



# Results at June 30<sup>th</sup>, 2020

Cattolica Assicurazioni Group

Verona, September 11<sup>th</sup>, 2020



# Key consolidated figures

Results at June 30<sup>th</sup>, 2020

(€ mln)

## IAS/IFRS Results

	1H2019	1H2020	Δ%
<b>Total Direct Premiums</b>	3,261	2,824	-13.4%
<i>Non-Life Direct Premiums</i>	1,090	1,048	-3.8%
<i>Life Direct Premiums<sup>1</sup></i>	2,171	1,776	-18.2%
<b>Combined ratio<sup>2</sup></b>	93.4%	87.1%	-6.3 pps
<b>Cons. Shareholders' Equity</b>	2,351 <sup>3</sup>	2,322	-1.2%
<b>Solvency II Ratio</b>	175% <sup>3</sup>	141%	-24 pps
<b>Operating Result</b>	156	217	+38.6%
<b>Consolidated Result</b>	76	28	-62.5%
<b>Group's Result</b>	61	10	-83.1%
<b>Adjusted Result</b>	69	80	+16.0%
<b>Operating Return On Equity</b>	8.6%	11.5%	+2.9 pps

# Contents

- **The Cattolica Group and the 2020 Covid-19 Crisis**
- **Results at June 30<sup>th</sup>, 2020**
- **Non-Life Business Performance**
- **Life Business Performance**
- **Investments**

# The Cattolica Group and the 2020 Covid-19 Crisis (1/3)

Following the spread of COVID-19 in Italy, a large number of assessments have been carried out to identify the risks and implement measures to counter or reduce the negative effects of the pandemic, protect and safeguard staff, customers and stakeholders in general, and guarantee business continuity.

- **Protecting the workforce.** The entire company population has been kept safe by the introduction of **100% smartworking since 24 February**. Offices were closed until the beginning of September and staff were continuing to work from home. A staggered return to work with job rotation has now started. **Ensuring the continuity of internal processes.** A **communication plan** has also been activated internally and externally in order to guarantee a clear, up-to-date and continuous flow of information, to reassure stakeholders and provide widespread information about the initiatives undertaken.
- **Business continuity.** A new **“Pay by Link”** remote payment system has been introduced to facilitate the relationship between customers and agents. All professionals have been given the instructions they need to proceed with settlements remotely to ensure that work, including appraisals, continues after lockdown. All the necessary safeguards and tools have been deployed to ensure **continuity of the business agenda**, including meetings with boards and the Corporate Agent Group, and to provide agency training via digital learning sessions.

# The Cattolica Group and the 2020 Covid-19 Crisis (2/3)

- **Ongoing monitoring of the impacts of the emergency in the short term, and simulations of the effects in the medium-long term**, have been put in place. The Group's liquidity situation is constantly analysed and stress tests carried out. There is weekly reporting on the main business KPIs.
- The following **customer care** solutions have been adopted:
  - **Extension of third-party liability motor insurance payment deadlines**, by extending the effects of the "Cura Italia" decree, which extends annual deadlines from 15 to 30 days, including interim deadlines and other motor risk-only Land Vehicles Hulls policies.
  - Tariff flexibility has been increased, particularly **in Motor TPL downwards, and** options have been offered for the **suspension of Motor TPL policies**. The **extension of payment deadlines has also been extended to Non-Motor policies**, in line with the provisions of the Prime Ministerial Decree for Motor TPL insurance, for all contracts expiring before 31 July, with extension of the deadline to 30 days.
  - A new emergency procedure **for distance selling** (Motor insurance) has been introduced for Group customers, involving telephone consultancy, documentation by email and Pay by Link payments.
  - Introduction of a **voucher** for Motor TPL customers which entitles them to a **discount equal to one month of their current premium**, to be used for the renewal of the policy or to buy a new product.
- Finally, on the **solidarity** front, Società Cattolica and Fondazione Cattolica have made **donations** for the acquisition of healthcare and nursing materials totalling **2 million euro**.

# The Cattolica Group and the 2020 Covid-19 Crisis (3/3)

1. As at 30 June 2020, the **RC Motor division** has seen a **reduction in the frequency of claims** due to the halting of vehicle circulation as a result of the COVID-19 emergency. **July and August confirmed the improvement** in claims frequency. The 1H20 accounting period situation took into account completely the commercial effect of the voucher worth one month of an RC Motor policy that can be used by customers to obtain a discount on renewal of their policies.
2. As concerns **non motor classes**, account was taken of potential claims relating in particular to policies covering the third-party liability. To date there is no evidence that the situation has deteriorated.
3. As concerns **life insurance**, there has been a **reduction in premium inflows**. We believe that the impact on the technical result of TCM term life insurance may be limited.
4. To date there have been no anomalies due to non-collection or premium cancellations.
5. With regard to **investments**, on the basis of the currently available data, there have been no significant deviations from the impairment estimates for AFS securities to 30 June 2020.

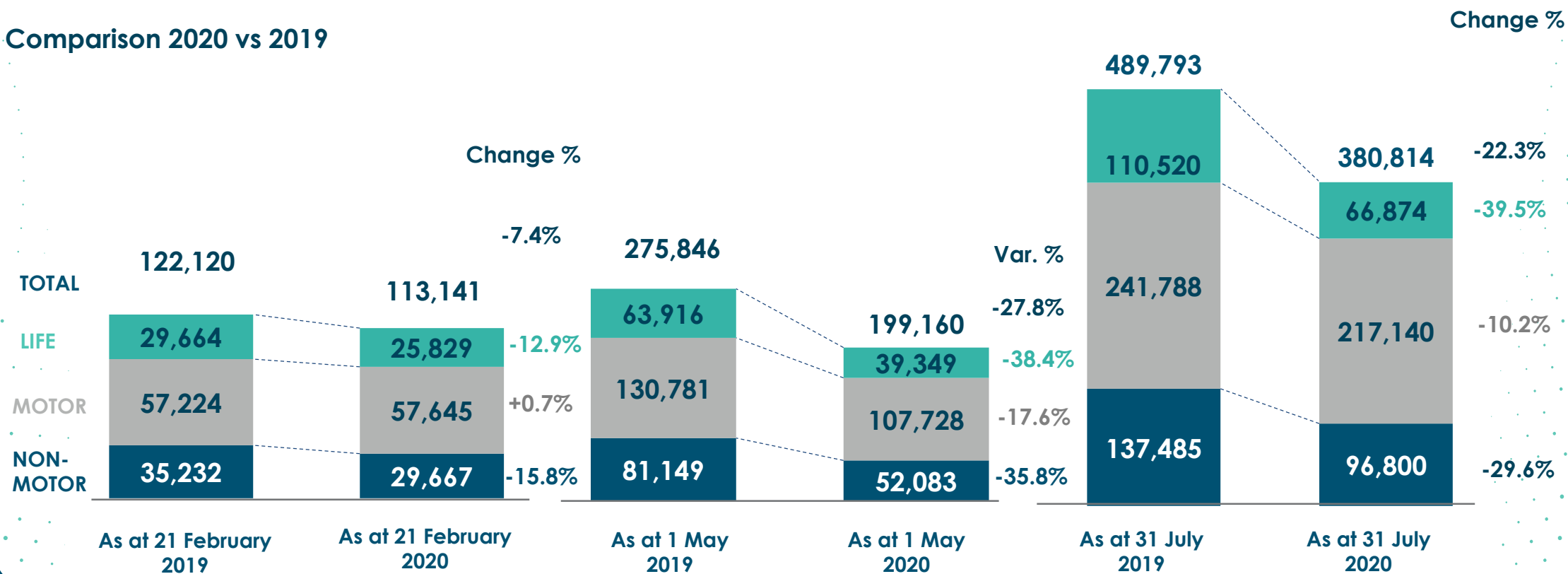
# New business

Non-Life and Life business performance (as at 31 July 2020)

## New policies and substitutions by issue date

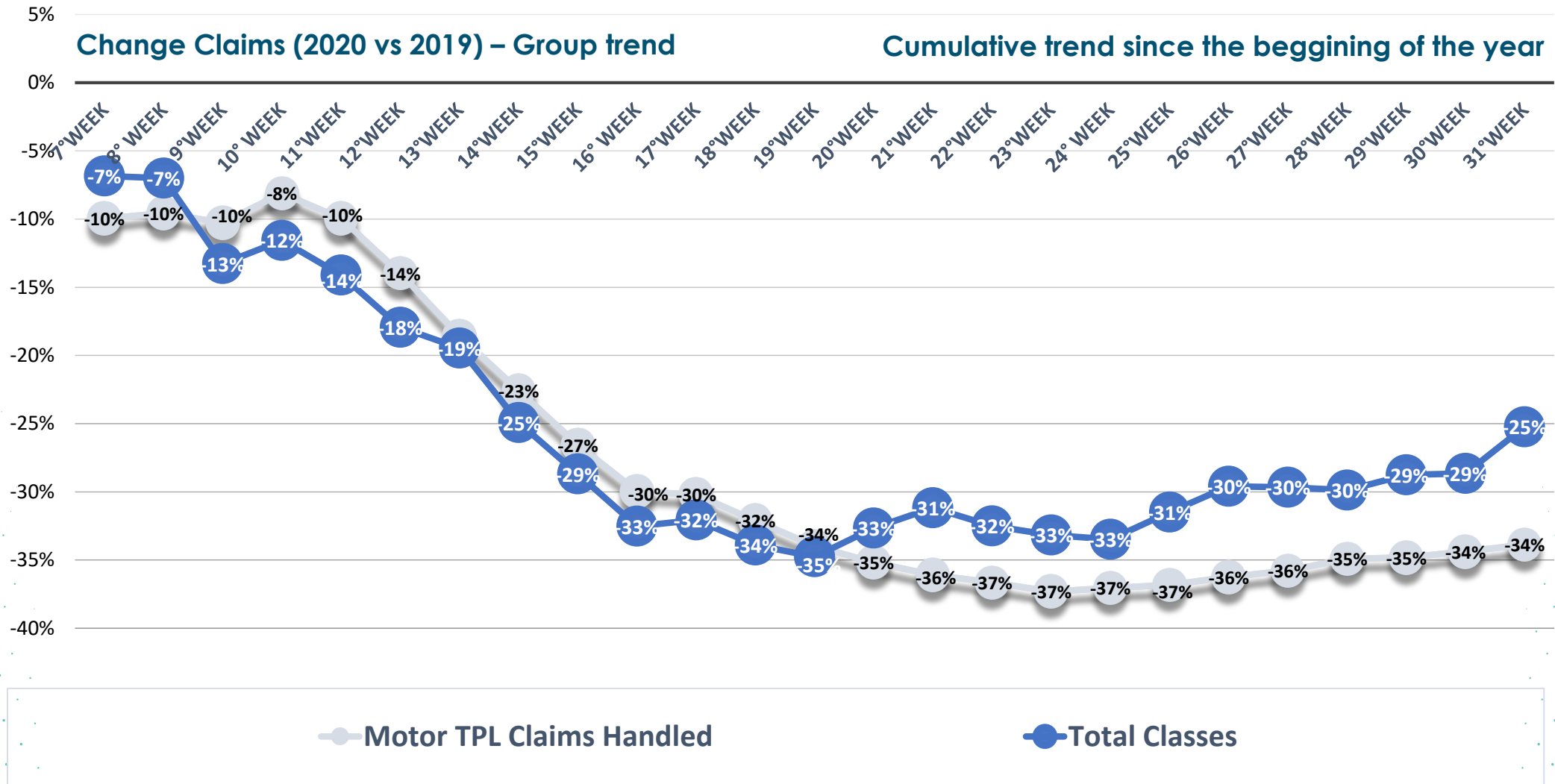
Number of accumulated policies at the observation date

Comparison 2020 vs 2019



This does not represent the Group's exact total, as it does not include the direct channel; the data is inclusive of the Vera JVs and Cattolica Banche. Non-Motor does not include the CPI of Vera and BCC; Non-Motor also does not include week 1 of the year due to the presence of outliers for the Cattolica Agencies and Tua, while Bancassurance also includes parts of week 1. Non-Motor refers to Retail. From week 18 of 2019, Life Insurance does not include Vera Protezione TCM as the systems were closed for data migration. From week 18 Bancassurance is affected by system migration of the Vera JVs and subsequent alignment.

# Claims – Group Weekly trend





# Contents

- The Cattolica Group and the 2020 Covid-19 Crisis
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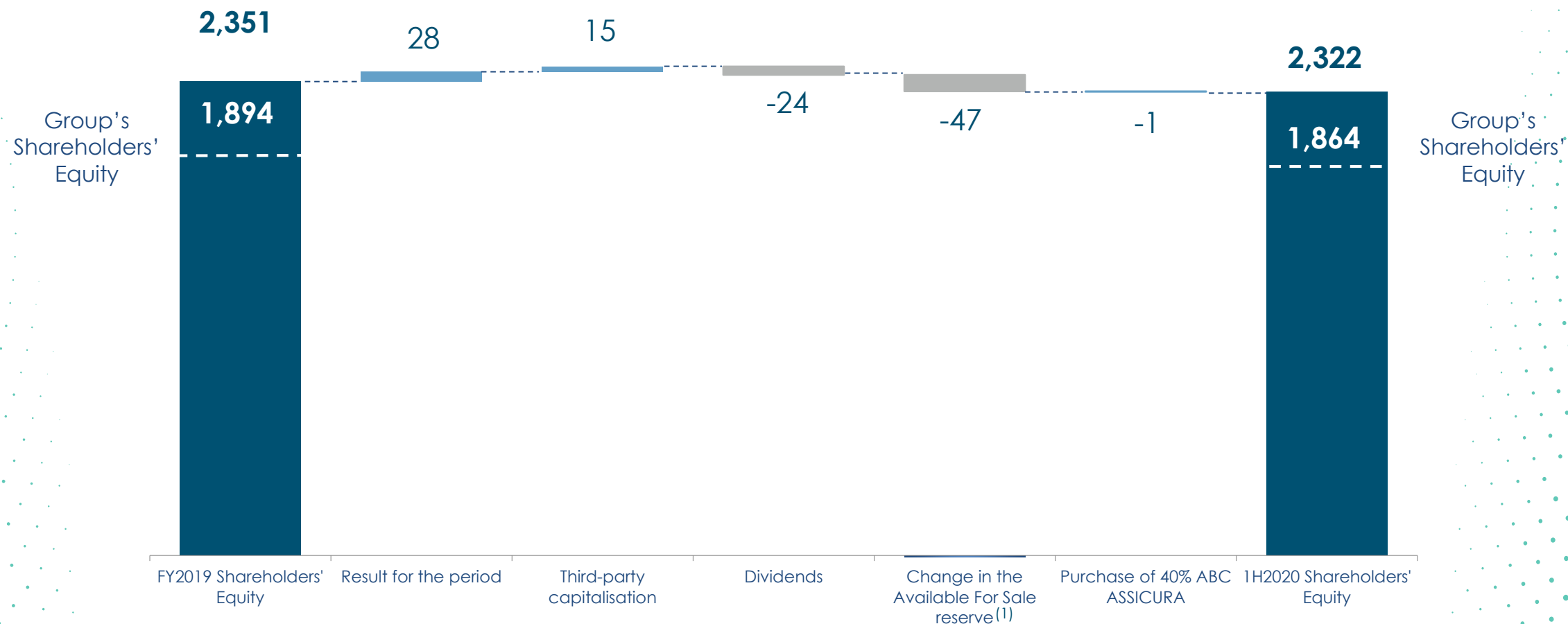
# Income statement by segment of activities

Results at June 30<sup>th</sup>, 2020

(€ mln)	NON LIFE		LIFE		OTHER		TOTAL	
	1H2019	1H2020	1H2019	1H2020	1H2019	1H2020	1H2019	1H2020
Net Premiums	928	935	2,104	1,730	0	0	3,032	2,665
Net charges relating to claims	-582	-471	-2,321	-1,605	0	0	-2,903	-2,076
Operating expenses	-272	-278	-109	-81	0	0	-381	-359
Other revenues net of other costs (other technical income and charges)	-13	-66	-25	-27	0	0	-38	-93
Income on ordinary gross investments (Class C)	50	44	237	249	1	0	288	293
Income on ordinary gross investments (Class D)	0	0	207	-162	0	0	207	-162
Net income from investments in subsidiaries, associated companies and joint ventures	0	3	0	-5	0	0	0	-2
Commissions income net of commissions expense	0	0	0	0	0	0	0	0
Operating expenses relating to investments	-5	-4	-19	-21	-2	-1	-26	-26
<b>RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS</b>	<b>106</b>	<b>163</b>	<b>74</b>	<b>78</b>	<b>-1</b>	<b>-1</b>	<b>179</b>	<b>240</b>
Other revenues net of other operating costs	-19	-16	-3	-6	-1	-1	-23	-23
<b>OPERATING RESULT</b>	<b>87</b>	<b>147</b>	<b>71</b>	<b>72</b>	<b>-2</b>	<b>-2</b>	<b>156</b>	<b>217</b>
Realised and valuation income	-2	-7	3	-1	0	-4	1	-12
Interests on subordinated debt	-12	-12	-3	-3	0	0	-15	-15
Non-operating net income from investments in subsidiaries, associated companies and joint ventures	2	-8	1	-5	0	0	3	-13
Other revenues net of other non-operating costs	-7	-12	-17	-70	0	-1	-24	-83
<b>PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR</b>	<b>68</b>	<b>108</b>	<b>55</b>	<b>-7</b>	<b>-2</b>	<b>-7</b>	<b>121</b>	<b>94</b>
Taxation	-26	-46	-19	-21	0	1	-45	-66
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>42</b>	<b>62</b>	<b>36</b>	<b>-28</b>	<b>-2</b>	<b>-6</b>	<b>76</b>	<b>28</b>
of which pertaining to the Group	40	61	23	-45	-2	-6	61	10
of which pertaining to minority interests	2	1	13	17	0	0	15	18
<b>ADJUSTED RESULT</b>	<b>41</b>	<b>62</b>	<b>30</b>	<b>24</b>	<b>-2</b>	<b>-6</b>	<b>69</b>	<b>80</b>

# Consolidated Shareholders' Equity

Results at June 30<sup>th</sup>, 2020

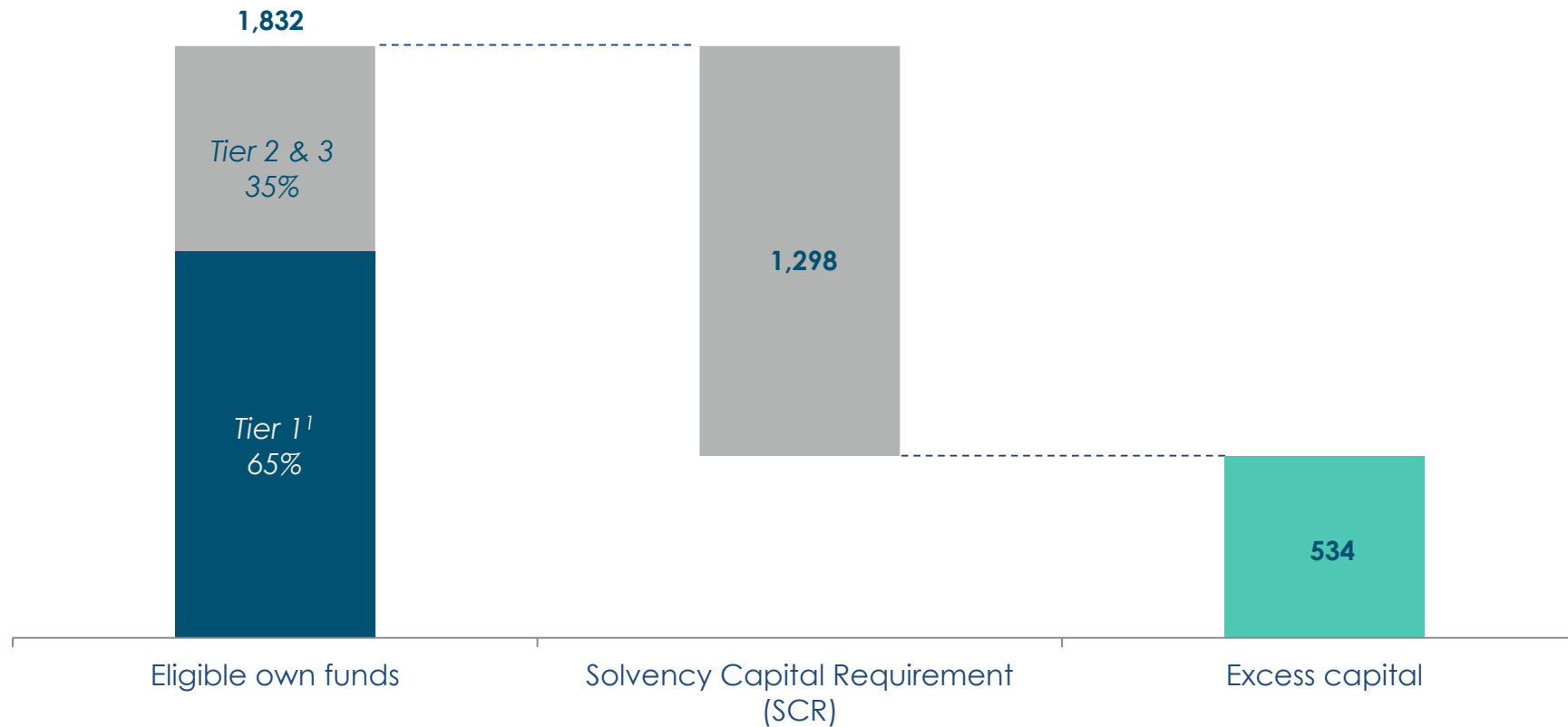


(1) It includes the changes in shadow accounting (net of tax and shadow accounting) and other profit and loss directly included in the income statement.

# Group's Solvency II ratio

Results at June 30<sup>th</sup>, 2020

**Solvency II Ratio 141%**

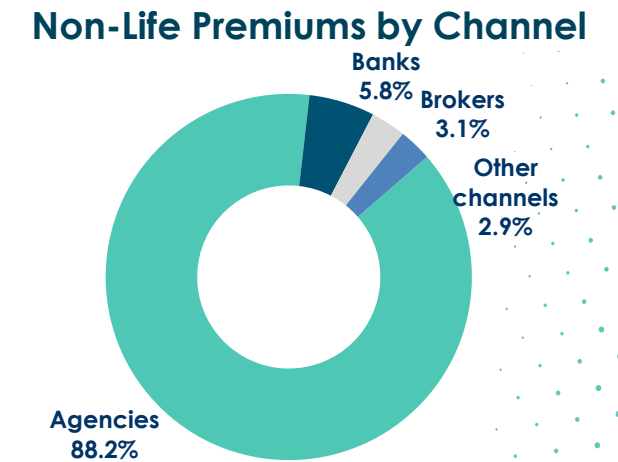
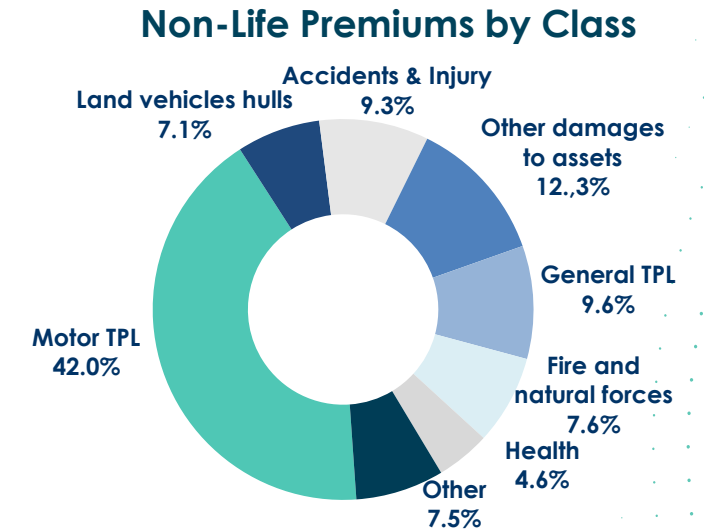
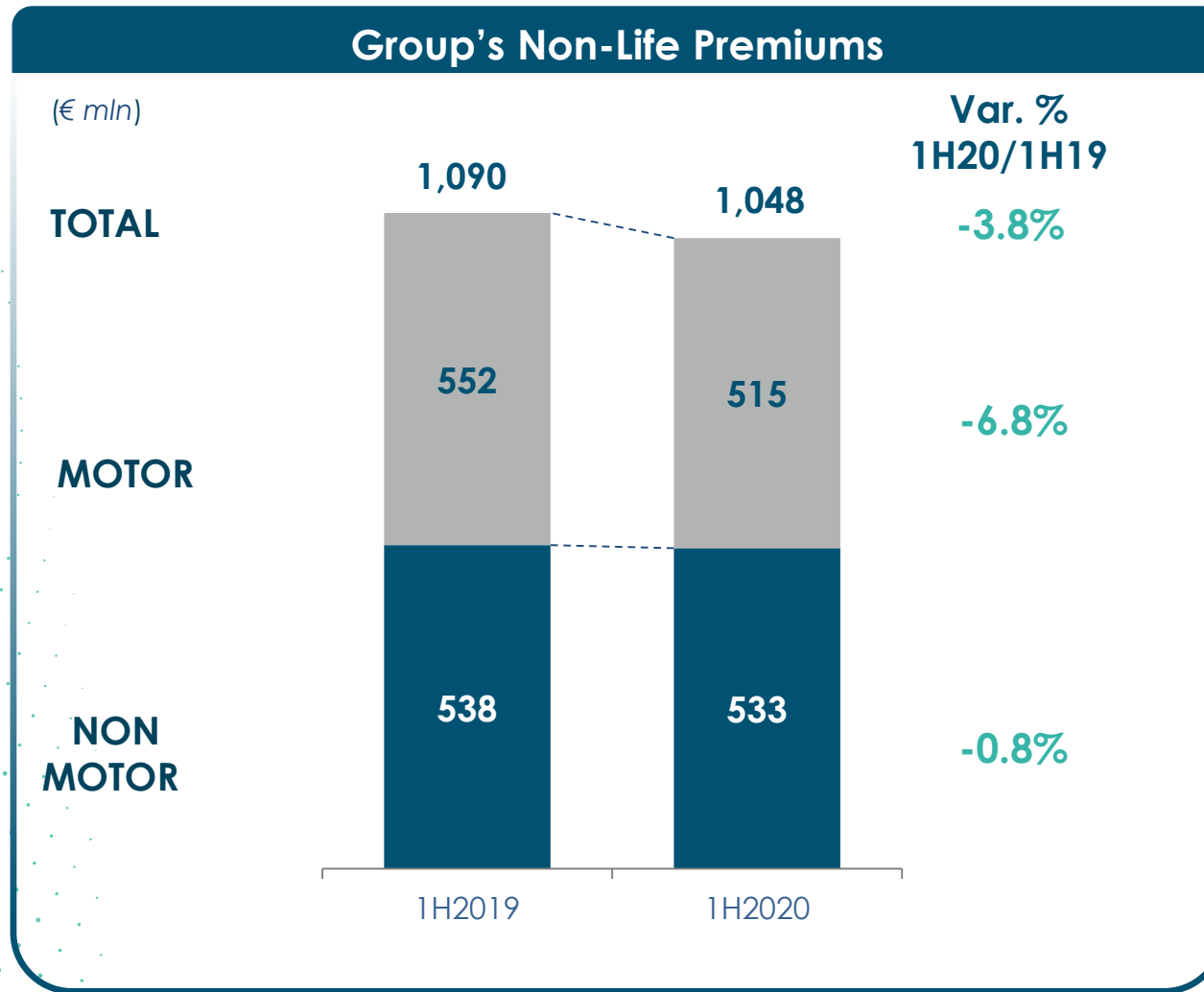


# Contents

- The Cattolica Group and the 2020 Covid-19 Crisis
- Results at June 30<sup>th</sup>, 2020
- **Non-Life Business Performance**
- Life Business Performance
- Investments

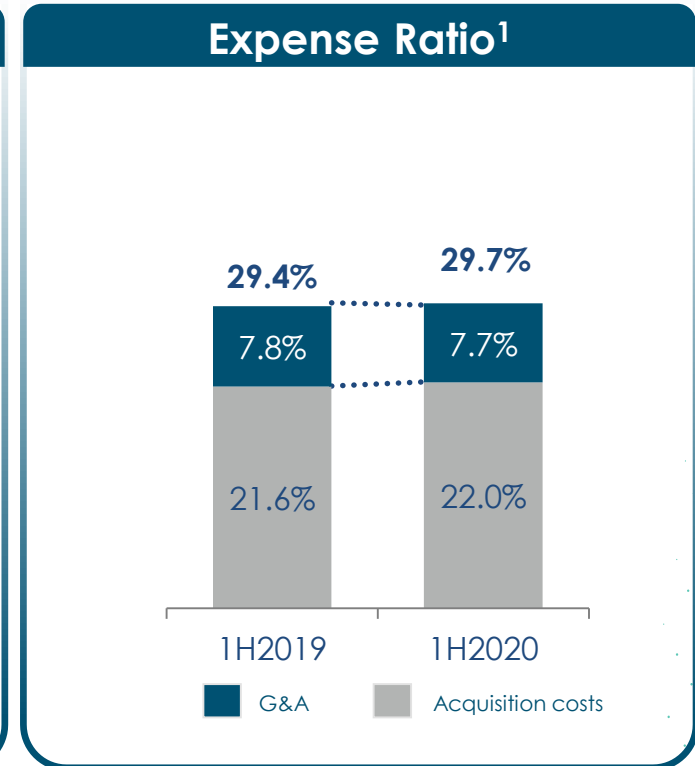
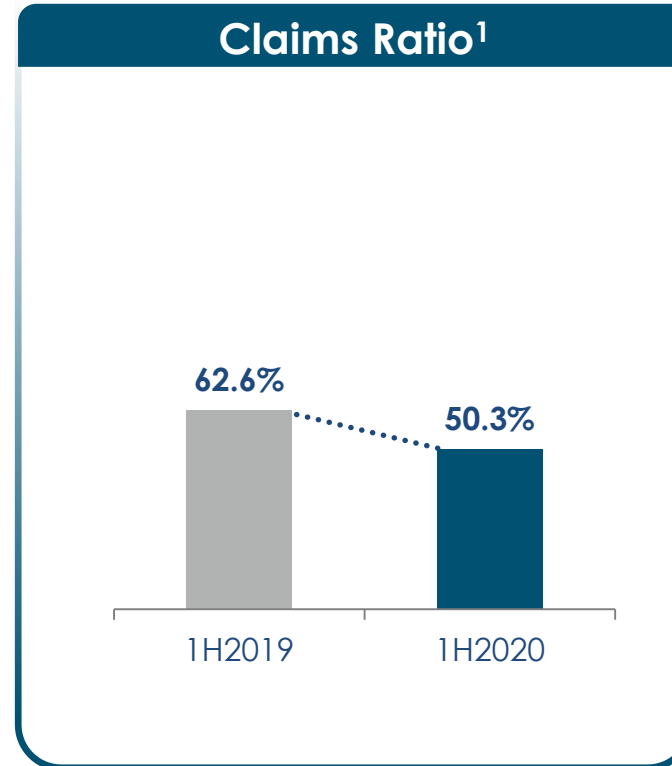
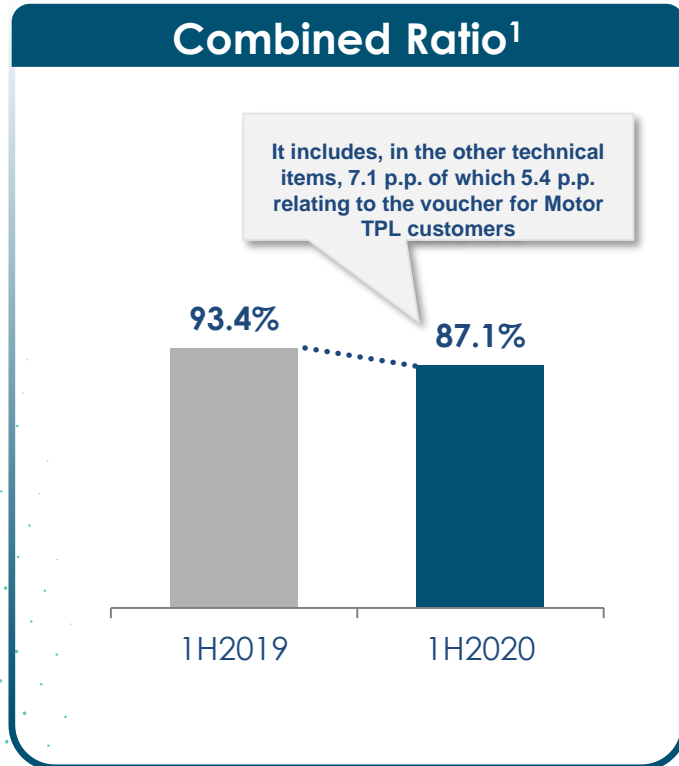
# Non-Life Premiums

## Non-Life Business Performance



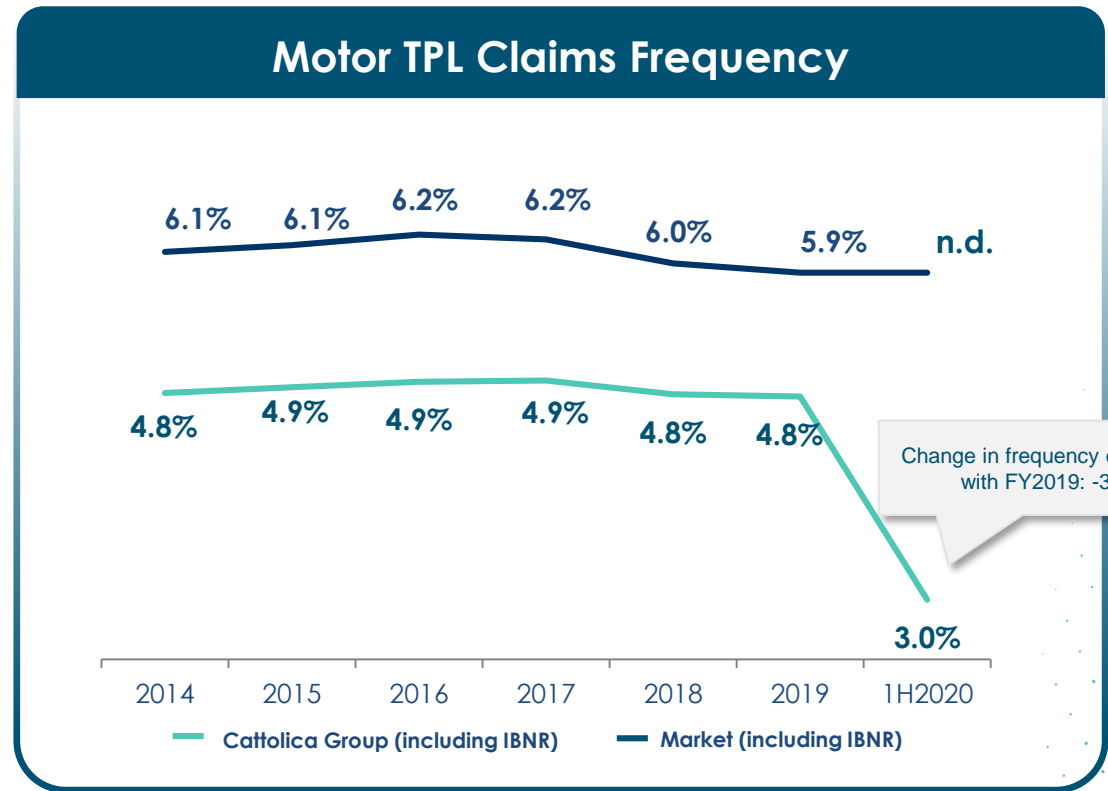
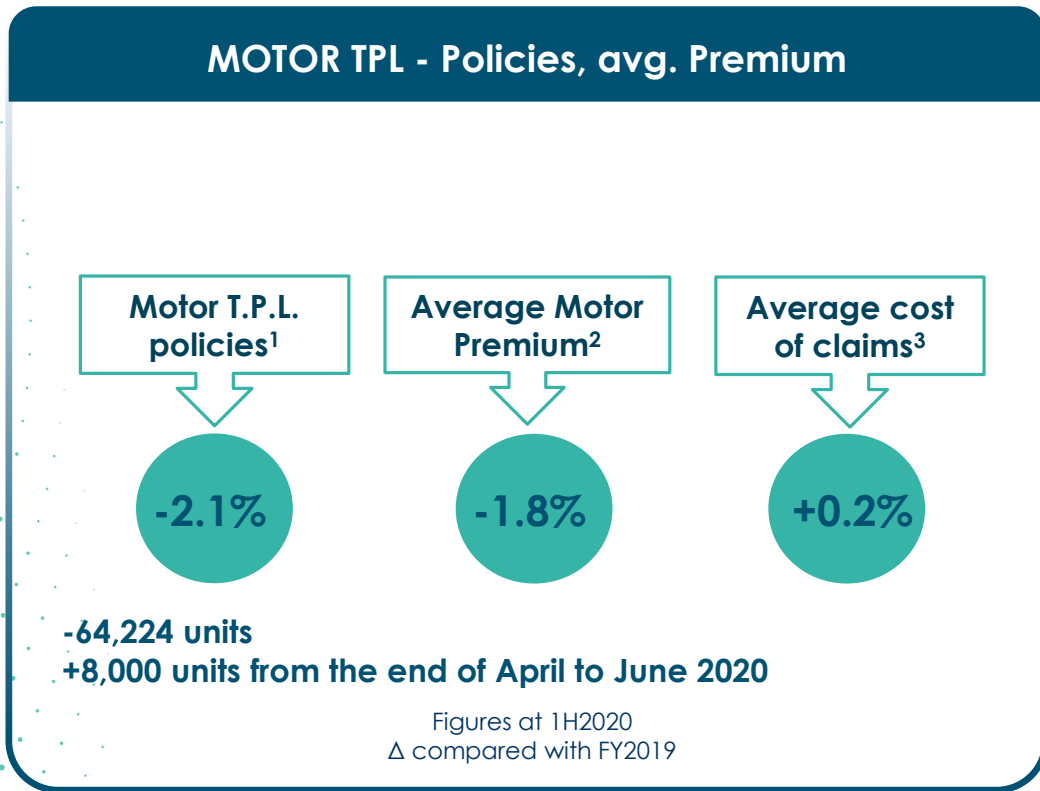
# Technical Ratios

## Non-Life Business Performance



# Technical Ratios

## Non-Life Business Performance



(1) Motor T.P.L. policies including fleets.  
(2) Average Premium excluding fleets.  
(3) Change compared with 1H2019.



# Contents

- The Cattolica Group and the 2020 Covid-19 Crisis
- Results at June 30<sup>th</sup>, 2020
- Non-Life Business Performance
- **Life Business Performance**
- Investments

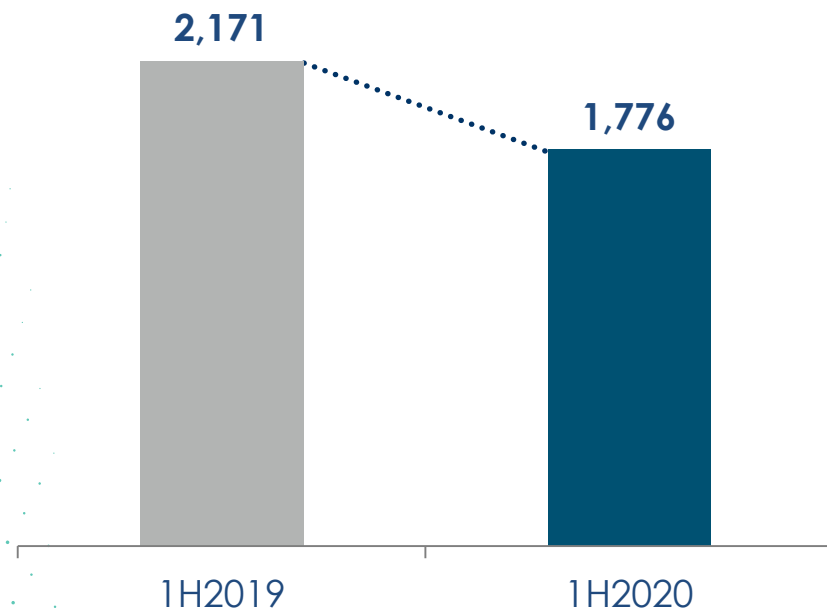
# Life Premiums

## Life Business Performance

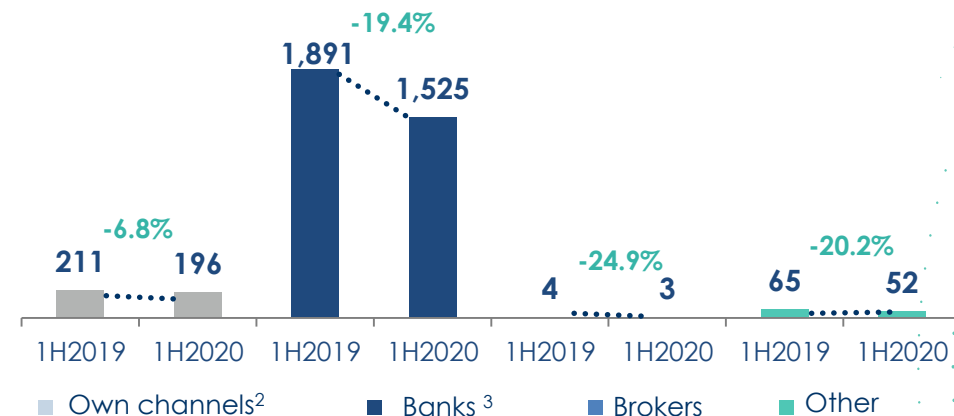
### Life Premiums

(€ mln)

Var. %  
1H20/1H19  
**-18.2%**



### Life Premiums by Channel



### Life Premiums by Class

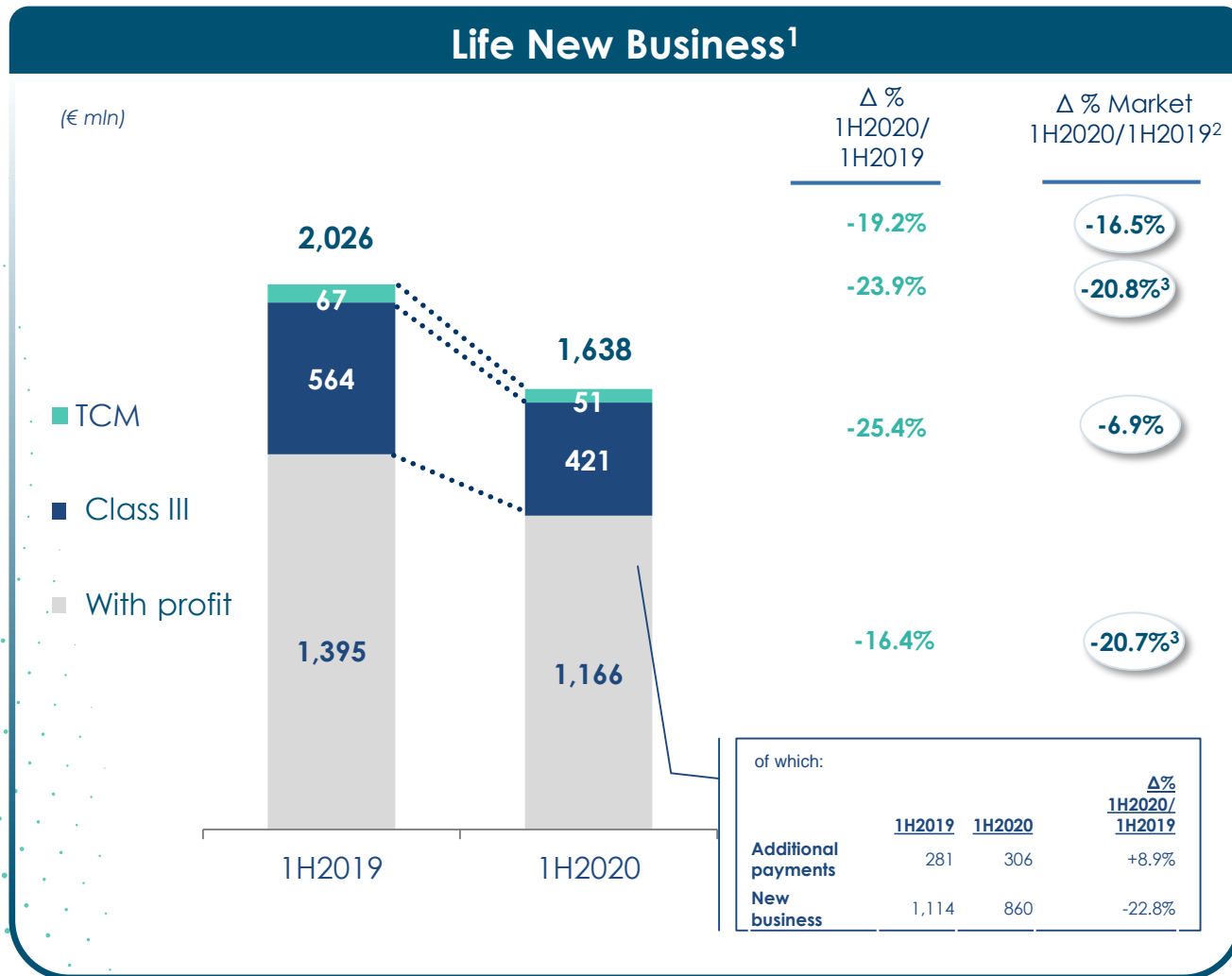
	1H2019		1H2020		Δ%
	€ mln	%	€ mln	%	
Traditional products <sup>1</sup>	1,549	71.3%	1,303	73.4%	-15.9%
Linked products	578	26.6%	441	24.8%	-23.7%
Pension funds	44	2.1%	32	1.8%	-26.8%
<b>Total</b>	<b>2,171</b>		<b>1,776</b>		<b>-18.2%</b>



- (1) Classes I, IV and V.
- (2) Agents and sub-agents.
- (3) It includes Financial Advisors.

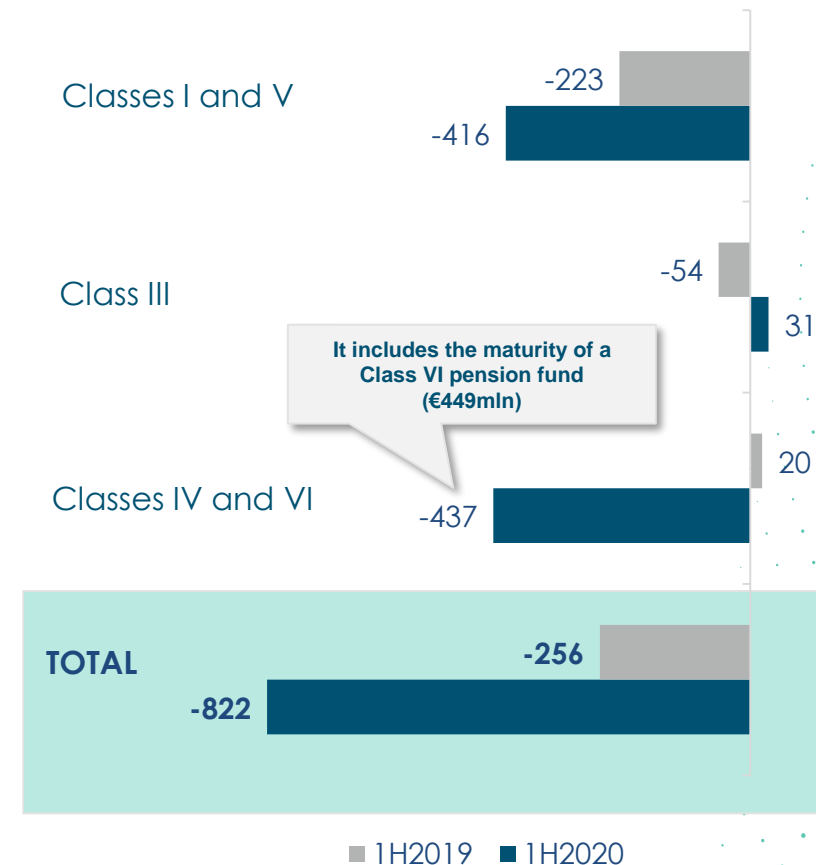
# Life New Business and Life Net Inflows

## Life Business Performance



### Life Net Inflows by Class

(€ mln)



(1) With profit - Classes I and V.

(2) Source: ANIA monthly statistic on Life new business Anno XVI\_June 2020.

(3) Changes calculated on the basis of ANIA monthly statistic on Life new business Anno XV\_n°06\_Luglio 2020.

# Contents

- The Cattolica Group and the 2020 Covid-19 Crisis
- Results at June 30<sup>th</sup>, 2020
- Non-Life Business Performance
- Life Business Performance
- Investments

# Investment Result and Group Asset Allocation

## Investments

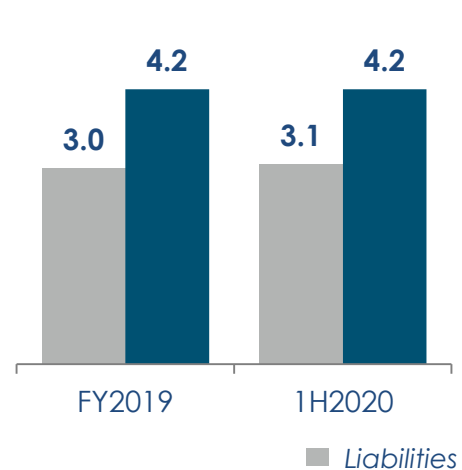
### Group Asset allocation



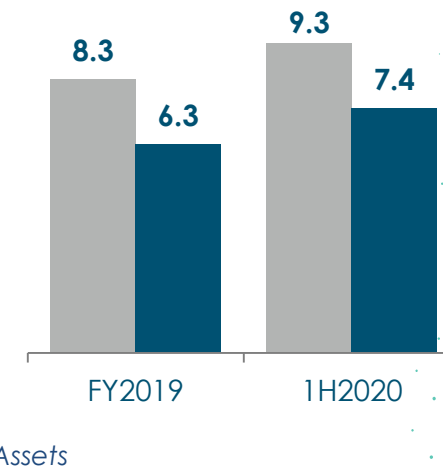
### Investment Result and yield

€ mln	1H2019				1H2020			
	NON LIFE		LIFE		NON LIFE		LIFE	
	mln	yield	mln	yield	mln	yield	mln	yield
Ordinary investment income	50	2.9%	228	2.1%	44	2.6%	221	2.0%
Net realised and unrealised gains/losses	-2	-0.1%	12	0.1%	-7	-0.4%	27	0.3%
<b>TOTAL</b>	<b>48</b>	<b>2.8%</b>	<b>240</b>	<b>2.2%</b>	<b>37</b>	<b>2.2%</b>	<b>248</b>	<b>2.3%</b>

### Non life duration



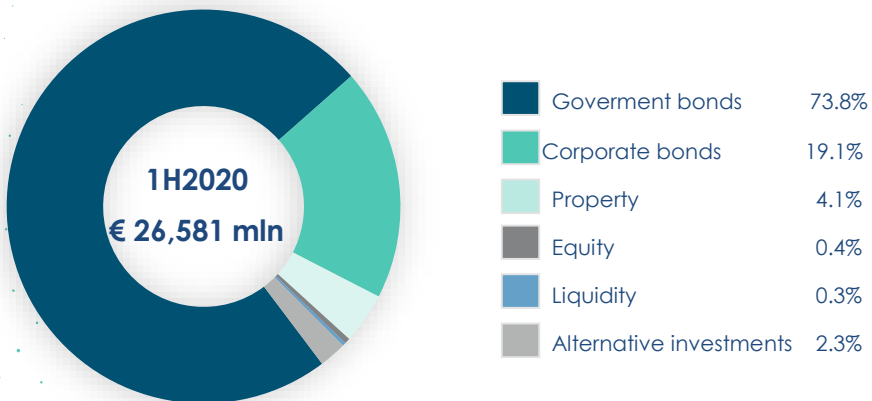
### Life Duration



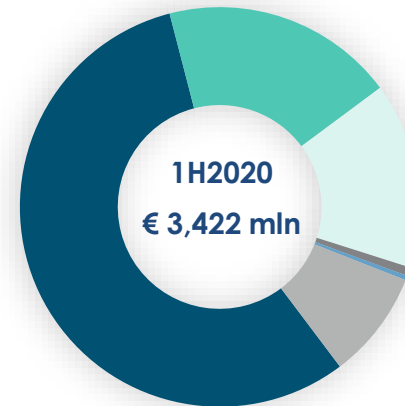
# Group Asset allocation

## Investments

### Group Asset allocation<sup>1</sup>



### Non life Asset allocation

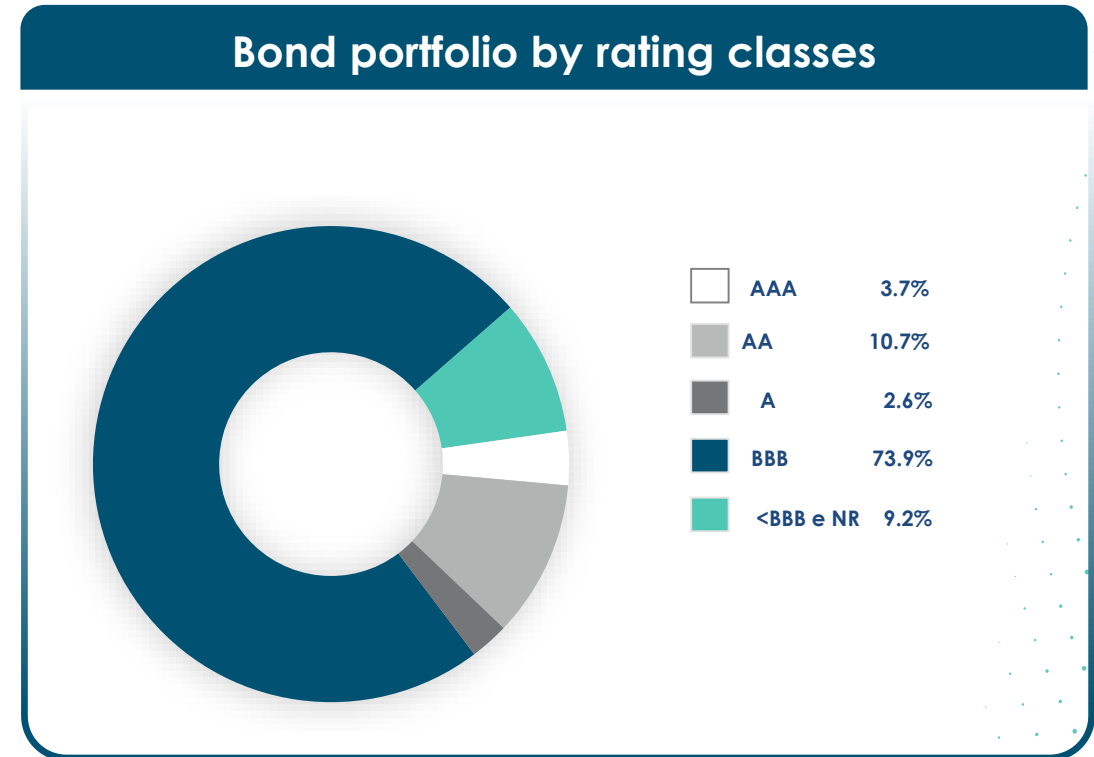
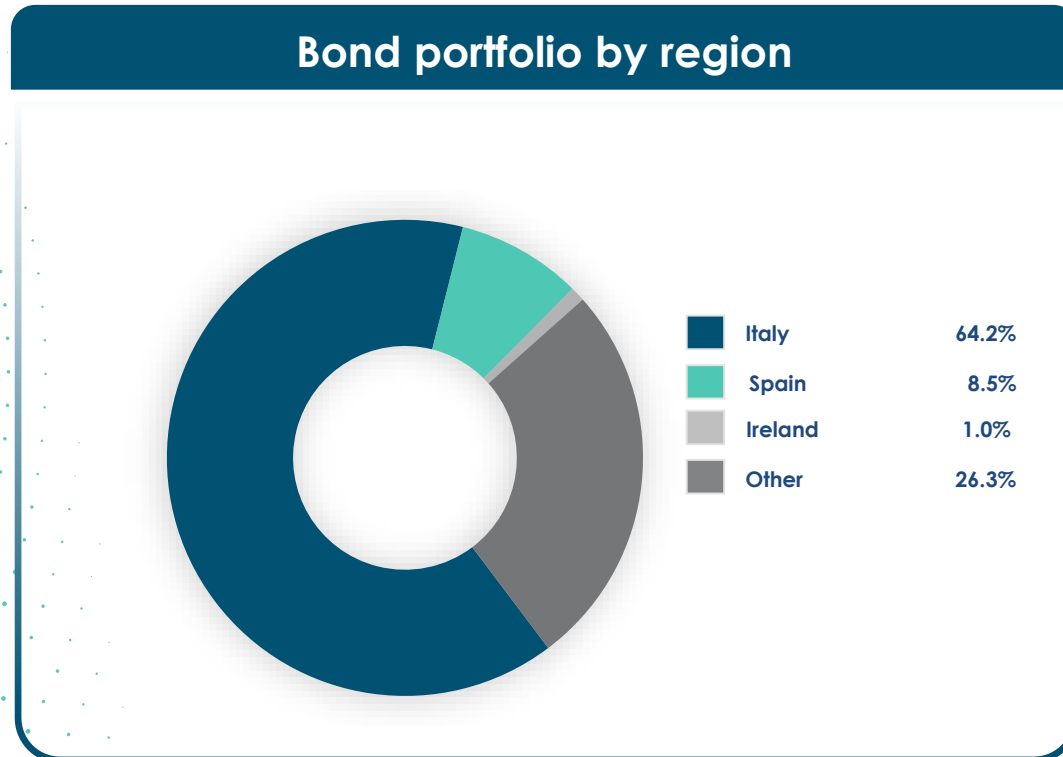


### Life Asset allocation



# Group's bond portfolio by region and rating classes

Investments

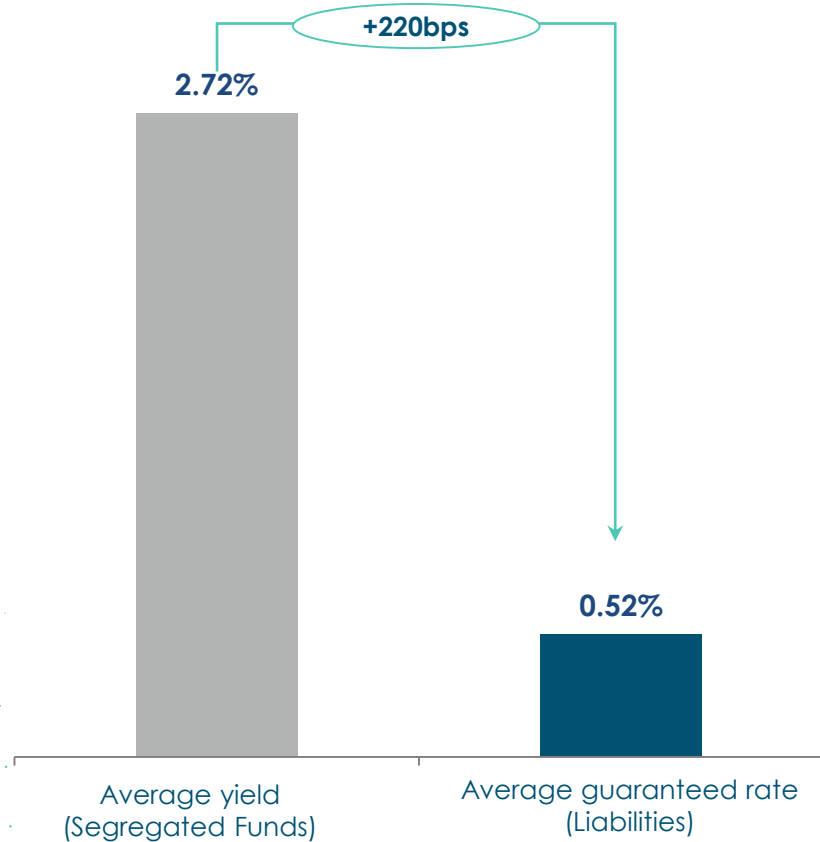


➤ Italian government bonds' exposure as at 30 June 2020 has reached 52.3%

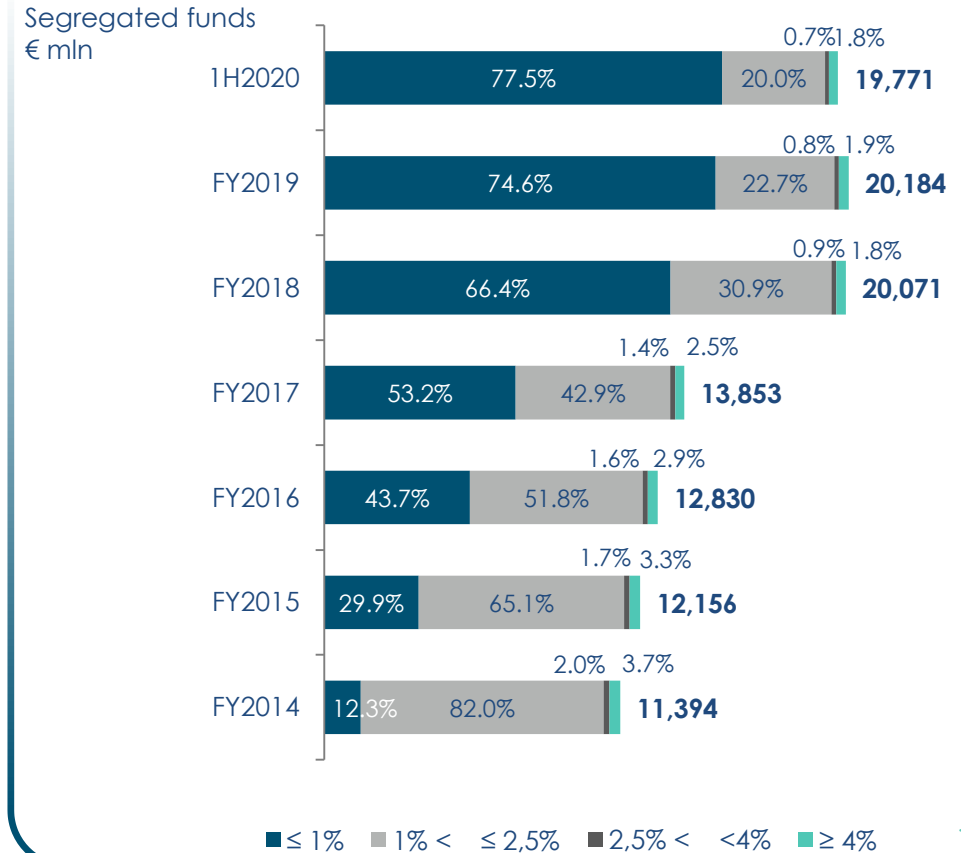
# Financial performance and Minimum Guaranteed

## Investments

### Yield and Minimum Guaranteed – 1H2020

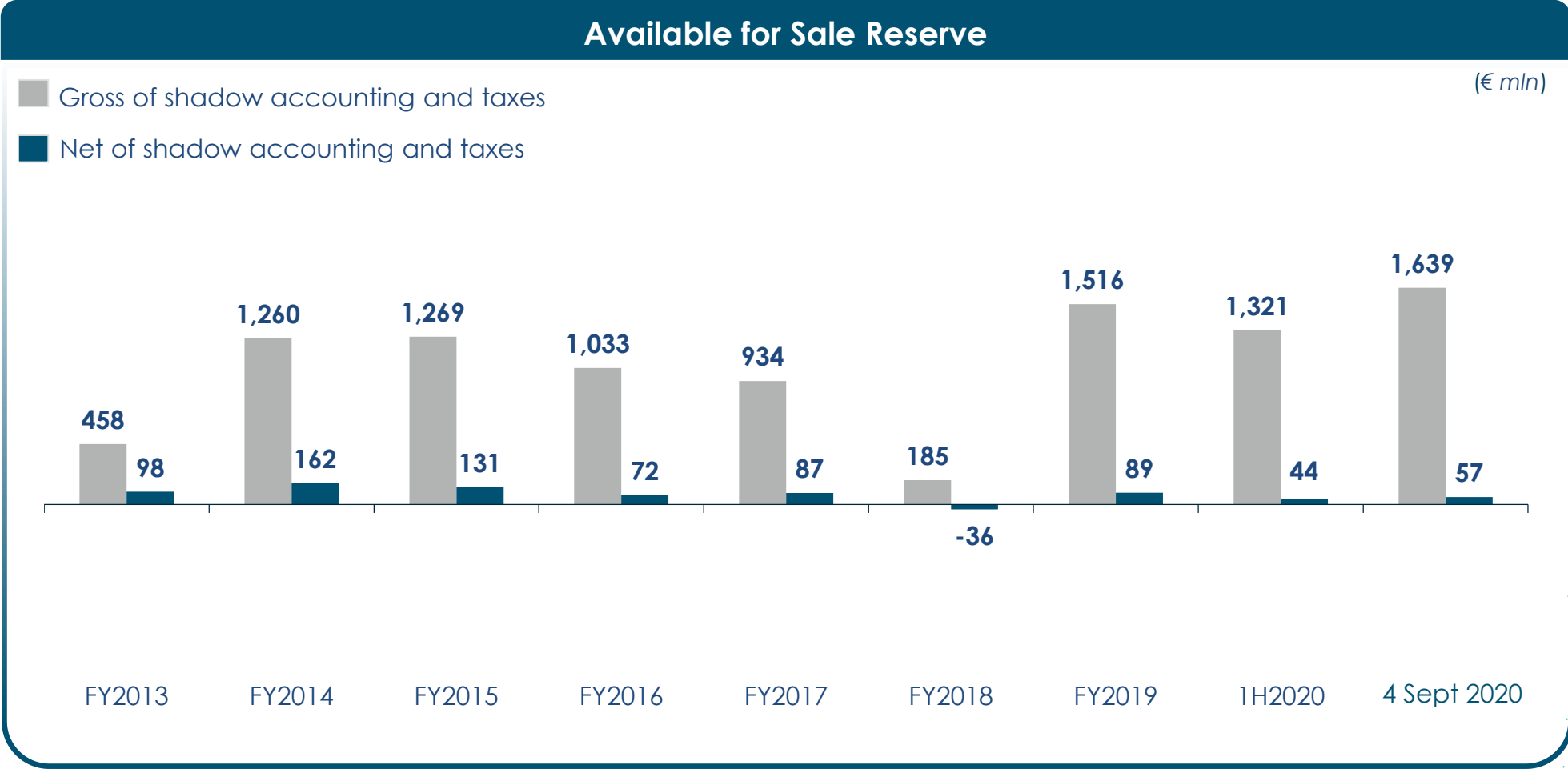


### Technical reserves breakdown by minimum guaranteed





# Trend of the Available for Sale Reserve Investments



# Outstanding financial debt

## Investments

**LEVERAGE RATIO\***  
(IAS/IFRS)

23.3%

**LEVERAGE RATIO\***  
(Solvency II)

31.0%

**INTEREST COVERAGE\***

14.4x

\* See formulas on page 30

	Subscribed	Rating	Coupon	Nominal issuance (€ mln)	Outstanding (€ mln)	Issue date	Maturity	Callable	Tier
Subordinated Issuance	Private placement	n.r.	6-month Euribor+200 basis points	80	80	30/09/2010	Indeterm.	30/09/2020	Tier 1 Restricted
Subordinated Issuance	Institutional Investors	BB	7.25% <sup>1</sup>	100	100	17/12/2013	17/12/2043	17/12/2023	Tier 2
Subordinated Issuance	Institutional Investors	BB	4.25% <sup>2</sup>	500	500	14/12/2017	14/12/2047	14/12/2027	Tier 2

# APPENDIX

# Notes

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

# Ratios and Formulas (1/2)

Claims ratio  $\rightarrow$  *Net claims costs / Net premiums (retained business)*

Expense ratio (non life)  $\rightarrow$  *Operating expenses / Net premiums (retained business)*

Combined ratio  $\rightarrow$  *(1-(Technical result / Net premiums )) (retained business)*

Non-life operating result  $\rightarrow$  *It is defined as the sum of the technical balance, net of reinsurance, with ordinary financial revenues and other non-technical net items (depreciations, write-down of insurance credits, etc.); The operating profit does not include financial realised and unrealised gains/losses and impairments, impairments on other assets, interests paid on financial debts (subordinated debts), the amortization of the value of business acquired (VOBA), the voluntary redundancy incentives and staff severance indemnity as well as other one-off items.*

Life operating result  $\rightarrow$  *It is defined in a similar way, with the only difference that the entire financial income contributing to the return of securities pertaining to the segregated funds is considered part of the operating profit.*

# Ratios and Formulas (2/2)

Leverage ratio (IAS/IFRS) ➤  $\frac{\text{Subordinated liabilities}}{\text{Subordinated liabilities} + \text{Consolidated shareholders' equity} - \text{Gains or losses on available for sale financial assets} - \text{Other gains or losses recognised directly in equity}}$

Leverage ratio (Solvency 2) ➤  $\frac{\text{Financial debt}}{\text{Excess of assets over liabilities} + \text{Financial debt}}$

Interest coverage ➤  $\frac{\text{Operating result}}{\text{interest expenses}}$

Operating Return On Equity ➤ *The operating ROE is the ratio between: 1) the operating profit less the cost of financial debt, income taxes, and minority interests; and 2) the average Group shareholders' equity of the year (excluding the valuation reserve on available for sale instruments); taxes are calculated consistently with the operating result assets and liabilities.*

Utile Adjusted ➤ *It is defined as the Group's net result minus the amortisation of the VOBA (value of business acquired, net of the related tax effects and for the portion pertaining to the Group) and of the impairment of goodwill, which have relevance on the Group's net result but do not affect the Solvency position.*

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