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Testo del comunicato

Vedi allegato.

PRESS RELEASE

Verona, 22 June 2020. Cattolica Assicurazioni informs that on 17 June 2020 a letter was sent by Consob addressed to the Parent Company and to the Chairman of the Company's Management Control Committee. The letter refers to the press releases published on 15 May and 1 June 2020 and to the documents pertaining to the General Meeting convened on 26 and 27 June 2020 and, in particular, to the Explanatory Reports published on 25 May 2020 pursuant to art. 125-ter of the Consolidated Finance Act (TUF) on the items on the agenda of the abovementioned Extraordinary and Ordinary General Meeting, as well as to the Integration published on 8 June 2020.

Consob, pursuant to art. 114, paragraph 5 of the TUF, requests to publish a supplementary note to the above reports containing certain information elements and the dissemination of a press release, which must fully report the same information elements requested.

The Company therefore informs that the Integration to the Reports is available to the public at the company offices and on the company's corporate website www.cattolica.it/home-corporate, in the Governance/General Meeting section, as well as on the storage mechanism authorised by Consob entitled "eMarket STORAGE", managed by Spafid Connect S.p.a. and accessible via the website www.emarketstorage.com.

As required by Consob, the information elements contained in the published information note are shown below.

1. *The estimated solvency position, at the updated date, of the Cattolica Assicurazioni group, of the Parent Company and of the main subsidiaries, with indication of the solvency ratio and of the MCR, highlighting the elements underlying the deterioration of the solvency situation of the Group's entities under pressure or violating the Solvency Capital Requirement, as well as the initiatives already started or planned, also upon request of the competent Authority*;

   The Cattolica Group continues the weekly monitoring of its solvency position, considering the trend of the financial variables that contribute to the movement of this indicator. The solvency ratio continues to be affected by the restraints associated with the limited effectiveness of counter-cyclical measures and it proves to be exposed to short-term dynamics that do not fully reflect the industrial solidity of the insurance business. The most recent monitoring, referring to 12 June 2020, does not reveal situations of violation of the regulatory thresholds. The

Cattolica Group has a solvency ratio of 133%, while the Parent Company reaches 141%. With reference to the main subsidiaries, the solvency ratio estimated at the same date is reported below.

Company	Solvency Ratio
BCC Vita	111%
Vera Vita	110%
Lombarda Vita	259%
TUA Assicurazioni	157%

The Group's MCR ratio is estimated at 157%. All subsidiaries have values above 200%, with the exception of ABC Assicura, whose MCR coincides with the absolute floor required by law and whose ratio is equal to 119%.
The Group has launched a series of important initiatives to address the situation generated by the Covid-19 pandemic and its repercussions on the solvency position.
With reference to the Group's capital solidity, the Board of Directors, as previously stated, dutifully took note of the indications of IVASS and instructed the management to prepare a plan in the timeframe envisaged. The first and fundamental step of this initiative is the General Meeting, called to approve a proxy to the Board of Directors for a capital increase of a maximum total amount of €500 million. The Group is aware of the expectations put forward by IVASS and intends to promote a plan that can fulfil these same expectations and those of its Members and Shareholders.
With reference to the main subsidiary companies, intervention plans have been launched aimed at restoring the solidity of the realities most affected by the current situation. BCC Vita and Vera Vita will benefit from an asset intervention, which will be associated with a reduction in the exposure to Italian Government bonds, in order to limit the exposure to any increase in spreads. This decision constitutes a continuation of the diversification actions already underway and will be pursued in compliance with the interests of the policyholders. The subsidiary ABC Assicura will also be subject to a financial intervention, of a limited amount, in order to protect the MCR.

2. *The methods by which the capital increase was quantified, the considerations of the directors regarding the adequacy of the capital increase in relation to the need to strengthen the Group's capital and an indication of the methods of destination and use of the €500m proceeds to serve the Parent Company and its subsidiaries*;

In light of the situation generated by the pandemic and with the awareness, on the part of the management and the Directors, of the importance of having useful tools that can be promptly used to preserve capital solidity, but also to finance the expected growth, also through transactions of a strategic nature such as the possible extension of the distribution agreement with Banco BPM, it was decided to propose a proxy for a maximum total amount of €500 million. This figure responds to flexibility needs and it is considered suitable for the aforementioned purposes.
With regard to the use of this tool for capital strengthening purposes, it should be noted that, consistently with the provisions of the Solvency II regulation, the entire

amount will primarily be at the service of the Parent Company. The capital interventions in favour of the subsidiaries, calibrated in order to ensure their current and future solidity, constitute choices in favour of the best allocation of capital within the Group and do not represent an alternative to the strengthening of the Group as a whole.

3. *An estimate of the impacts on the consolidated solvency ratio of the Parent Company and of the main subsidiaries deriving from the Company's capital increase and from the planned capital increases of the subsidiaries compared with the regulatory minimums and the thresholds defined by the BoD within the definition of risk appetite;*

   With regard to the aforementioned estimate of 12 June 2020, a capital intervention of 500 million would bring the Cattolica Group’s solvency ratio to approximately 172%, well above the thresholds of the Risk Propensity System and within the range of target values expected at the time of the presentation of the 2018-2020 Business Plan (160%-180%). It should also be noted that this range was defined on the basis of a macroeconomic and financial scenario different from that materialised in the light of the gradual decline in risk-free rates and of the Covid-19 pandemic.
   The definition of the capital interventions with regard to the subsidiaries is currently being finalised. However, it should be noted that, with reference to the same date of 12 June, the intervention would restore the risk appetite thresholds, revised upwards in order to protect the Companies from any new adverse movements in the financial markets. Interventions are envisaged such as to bring the solvency ratio estimated on the same date, to at least 150% for all the Group Companies

4. *The precise indication of the deadline required by IVASS for the execution of the capital increase*;

   In its letter sent on May 27, IVASS expected the capital strengthening to be completed by September 30, 2020.

5. *Information available about the structure of the capital increase with indication of the extent of the different execution tranches, the related timing, the recipients of the transaction, the expected dilution effects for the current shareholders;*

   At the current date, concrete and precise elements are not available regarding the foreseeable capital increase. Reference should be made to the proposal put to the vote at the Extraordinary General Meeting of 26/27 June, in which Members are requested to decide whether the Board of Directors should be granted a proxy to possibly carry out the transaction. It should be remembered that this proxy provides that the increase, if approved, will be implemented in one or two tranches. If it will be implemented, the dilutive effects will derive from the conditions of issue and also from any placement and guarantee agreements, which to date cannot be foreseen.
   As described in the press release of June 1, the Issuer will present to the Supervisory Authority a Plan to strengthen the Group's Solvency position (and that of certain subsidiaries) by July 25. Once this Plan is approved, it will be communicated to the market.

6. *Indications regarding any ongoing negotiations for the search for potential subscribers of the capital increase, specifying whether any pre-underwriting agreements have been signed, and/or any expressions of interest for the operation have been received*;

   On 15 May, Cattolica Assicurazioni gave a mandate to KPMG to support the Group as financial advisor in discussions with potential counterparties possibly interested in proposing potential market solutions, functional to the successful outcome of the capital increase and to preserving value for Cattolica's shareholders. If the dialogue between advisors and counterparties highlights the feasibility of options that will be properly assessed, the advisor will provide the technical and negotiation support necessary for the realisation of a selected option, which will in any case be brought to the attention of the Company's decision-making bodies. There are various hypotheses under study, but it is not currently possible to predict times and ways of a precise definition.

   In the context of the aforementioned capital increase, no pre-underwriting agreements have been signed to date, despite having received numerous expressions of interest from several Italian and foreign investment banks.

7. *Indications regarding the current and prospective consolidated liquidity situation, specifying the actions taken to monitor it*;

   The Cattolica Group has developed a three-year forecast financial plan at individual company level derived from the business plan objectives.
   The plan examines the cash flows linked to the insurance technical balance (premiums and settlements) and those relating to costs, taxes, remunerations, financials (dividends, capital transactions) on a monthly basis, thus determining the net operating flow, on the basis of which treasury movements on the investment portfolio are estimated in terms of contributions and withdrawals.
   On a monthly basis, the areas/units concerned and coordinated by the Group's Treasury are checked for consistency in the performance of the financial plan with respect to what is planned for the following quarter.
   In case of significant deviations from the initial budget, an escalation process is activated towards the competent Strategic Planning and Treasury functions in order to determine the corrective actions to be taken.
   The situation that arose with the health emergency following the spread of the Covid-19 virus, led to the adoption the following interventions:

- Creation of a new budget, in which various assumptions related to the effects of the freezing of activities were assumed, on the estimated cash flows.
- portfolio management with cash flow matching policies that guarantee the liquidity needed to cover monthly maturities.
- the frequency of treasury monitoring has increased, bringing them from weekly to daily and the consequent meetings with the areas, from monthly to weekly.
- the frequency of monitoring of the Group's portfolio liquidity increased from monthly to weekly.
- average liquidity deposits on ordinary bank accounts have increased.
- new fortnightly reports have been prepared in which the monthly trend, the annual forecasts of withdrawals and contributions and the level of liquidity of the portfolio are calculated.

The service is carried out by the Cattolica Assicurazioni Group Treasury for all Italian companies with the exception of Bcc Vita that carries out its activities internally by adopting the same procedures.

The actual liquidity situation of the Group is not currently critical, with its securities portfolio that includes 70.1% of liquid and disposable securities that generate capital gains. Of these 46.3% are trading securities.
On a future level, due to the crisis, higher withdrawals are estimated compared to the initial budgets for a total of approximately €878 million, of which €190 in Non-Life companies and the rest in Life companies. These values are widely covered by the securities portfolio.

8. *Updates on the 2020 operating result guidance, expected in a range between 350 and 375 million euros, taking into account the recent operating performance and the condition of financial markets*;

   The guidance regarding the operating result was initially provided to the market on February 6, following the approval of the Group's 2020-22 Rolling Plan. Such guidance showed the operating result in a range between 350 and 375 million for the 2020 financial year. During the BoD of 15 May, in which the results for the first quarter of 2020 were approved, a forecast confirming this guidance was provided. This information was communicated to the market together with the publication of the results. At the current date, there are no material deviations from the trend expected in the forecast. Therefore, without prejudice to currently unforeseeable elements, the next evolution planned for the current year will be provided with the results of the first half.

9. *The representation of the risk profiles with regard to the group's solvency situation with indication of the additional initiatives that the Company intends to initiate for the strengthening of the group's capital in the event of a failure to successfully complete the capital increase or in the event of an execution in a timeframe different from that required by IVASS*;

   The Cattolica Group intends to pursue its capital strengthening plan, adopting all the suitable and necessary measures to deal with the economic and financial context in which it operates. The expectation put forward by IVASS regarding capital strengthening, represents the way to strengthen the solvency position and the Group, with the most appropriate declinations also with regard to timing, has dutifully acknowledged this, by taking steps to achieve its best realisation.

10. *The indication of the individual categories of subjects to which the suspension of variable remuneration is applied, specifying whether (i) variable and payable compensation has also accrued for the members of the BoD and (ii) if the suspension refers to all the variable remunerations accrued and payable during 2020;*

    The payment of variable remuneration during this year, accrued following the results of the 2019 financial year, has been suspended for all and only the Cattolica Group’s executives. The variable remuneration for the year 2020 will be assessed on the results for the year 2020, and therefore quantified during 2021.
    There are no variable remunerations for the members of the BoD.

11. *Clarifications on how the provisions contained in articles 38 and 42 of the Articles of Association subject to modification are coordinated and, in particular, if the periodic information to the Board of Directors by the Chief Executive Officer and/or the General Manager must necessarily take place through the Chairman of the Board of Directors.*

    The provisions included in the new formulation of art. 42 about the Chief Executive Officer's information obligations, reflect what has already been provided for by the current legislation, including self-regulation, specifying the periodicity of the information to be provided to the Board and expanding the information framework to the entire Group. The statutory provision confirms, in this case, the CEO's autonomous information and reporting capacity and accountability towards the Board of Directors, possibly also at the initiative of the Chairman for specific issues and situations.
    This informational burden is different from the ordinary one, which provides full information to the Directors on the management trend, referred to in art. 38 and carried out by the Chairman. This is provided for by having reports prepared periodically, or expressly and promptly in case of extraordinary situations or events, by the CEO and/or by the General Manager.
    From the coordination of the two rules, therefore, there are no disharmonies but, rather, an accentuated attention to the information needs in favour of the Board of Directors.

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Finally, as required by Consob, the considerations of the Management Control Committee, pursuant to art. 114, paragraph 5 of Legislative Decree no. 58/98, regarding points 2, 5 and 11 above, are given below.

"It should be noted at the outset that, in the specific position of Directors and members of the Management Control Committee, typical of the One Tier Corporate Governance System, we actively participated in the board debate and in the deliberative process that led the Board of Directors to the formulation of the proposals submitted to the next Extraordinary General Meeting.
Having said this, with regard to the above points, we provide the following considerations.

POINTS 2 and 5
With regard to the proposal to delegate the share capital increase, with the vote in favor of the same, this Committee shared its contents on the merits, without however finding in its formulation elements of possible importance for the purposes of supervising compliance with the rules of law, regulations and Articles of Association assigned by the law.
Nonetheless, it is worth pointing out that the proposal had been formulated in deliberately generic and somewhat prospective terms over time, without foreseeing specific aims or destinations, but only possible ones.
The fact is that with the note of the Supervisory Authority of 27 May 2020, the problem of the destination of the increase was immediately identified for prudential purposes. The Committee has positively taken note of the modification of the

proposal itself aimed at limiting the option right in order to reserve a certain share of the increase to financial subjects and/or institutional investors, precisely with a view to meeting the needs of the Supervisory Authority, even though the actual recipients of the reserve were inevitably to be identified later.

POINT 11
With reference to the provisions of the proposed new formulation of Articles 38 and 42, no elements were identified that could represent a possible prejudice to an organic and comprehensive disclosure to the Board of Directors due to lack of coordination in compliance with the roles assigned to the Chairman and to the CEO.
In fact, it is believed that the information and reporting responsibilities towards the administrative body assigned to the Chief Executive Officer, also with regard to the provisions pursuant to paragraph 5 of art. 2381 of the civil code, are reconciled with the function delegated to the Chairman that, pursuant to art. 38 of the Articles of Association, holds the responsibility and coordinates of the board works and, specifically, the responsibility for adequate information on the basis of the flow provided for this purpose by the CEO himself.
More generally, the Committee has positively assessed the abundant information flow addressed to the Board of Directors envisaged in the new structure of the Articles of Association, also taking into account the peculiarity of the Company and its governance".

SOCIETÁ CATTOLICA DI ASSICURAZIONE

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

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