's financial statements for the year ended December 31, 2019.

Audit procedures performed

We 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 carried out 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 such financial instruments;
- understanding and recognition of the controls carried out by the Company in the process of determining the fair value of the above mentioned financial instruments;
- verification, on a sample basis, of the correct identification of such kind of financial instruments by the management of the Company;
- 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 for a sample of such 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, 2019 the Company recorded, in the item C.I " Technical provisions – Non life business", provisions for outstanding claims for a total amount of Euro 2,465.3 million, of which Euro 1,214.4 million related to the Ministerial class 10 TPL – Land motor vehicles class and Euro 775.4 million related to Ministerial class 13 TPL – General class (hereinafter the "Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes").

As reported in the "Part A – Accounting standards" 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, for 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 made by the staff assigned to the claims settlement; 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 supplemented 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 standards" of the explanatory notes, the valuation process of the provisions for outstanding claims involves an articulated valuation 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 explanatory notes in "Part A - Accounting standards" highlight the criteria followed in the estimate of 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 matter for the audit of the Company's financial statements for the year ended December 31, 2019.

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 evaluation of the Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes which included the knowledge of management and settlement guidelines and any possible changes in the legal and regulatory framework of the sector;
- recognition and test 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 related to previous periods and available data for the sector;

- 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 sample basis, 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 received 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 such 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, 2019, the Company recorded in the financial statements in the item C.II "Technical provision - Life business" mathematical provisions for a total amount of Euro 4,723.9 million.

As reported in the "Part A - Accounting standards" of the explanatory notes, the mathematical provisions related to the life insurance business 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 standards" of the explanatory notes, the process of formation of the mathematical provisions is based, among other, 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 standards" of the explanatory notes the criteria followed 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 matter for the audit of the financial statements of the Company as of December 31, 2019.

Audit procedures performed

The audit procedures, carried out with the support of experts belonging to the Deloitte network, have included, among others, the following:

- understanding of the process of valuation of the mathematical provisions which included the knowledge of management and underwriting guidelines and any possible changes in the legal and regulatory framework of the sector;
- recognition and test 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 key data used;
- reading and analyzing the Actuarial Function reports prepared by the competent corporate departments;
- verification of the valuation 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, on a sample basis, of the value of the mathematical provision as at December 31, 2019, 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 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 Management Control Committee 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 Management Control Committee 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 skepticism 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 Management Control Committee, 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, 2019, including their consistency with the related financial statements and their 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, 2019 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, 2019 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 balance sheet of Società Cattolica di Assicurazione – Società Cooperativa for the year ended December 31, 2019. 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 balance sheet of Società Cattolica di Assicurazione – Società Cooperativa for the year ended December 31, 2019 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 balance sheet of Società Cattolica di Assicurazione – Società Cooperativa for the year ended December 31, 2019. 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 balance sheet of Società Cattolica di Assicurazione – Società Cooperativa for the year ended December 31, 2019 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 evaluation 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 such range.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Paiola
Partner

Milan, April 8, 2020

*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**

