GRUPPO
CATTOLICA
ASSICURAZIONI

2020

CONSOLIDATED INTERIM REPORT

AS AT JUNE 30TH, 2020

E-MARKET SDIR CERTIFIED

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.

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

2020

GRUPPO CATTOLICA ASSICURAZIONI

CONSOLIDATED INTERIM REPORT

AS AT JUNE 30TH, 2020

APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 10TH, 2020

CONTENTS

GROUP HIGHLIGHTS

Total premiums written
2,835 € mln (-13.3%)

Operating result
217 € mln (+38.6%)

Consolidated profit
28 € mln (-62.5%)

Operating ROE
11.5% (+2.9 pp)

Solvency II Ratio
141%

NON-LIFE SEGMENT

Gross premiums written - direct non-life business
1,048 € mln (-3.8%)

Operating result
147 € mln (+67.8%)

Combined ratio of retained business
87.1% (-6.3 pp)

LIFE SEGMENT

Gross premiums written - direct life business
1,776 € mln (-18.2%)

Operating result
72 € mln (+1.6%)

OUR DISTRIBUTORS

Agencies
1,378

Branches
5,956

Financial advisors
724

Board of Directors

17

General Management

5

CORPORATE BODIES

CORPORATE BODIES

BOARD OF DIRECTORS

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

GENERAL MANAGEMENT

Joint General Manager	Valter Trevisani
Deputy General Managers	Nazzareno Cerni Samuele Marconcini Atanasio Pantarrotas

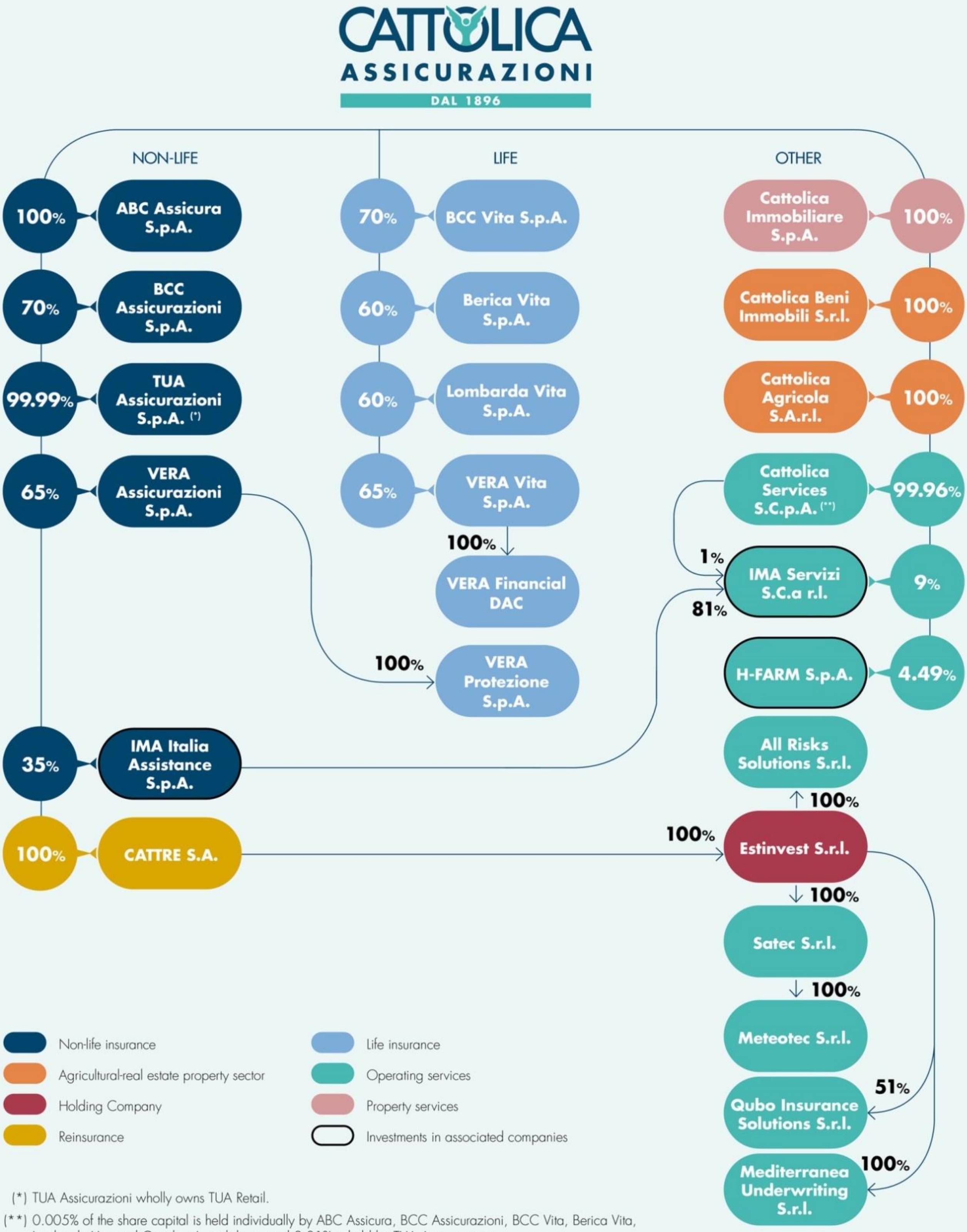
(*) The Directors whose names are marked with an asterisk are members of the Management Control Committee

12 Life/Non-life insurance companies

10 Non-insurance companies

GROUP STRUCTURE

GROUP STRUCTURE



(*) TUA Assicurazioni wholly owns TUA Retail.

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

As at June 30th, 2020

Market share 2019

4.5%
life

6.3%
non-life

REFERENCE SCENARIO

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REFERENCE SCENARIO

MACROECONOMIC SCENARIO

The economic situation in the first half of 2020 has undergone a sharp reversal compared to the optimism recorded last year, due to the rapid spread of the Covid-19 virus, which has impacted, with a varied intensity, all areas of the planet, creating a cross-cutting blockage of social and economic activities and completely disrupting the international scenario. The intervention of the Central Banks was decisive in mitigating the repercussions of the lockdown, while the fiscal measures had different effects due to the intensity and, above all, the timeliness with which they were adopted in various countries.

The optimism that, overall, had marked the initial phase of the year, triggered by a more serene climate in the relationship between China and the United States and in trade negotiations, quickly faded during the month of February, in parallel with the growing news about the spread of Covid-19. The immediate shock that first hit the Chinese economy and then spread rapidly throughout the global production chain, ultimately afflicted the end demand of most of the economic areas worldwide. Analysts expect world GDP to contract by 3.7% in 2020.

The U.S. government and the Federal Reserve have intervened with major fiscal and monetary manoeuvres to prevent the lockdown-driven collapse of the economy. For the second quarter, analysts estimate that GDP in the USA contracted by 10.4% compared to the second quarter of 2019, after +0.3% in the first quarter, interrupting an expansion that had been ongoing since the 2008 crisis. Unemployment, which before the pandemic was below 4% at its lowest level in 50 years, rose to 14.7% in April and then fell to 11.1% in June. In addition to the normal unemployment benefits, claims for which peaked at almost 7 million at the start of the lockdown, the government promptly added a programme of extraordinary income support benefits. In this context, the Federal Reserve has set the key rate at zero as well as implementing exceptional liquidity measures for the market, doubling its budget.

Similar to what happened in the United States, there was a real collapse of all current and forecast indicators in Europe, with a rebound at the end of the half-year higher than expected. The confidence index for services, the sector most vulnerable to the economic freeze, after sinking to 12 in April, rebounded to 48.3 in June, remaining below the threshold indicating an expansion well below the levels of the beginning of the year. The manufacturing index fell more modestly and the rebound in June brought it back to pre-pandemic levels. While the European Central Bank has provided a determined response to market volatility and widening spreads, increasing its assets by 1,500 billion between March and June, the reaction of the European institutions in terms of fiscal stimulus appears more cumbersome. In terms of the large-scale plan to increase the EU budget, called "Next Generation EU", aimed not only at countering the economic damage of the pandemic, but at sustaining growth in the medium to long term, there is still no convergence between the different countries of the Union. The lockdown, undertaken by the US, led to a drop in GDP of 3.1% already in the first quarter. For the second quarter the decline is estimated at 14.7%. The unemployment rate, which remained stable in the first quarter, rose by about 2 points to 9% in the second quarter.

Italy has suffered a serious impact from Covid-19, from a humanitarian rather than an economic point of view. Infections and mortality rates have been particularly high in our country and have led the government to lockdown earlier and more rigidly than in most other EU countries. GDP contracted by 5.3% in the first quarter and the second is anticipated to fall further by 13.8%, with an overall figure for 2020 expected to be around -10%. A number of tax measures have been issued to support SMEs and self-employed workers directly involved in closures. The unemployment rate even dropped to 8.8% in the first quarter, together with a drop in the employment rate due to a sharp increase in inactive people. For the coming quarters, analysts expect unemployment to stabilise at around 12%. Consumption fell by 3.9% in the first quarter, while the second quarter saw a fall of over 15%.

In other Asian countries, including Japan, the first wave of infection at the end of February was followed by another at the end of March. The government implemented a partial lockdown in major cities but this did not prevent a collapse in consumption and a drop in GDP of around -9% in the second quarter. Japanese growth was also affected by the contraction in global trade, with exports more than halved in the second quarter. China has succeeded in quickly restoring most sectors of the economy, through a strict policy of restricting activities and movement of people, accompanied by fiscal and monetary support. At the end of the half-year, many confidence indicators even bounced back above pre-pandemic levels. Growth in the second quarter should already recover almost all the -9.8% lost in the first quarter and 2020, although far from the levels of previous years, should nevertheless end with a positive indicator.

Bond markets

In the first half of 2020, the spread of the virus, the lockdown and the uncertainty of the socio-economic repercussions led central banks to support the markets by injecting liquidity into the system. The ECB's efforts to secure purchases on the government and corporate bond markets were therefore confirmed and expanded. In particular, the Pandemic emergency purchase programme (PEPP) was set up to provide liquidity to the market. Starting in March with € 750 billion, it was expanded in June with a further € 600 billion and includes all the asset classes covered by the ECB's asset purchase programme. Similarly, the Fed acted by guaranteeing purchases of around € 700 billion, also admitting the corporate asset class for the first time. In addition, it cut reference rates from 1.75% in February to 0.25% in March. The other major central banks have also implemented similar manoeuvres to support financial conditions.

These measures provided stability to the market, which was experiencing a period of high volatility. Spreads in Italy, Spain and Portugal had started to pick up and the drive to the core saw the rates in the Central European sector fall further. The return on German issues over ten years' maturity approached -0.80% and Italian government bonds offered return on the market of over 2.4%. The measures of the central banks and the common intention of the member states of the European Union to work together in terms of fiscal policies, reassured the markets and provided stability to prices. There was therefore a strong performance in the Italian and Iberian sector: Italy in particular saw a marked reduction in performance, ending the half-year in the 1.26% area.

The German ten-year period, on the other hand, was characterised by sales that raised returns to -0.45% at the end of June. The dynamics of the spread is therefore clear: after a sudden and marked growth in the spring months, it retracted to 170 bps.

In general, the level of rates remains low and the post-Covid-19 economic situation does not seem to leave room for structural increases. The dynamics of growth are in fact compressed and the real economy is in a phase of uncertainty.

Stock markets

The start of the year for global stock markets saw the positive trend that had characterised the previous year continue. The relaxing of the US-China tariff tensions, together with a more accommodating central bank attitude, had helped to support stock market prices until the end of February.

The scenario was completely disrupted when the pandemic began to strike outside China, first in Europe and then in the rest of the world. Within a context of extreme volatility, the indices suffered severe losses, reaching lows around mid-March. In less than a month, capitalisation of stock on the market declined about 30%.

The lockdown has had a negative impact on the transport, travel and leisure sectors and, secondly, on sectors most closely linked to the economic cycle, such as energy, finance, cars and construction. Sectors related to health, personal consumption, both food and non-food, and technology were better protected.

From mid-March, the various fiscal and monetary support measures introduced triggered the recovery of the financial markets. While fiscal stimuli have differed in speed and intensity between countries, for example, benefiting the US over the European Union, the commitment of central banks, albeit across varying timeframes, has been extremely strong everywhere.

As a result, despite the heavy downward revision of 2020 profit estimates by 20%, stock markets, supported by abundant liquidity, have recovered much of their pre-Covid-19 levels and, in some cases, have even adjusted the historical highs. The mismatch between stock price developments and corporate fundamentals caused multiple price/earnings to expand by 20% compared to the already historically expensive levels prior to the pandemic. The rebound only stopped at the beginning of June and, in the last two weeks of the half-year, stock markets generally contracted.

New fears loom in the second half of the year, such as the medium-term sustainability of such costly assessments and the difficulties facing the US and Latin America in emerging from the pandemic phase together with fears of a possible second wave in the autumn.

In more detail, in the first half of 2020, the following performance before dividends was recorded among European stock exchanges: the FTSE MIB -16.2%, the German DAX -7.1%, the French CAC40 -16.3% and the Spanish IBEX -23.4%.

In the United States the indexes recorded a clearly better performance: the S&P 500 closed the half-year at -2.8%, the Dow Jones at -8.2% and the Nasdaq, after reaching new highs, at +13.1%. Japan recorded a performance of -4.7% while the MSCI emerging countries index closed at -10%, with Shanghai at +3.1% and Hong Kong at -12.3%.

Foreign exchange markets

At the beginning of the year, the euro/dollar exchange rate continued to move along the downward path that

began in mid-2018, in a context of low volatility, reaching a low of 1.08 in mid-February.
During the month of March, exchange rate volatility suddenly increased due to the different timeframes and intensity with which the Fed and ECB intervened to support liquidity. The Fed has moved ahead of the ECB, announcing an extraordinary cut in interest rates and an increase in bonds purchasing. As a result, the dollar initially weakened to 1.15 against the euro. When the ECB was equally determined to support the system's liquidity and control spreads, the exchange rate sharply reversed and the euro reached 3-year lows, below 1.07. Following various fluctuations, the exchange rate stabilised at the end of the six-month period in the 1.12 area.
Against the yen, the dollar also experienced a similar movement, characterised in March by a sudden volatility, which, after seeing the exchange rate move by 10 points, returned as quickly as it had started. As at June 30th, the dollar/yen exchange rate was 107, not far from the 109 recorded at the end of 2019.

Real estate market

In light of the Covid-19 emergency, the outlook for the real estate market has changed radically compared to last year's trend and at the same time it is unable 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. General expectations seem to be moving towards lower prices for several asset classes such as retail and hotel, without excluding important repercussions in the corporate office sector.

However, the trend in the first half of 2020, from the first numbers that are taken from the market, shows a certain "resilience" of the real estate sector. The volume of non-residential investments was around € 3.9 billion of which € 2 billion in the second quarter.

The current interest of investors focuses more on "core" products than on "value-added" products and has shown a contraction in foreign investment, which fell from 75% to 45% of the total.

Also in this first part of 2020, the most appreciated asset class remains that of offices with invested volumes of about € 1.8 billion, slightly higher than in the same period of 2019, although there is some doubt about the continuation of this trend due to the growth in the use of the smart-working method and the changes that this could bring in the search for office space.

The main market is still that of Milan, which absorbed about 70% of total investments with € 1.3 billion invested value.

The retail sector as well as logistics closed the half year with volumes of € 920 million and € 270 million respectively, substantially in line with those of the same period of 2019 thanks, however, to portfolio transactions in the first quarter. The hotel sector, which has been hit by the tourism blockade, has also made several important moves to demonstrate its confidence in the sector's recovery, at least in the medium term.

INSURANCE INDUSTRY

The situation in relation to insurance in Italy[1] at the beginning of 2020 was that of a still growing sector, with ample scope for development in the non-motor non-life products sector, a business characterised by a considerable amount of investment and a solid capital position.
In this context, the crisis caused by the spread of Coronavirus has taken over, an event capable of creating the fastest and deepest recession in the Western world in modern history and, therefore, of significantly changing the economic, financial and social scenario in which insurance companies must operate.
Since March, the effects of the Covid-19 pandemic have been violently affecting the economic performance of all countries.
According to the forecasts of the International Monetary Fund (IMF), the GDP of the advanced countries could decrease in 2020 by more than 6%, as a result of a very strong fall in the first half of the year, followed by a recovery in the second half; for 2021 there would be a marked recovery, equal to 4.5%, but it would not return to the value before the spread of the virus. The forecasts of the Monetary Fund are even more negative for the euro area and, in particular, for Italy, where the government also estimates a fall in GDP of 8% and an increase in the ratio of public debt and GDP to over 150%.

From the point of view of the insurance business, a sensitive issue, with important new aspects, concerns liquidity management. The exceptional volatility of the financial markets has direct effects resulting, on the one hand, from the higher margins required for transactions in the derivatives markets and, on the other hand, from the possible increase in redemptions for life linked products when part of the assets invested are illiquid.

[1] Source ANIA - "Le Assicurazioni italiane e le sfide del nuovo decennio. Gli impatti della Pandemia Covid-19." (Italian Insurance and the challenges for the new decade. Impacts of the Covid-19 pandemic.)

However, it is the indirect effects that are most worrying. These include, first and foremost, a sharp decline in new business. For example, according to the most recent estimates, in March 2020 the new production of individual life insurance policies decreased by 45.6% compared to the same month in 2019; significant decreases are also expected in non-life business premiums. In the face of the decline in business volume, insurance companies are called upon, despite the undoubted operational difficulties caused by the emergency, to meet their commitments on schedule and to offer support and liquidity to agents and customers.
At the moment, the Italian insurance industry has shown itself to be fully capable of dealing with these critical issues, but the possibility that an increase in life insurance policy redemptions may occur in a scenario of intensifying global recession should not be overlooked. For these reasons, realistic and comprehensive liquidity planning is necessary for companies, with particular attention to aspects such as exposure to derivatives markets, liquidity of portfolio assets (including those supporting linked products), cash flow management, life insurance maturity analysis, loans and policy redemption activities.

In a longer term perspective, the pandemic may also radically change the challenges facing the insurance industry: a primary example is the fact that the widespread use of digital connectivity has affected millions of Italian workers, students and citizens. More generally, investments in the so-called "InsurTech" sector continue to be very significant and the number of partnerships between traditional operators and InsurTech companies is growing very significantly. Crucial and decisive issues remain those relating to big data, artificial intelligence, data analytics. In using structured and unstructured data sources, insurers become capable of assessing new risks, entering new markets, and making management processes more efficient. Furthermore, technological innovation allows for a new model of customer management to be used, where, starting from a relevant area of need, the opportunity to manage all the customer's needs is determined.

A second example concerns the provision of more protection to older people in a context of "lower for longer" interest rates. The low, if not negative, interest rates call into question established business models, essentially based on the stable and guaranteed value of insurance savings, and make it necessary to adapt the offer, both by reshaping guarantees and in terms of new product options.
First and foremost, the interest of policyholders in guarantee structures that adapt over time to macroeconomic conditions, while maintaining the distinctive character of traditional insurance products, must be verified.
In terms of product innovation, both full life insurance and annuity products could be integrated with long-term care and/or medical expense coverage. Any payments for insurance services will, of course, reduce the redemption value of the policy and the benefit in the event of death. These products could serve to meet a demand for health insurance and serious illness that is likely to grow as a result of the pandemic. From the point of view of making healthcare more accessible, the opportunities offered by technological developments are particularly important, as a rapid increase in tele-assistance services could increase the interest of the uninsured.
Finally, a third scenario concerns the development of products covering the risk of epidemics. The experience of Covid-19 shows that some events, such as compensation for business disruption resulting from a pandemic, are almost "uninsurable", given the extreme difficulty of exploiting the basic principle of risk diversification.
Nevertheless, driven by the enormity of the events, the global insurance industry is beginning to question what kind of coverage it can offer, the optimal geographical size of the risk pool and how to engage the financial markets through the issue of pandemic bonds.
The general belief is that coverage against pandemics is certainly impossible without a partnership with the public sector. The challenge is to see whether lessons can be learned from the already operational schemes for natural disaster management.

On the basis of the market figures for gross premiums written as at March 31st, 2020, of Italian companies and non-EU representative agencies, (Ania Trends, No. 6, August 2020) total life and non-life business premiums were down 2.8%, non-life business was down 1% and life business up 3.3%. Non-life business fell 4.5% in the motor classes and rose 2.5% in the non-motor classes.

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SECTOR REGULATIONS

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

IVASS letters to the market

New method for transmitting information to IVASS via the INFOSTAT infrastructure

IVASS has published the following Letters to the market regarding the new survey transmission method:

- IVASS Letter to the market on January 16th, 2020, No. 0011573/20: the letter was entitled "New protocol for the exchange of information - quarterly statistical survey of premiums", extended the new method of transmission to IVASS via the INFOSTAT infrastructure, already in use for Solvency II reporting, to the following surveys: quarterly premium statistics, balance sheet advances, land motor vehicles TPL technical data, individual and consolidated annual financial statements and interim individual and consolidated financial statements, foreign premiums, covering assets.
  The first survey covered the quarterly premium statistics (PTRIM), with data for the fourth quarter of 2019, due on February 15th, 2020;
- IVASS letter to the market No. 0075168/20 dated March 20th, 2020 on "balance sheet advances" (TANBI), "land motor vehicles TPL technical data" (DTRCA) and "quarterly premium statistics for the first quarter of 2020";
- IVASS letter to the market No. 0106638/20 dated May 18th, 2020, concerning the "annual individual balance sheet" (BILIN) and "annual consolidated balance sheet" (BILCO) reports;
- IVASS letter to the market No. 0126312/20 dated June 17th, 2020 on "foreign premiums" (PREST).

IVASS letter to the market No. 0042991/20 dated February 7th, 2020

The letter entitled "Self-assessment of the risks of money laundering and terrorism financing for companies and branches operating in the life business" requires companies operating in Italy in the life business to communicate to IVASS a structured set of information in relation to 2019 and to update and communicate their own self-assessment of the risks of money laundering and terrorism financing to which they are exposed, only if the risk profile has significantly changed from the one in relation to 2018.

IVASS letter to the market No. 0052505/20 dated February 19th, 2020

The letter concerning the "New Register of Companies and Insurance Groups (*Registro delle Imprese e Gruppi Assicurativi* - RIGA) computerised procedure for the management of personal data - operational parallel phase" reports that the new RIGA computerised procedure for the management of personal data has been implemented, in order to introduce the operating methods for the collection of information from supervised subjects, in accordance with the indications contained in the regulations in force.

IVASS notice of March 30th, 2020

In order to enable insurance market operators to cope with the inconvenience caused by government measures to contain Covid-19, and in line with the initiatives taken by EIOPA and the European and national authorities that oversee the banking and financial sectors, the Bank has granted extensions to certain requirements for insurance companies and insurance intermediaries, including the extension of the deadlines for compliance with Solvency II reporting, in particular:

- 8 weeks for the Regular Supervisory Report (RSR) and the Solvency and Financial Condition Report (SFCR) at individual and group level, except for Balance-sheets, LTG, Own funds and SCR calculations for which an extension of 2 weeks has been provided;
- 8 weeks for the Annual quantitative reporting template, at individual level, except for the Content of the Submission, Basic Information, Balance-sheets, Cash-Flow projections for life business, LTG, Own funds and SCR calculation templates, for which an extension of 2 weeks is allowed;
- 8 weeks for the Annual quantitative reporting template, at group level, except for the Content of the Submission, Basic Information, Balance-sheets, LTG, Own funds, SCR calculation and Undertakings templates in the scope of the group, for which an extension of 2 weeks has been provided;
- 1 week for Q1-2020 Quantitative Reporting Templates and Quarterly Financial Stability reporting, at individual and group level, except for the Derivatives Transactions template for which an extension of 4 weeks has been provided;

- extension until June 30th, 2020, for the individual ORSA report and until July 15th, 2020, for the group report.

IVASS recommendations of March 30th and July 30th, 2020
Given the high volatility of the international and European financial markets, caused by the spread of Covid-19 health emergency, and considering the related effects on the Italian economy, which have made the future evolution of the risk factors to which insurance companies are exposed prospectively uncertain, IVASS has sent a letter to insurance and reinsurance companies based in Italy asking them to adopt, at individual and group level, extreme prudence in the distribution of dividends and in the payment of the variable component of remuneration to company representatives.
With a recommendation dated July 30th, 2020, it renewed the instructions regarding the distribution of dividends and remuneration policies, asking companies, at least until January 1st, 2021, not to distribute dividends or make an irrevocable commitment to distribute dividends, not to repurchase ordinary shares and not to pay the variable component of remuneration to company representatives.

Other legislative innovations

Corporate Governance Code of January 31st, 2020
The Corporate Governance Committee has published the new Corporate Governance Code (the "Code"), which replaces the current Code of Conduct and introduces significant changes in corporate governance and will be applicable from the first financial year following December 31st, 2020. Companies intending to adopt it must inform the market in the Corporate Governance Report to be published in 2022.

Italian Decree Law No. 18 of March 17th, 2020 (so-called "Cura Italia" Decree)
The decree, containing measures to strengthen the national health service and economic support for households, workers and businesses affected by Covid-19 (so-called "Cura Italia" Decree) has been converted into Italian Law No. 27 of April 24th, 2020, published in the Italian Official Gazette No. 110 of April 29th, 2020, and entered into force on April 30th, 2020.

Article 103(1) states that "For the purposes of calculating the authorising or peremptory, preparatory, endoprocedural, final and enforceable deadlines relating to the conduct of administrative proceedings on application by a party or on its own initiative, pending on February 23rd, 2020 or commenced after that date, the period between the same date and April 15th, 2020 shall not be taken into account. Public administrations shall take all appropriate organisational measures to ensure the reasonable duration and speedy conclusion of proceedings, with priority for those to be considered urgent, also on the basis of reasoned requests from the parties concerned. The deadlines for the formation of the conclusive intention of the administration in the forms of significant silence provided for by the system shall be extended or postponed for the corresponding time". This provision also applies to administrative procedures or stages of administrative proceedings within the IVASS's jurisdiction, the deadlines for which are therefore suspended *ex lege* from February 23rd to April 15th, 2020.

Article 106 introduces the following measures:

- as an exception to the provisions of Articles 2364(2) of the Italian Civil Code and 2478-*bis* of the Italian Civil Code and the various provisions of the Articles of Association, the Ordinary Shareholders' Meeting for the approval of the financial statements shall be convened within 180 days of the end of the financial year (2019), thus extending the ordinary term of 120 days provided for by the Italian Civil Code (Article 2364) and independently of the provision of a specific clause in the Articles of Association allowing the 180-day deadline to be used in the case of companies that prepare consolidated financial statements or when special requirements relating to the structure or activity of the company so require, to be reported by the directors in the Management Report attached to the financial statements;
- public limited companies, limited partnerships, limited liability companies, cooperatives and mutual insurance companies may provide, even by way of derogation from the various provisions of the articles of association, for the expression of votes by electronic or physic means and for participation in general meetings by means of telecommunications; companies may also provide that the shareholders' meeting is to be held, even exclusively, by means of telecommunications guaranteeing the identification of participants, their participation and the exercise of voting rights, pursuant to and for the purposes of Articles 2370(4), 2479-*bis*(4) and 2538(6) of the Italian Civil Code without in any case the need for the Chairman, Secretary or Notary Public to be in the same place, where applicable;
- companies with listed shares, for ordinary or extraordinary shareholders' meetings, may appoint a representative, as provided for in Article 135-*undecies* of Italian Legislative Decree No. 58 of February 24th, 1998 ("Consolidated Law on Finance") and provide in the notice of call that attendance at the shareholders' meeting shall take place exclusively

through the aforementioned representative, to whom proxies or sub-delegations may be granted (paragraph 4).

Article 125 provides for, in paragraph 2, the extension of the guarantee of the land motor vehicles TPL policy for a further 15 days after the expiry of the policy itself and until the new policy takes effect. This provision is valid for all contracts expiring between March 17th and July 31st, 2020, after which the period will revert to 15 days.

Article 125 provides for, in paragraph 3, an extension of a further 60 days with respect to the terms provided for in Article 148 of the Insurance Code for the insurance company that must make a reasonable and justified offer for compensation following a road accident, but only in the event that the formulation of the offer requires the intervention of an expert or the medical examiner to assess the damage to property or persons.

<u>ESMA Public Statement of May 20th, 2020</u>
The communication deals with the implications of Covid-19 on the interim reports of listed issuers. The objective is to provide stakeholders with adequate and consistent information about the situation in relation to the pandemic. Companies are required to pay attention to the quality of disclosure, updating the information included in the latest financial statements, especially with regard to uncertainties, going concern, impairment of non-financial assets and other risks related to Covid-19 and their impact on the income statement. Specific disclosure is also required on the expected future impact on financial performance and mitigation measures taken to address the effects of the pandemic.
The Public Statement provides recommendations on particular areas of focus and highlights the importance of:

- providing relevant and reliable information, possibly taking advantage of the postponements granted at national level, but without further delaying publication;
- updating the information included in the latest annual financial statements in order to adequately inform stakeholders about Covid-19 impacts, with particular reference to "significant uncertainties and risks, going concern, impairment of non-financial assets and presentation in the statement of profit or loss";
- providing specific information on the past and expected impact of Covid-19 in terms of strategic direction, objectives, operations, performance of issuers, and any mitigation taken to address the effects of the pandemic.

This Statement shall also be applied in other interim reports, if IAS 34 is applied.

TAX MEASURES

The main innovations which characterised the first half are described as follows.

<u>No. 124 of October 26th, 2019 (so-called *Collegato Fiscale* (Tax issues))</u> (Italian Official Gazette No. 252 of October 26th, 2019)
The decree containing "urgent provisions on tax matters and for unavoidable needs" has been converted into Italian Law No. 157 of December 19th, 2019, published in the Italian Official Gazette No. 301 of December 24th, 2019, in force since December 25th, 2019.
Among the key changes of interest to the Group are the measures to combat the illegal supply of labour. In particular, Article 4 introduces —at the expense of the purchasers of works or services for a total annual amount of more than € 200 thousand through tender contracts, subcontracts, entrusting to consortium members or negotiation relationships, however denominated, characterised by the prevalent use of labour at the customer offices with the use of capital goods owned by the customer or traceable to it in any form— the obligation to request a copy of the payment proxies relating to the payment of withholding taxes withheld by the contractor and subcontractors to workers directly employed in the execution of the work or service. The payment of withholding tax is made by the contractor with separate proxies for each customer, without the possibility of offsetting, to be sent to the customer within five working days after the payment is due, in order to allow the customer to acknowledge the total amount paid.

<u>Italian Law No. 160 of December 27th, 2019 (Stability Law for 2020)</u>
Below are the main changes 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 (MUNICIPAL PROPERTY TAX)**
  As from 2020, the IUC (Single Municipality Tax) is abolished with the exception of the TARI (tax on waste) provisions and the IMU framework is redefined.

– **TAX CREDIT FOR INVESTMENT IN CAPITAL GOODS**
  Article 1, paragraphs 184-197 introduced a tax credit that replaced the previous super and hyper-amortisation regulations. The extent of the relief varies according to the type of assets subject to investment. The credit is equal to 6% of the cost incurred, up to a maximum eligible cost limit of € 2 million, for investments in new operating tangible assets destined for production facilities located in the territory of the State, in the period between January 1st and December 31st, 2020 or until June 30th, 2021 provided that, by December 31st, 2020, the order is accepted by the seller and at least 20% in down payments have been made. For investments relating to goods included in Annex A to Italian Law No. 232 of December 11th, 2016, the credit is equal to 40% and 20% of the cost (respectively for investments up to € 2.5 million and between € 2.5 and € 10 million). For investments in goods included in Annex B of the aforementioned law, the tax credit is due to the extent of 15% of the cost within the maximum limit of eligible costs of € 700 thousand.

– **TAX CREDIT FOR RESEARCH AND DEVELOPMENT AND INNOVATION**
  Article 1(198-209) introduced a tax credit, for the tax period following the period in progress as at December 31st, 2019, for investments in research and development, ecological transactions, technological innovation 4.0 and other innovative activities, which replaces the tax credit for research and development referred to in Article 3 of Italian Decree Law No. 145 of December 23rd, 2013.
  The extent of the credit varies according to the type of investment eligible for support: 12% up to a maximum of € 3 million for research and development activities, 6% for technological innovation activities (10% in the case of ecological transition target or digital innovation 4.0) up to a maximum of € 1.5 million, 6% up to a maximum of € 1.5 million for design and aesthetic design activities.

<u>Italian Decree Law No. 18 of March 17th, 2020 (so-called "Cura Italia" Decree)</u>
The measures contained in the decree that have an impact on the Group's tax position are listed below:

– **GENERAL EXTENSION OF TAX OBLIGATIONS**
  Article 62 has provided for the general extension to June 30th, 2020 of the obligations, other than those payments and withholding at the source and withholding taxes relating to the regional and municipal surtax, whose deadlines expire between March 8th, and May 31st, 2020, with the exception of electronic transmission to the tax registry of data relating to deductible charges for the preparation of the pre-completed declaration, for which the deadline remained March 31st, 2020.
  The extension concerned the submission of the VAT return, the submission of the annual report of premiums collected on policies for tax purposes, the transmission of the records relating to the sums reimbursed to injured parties in respect of insurance contracts of any class and the sums due to the parties whose benefits have been assessed for quantifying the compensation in the claim settlement procedure.

– **TAX INCENTIVES FOR DONATIONS IN CASH AND IN KIND TO SUPPORT MEASURES TO COMBAT THE EPIDEMIOLOGICAL EMERGENCY**
  Article 66 has provided for tax incentives in favour of taxpayers who make donations, in cash or in kind in 2020, in favour of certain persons indicated by the law, to support measures to combat the Covid-19 epidemiological emergency.
  In particular, cash donations made by the parties earning business income are fully deductible for IRES purposes, while for disbursements in kind, assets transferred free of charge are not considered to be intended for purposes outside the company's operations and therefore do not contribute to the creation of revenues and capital gains. The aforementioned payments are also deductible for IRAP purposes.
  The deductibility for IRES purposes is without prejudice even if the company has a tax loss (Italian Revenue Agency Circular No. 8/E of April 3rd, 2020).

– **SUSPENSION OF DEADLINES RELATING TO THE ACTIVITIES OF THE OFFICES AND THE DEADLINES FOR PAYMENT OF THE CHARGES ENTRUSTED TO THE COLLECTION AGENT**
  Article 67 provided for the extension of the deadlines expiring between March 8th and May 31st, 2020, with regard to the liquidation, control, assessment, collection and litigation activities of the tax authorities. The original wording also provided for the extension by two years of the limitation and forfeiture deadlines for the verification activity expiring on December 31st, 2020. When it was converted into law, the article in question was amended and the two-year extension of the deadline in question was removed.
  Article 68 provides for the suspension of the payment deadlines, expiring between March 8th and May 31st, 2020, deriving from the payment notices issued by the

collection agents, which must be carried out by the end of June in a single instalment.

- **AMENDMENTS TO THE RULES GOVERNING THE TAX CREDIT FOR ADVERTISING INVESTMENTS**
  Article 98 has made significant changes to the rules governing the tax credit on investments in advertising campaigns pursuant to Article 57-bis of Italian Law Decree No. 50 of April 24th, 2017: the tax credit due is calculated at 30% of the entire value of the advertising investments made in 2020, by way of derogation from the ordinary measure provided for in the regime, which is based on the incremental figure for investments. The tax credit due remains usable within the limit of the resources allocated by the government and the ceiling set by the European regulations on state aid.

<u>Italian Decree Law No. 34 of May 19th, 2020 (so-called *Decreto Rilancio*, in English "Relaunch Decree")</u>
Italian Decree Law No. 34 of May 19th, 2020 on "urgent measures concerning health, support for work and the economy, and social policies related to the Covid-19 epidemiological emergency" has been converted into Italian Law No. 77 of July 17th, 2020, published in the Italian Official Gazette No. 180 of July 18th, 2020, in force since July 19th, 2020.

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

- **EXCLUSION OF THE PAYMENT OF THE 2019 IRAP BALANCE AND THE FIRST 2020 IRAP ADVANCE PAYMENT**
  Pursuant to Article 24, the payment of the IRAP balance relating to 2019 is not due (without prejudice to the advance payment due for the same tax period), either is the first instalment of the advance payment relating to the tax period following the one in progress as at December 31st, 2019. The amount of this last payment is in any case excluded from the calculation of the tax to be paid in full for the same tax period.
  The provision is applicable to all persons with a volume of revenue or remuneration not exceeding € 250 million in the tax period prior to the date of entry into force of the decree, with the exception of insurance companies and persons referred to in Article 162-*bis* of the TUIR (*Testo unico delle imposte sui redditi* - Consolidated Law on income taxes), such as financial intermediaries, financial holding companies, non-financial holding companies and similar.

- **INCENTIVES FOR ENERGY EFFICIENCY, PHOTOVOLTAICS AND ELECTRIC VEHICLE RECHARGING STATIONS AND THE SALE OF TAX CREDITS DERIVING FROM TAX CONCESSIONS**

  Article 119 provides for the increase to 110% of the deduction rate for expenses incurred from July 1st, 2020, to December 31st, 2021, for specific interventions in the field of energy efficiency, installation of photovoltaic systems and installation of charging stations for electric vehicles. Article 121 allows taxpayers who incur expenses for energy requalification and recovery of the building assets from July 1st, 2020 to December 31st, 2021 to opt for, instead of taking advantage of the benefit through a deduction to be made in their tax return: i) a contribution as a discount on the fee up to a maximum amount equal to the fee due, advanced by the supplier who carried out the interventions and recovered by the latter in the form of a tax credit; b) the conversion of the corresponding amount into a tax credit. In both cases, the credit may be subsequently transferred to other parties, including credit institutions and other financial intermediaries.

- **EARTHQUAKE BONUS**
  Article 119 states that the deduction for seismic actions on buildings located in earthquake zones 1, 2 and 3 applies to the extent of 110%. The party carrying out such transactions may assign the claim against the tax authorities, in addition to a bank or other financial intermediary, to an insurance undertaking. Moreover, if the beneficiary of the deduction takes out an insurance policy to cover the risks arising from catastrophic events, they are entitled to a 90% deduction from the premium payment.

- **NEW INDIVIDUAL SAVINGS PLANS**
  Article 136 introduces a new type of Individual Savings Plan (*Piani Individuali di Risparmio* - PIR), which can be implemented through insurance contracts, which in order to benefit from the premium tax regime must invest at least 70% of the total value in financial instruments, including those not traded on regulated markets or multilateral trading systems, issued or stipulated by companies other than those included in the FTSE MIB and FTSE Mid Cap indexes. The concentration limit is raised to 20% per individual issuer.
  The amount of payments for which the non-taxability of returns is recognised increased to € 150 thousand per year and € 1.5 million in total, respectively.

- **TAX CREDIT FOR SANITATION AND PURCHASE OF PROTECTIVE EQUIPMENT**
  Article 125 introduces a tax credit, which can be used as compensation without limit of amount, equal to 60% of the expenses incurred in 2020 for the sanitation of environments and tools used for the purchase of personal protective equipment and other devices to ensure the health of workers and users. The credit is up to a maximum of € 60 thousand for each beneficiary, with a total limit of € 200 million on a national basis. The implementation methods are contained in the Order of the Director of the Italian Revenue Agency Prot. No. 259854/2020 of July 10th, 2020

- **INCREASE IN THE ANNUAL LIMIT OF LOANS THAT CAN BE OFFSET USING THE F24 MODEL**
  Article 147 provides for the increase, for the year 2020 alone, from € 700 thousand to € 1 million in the maximum limit for "horizontal" offsetting of tax credits using the F24 model.

- **DEADLINE FOR SERVING OF TAX DOCUMENTS**
  Article 157 provides for the extension to December 31st, 2021 of the deadline for the serving of tax documents for which the assessment deadlines expire between March 9th and December 31st, 2020, provided that they are issued by December 31st, 2020.
- **FURTHER AMENDMENTS TO THE RULES GOVERNING THE TAX CREDIT FOR ADVERTISING INVESTMENTS**
  Article 186 has once again intervened on the rules governing the tax credit for advertising investments, raising the percentage for calculating the tax credit from 30% to 50% of the entire investment, within a nationally set total annual allocation of € 60 million.

INTERIM MANAGEMENT REPORT

Total premiums written

2,835 €MLN

INTERIM MANAGEMENT REPORT

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THE GROUP DURING THE FIRST SIX MONTHS OF 2020

The first half of the year was characterised by the effects of the health emergency, which occurred at the end of February with the spread of Coronavirus and to which the Cattolica Group promptly reacted. Safety and proximity have been the guidelines through which the Group has approached the Covid-19 emergency situation from the very beginning with great care paid to its employees, customers, agents and the entire community.

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.

Also as a result of this, on May 27th, Cattolica received a letter from IVASS regarding the performance of the solvency situation of the Cattolica Group. In particular, the Supervisory Body noted the need for capitalisation interventions through the full use of the proxy proposed to the Extraordinary Shareholders' Meeting called for June 26th/27th, 2020, equal to a capital increase of € 500 million to be carried out by the beginning of the autumn.
In this context, by the end of July, it was also requested that a Group plan be submitted to IVASS describing the actions taken with reference to the subsidiaries, particularly with regard to the monitoring of solvency and liquidity positions, as well as an analysis of the choice of Risk Appetite Framework limits and a number of additions and extensions to the analyses and measures of the so-called "Reinforced Emergency Plan".

On June 24th, Cattolica Assicurazioni e Assicurazioni Generali S.p.A. ("AG") signed an agreement ("Agreement"'), which provided for the establishment of a strategic partnership with industrial and commercial content aimed at:
(i) generating immediate direct opportunities and benefits for the two Groups in four strategic business areas: Asset management, Internet of Things, Health and Reinsurance Business, with ad hoc implementation agreements;
(ii) a project to strengthen Cattolica's capital, with the provision, as part of the share capital increase in exercise of the powers delegated to the Board of Directors submitted to the approval of the Extraordinary Shareholders' Meeting of June 26th/27th, 2020, of a tranche of share capital increase reserved for AG for € 300 million, which was resolved together with a further tranche to be offered as an option to all shareholders and which AG will have the right to subscribe pro-rata.
The commitment to subscribe the share capital increase tranche reserved for AG is subject to Cattolica's transformation into a public limited company, which was approved by the Extraordinary Shareholders' Meeting held on July 31st, 2020, and to the fulfilment of the conditions envisaged by the Framework Agreement with Generali.

On July 24th, the Company responded to the above mentioned letter of May 27th, by providing a response to IVASS to the various requests made by the Bank and, in particular, describing the initiatives put in place, aimed both at strengthening the capital position of the Group and the individual subsidiaries and at updating the Reinforced Emergency Plan.

IVASS, by a measure received on September 9th, approved the amendments to the Articles of Association approved by the Shareholders' Meeting on July 31st, 2020. IVASS has also approved the articles of association of the Public Limited Company, which will be effective April 1st, 2021. The consequent procedures have been initiated for the registration of the Articles of Association with the competent offices of the Verona Companies' Register. The resolution to transform the Company from a cooperative company into a public limited company was registered on September 9th, 2020, in the Verona Companies' Register.

The Cattolica Group closed the half-year with an improved operating income[2]: the low loss ratio during the period and the increase in technical profitability led to a result of € 217 million (+38.6%).
In the non-life business, the operating result is € 147 million (+67.8%), in the life business it amounts to € 72 million (+1.6%).

[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.

Consolidated profit amounted to € 28 million (-62.5%): adjusted profit[3] in the first half of 2020 was € 80 million, up 16% compared to the first half of 2019, despite various write-downs on investment property (€ -13 million), equity investments (€ -5 million) and AFS shares and funds (€ -7 million). Group net profit[4] amounted to € 10 million (€ 61 million as at June 30th, 2019), a decrease compared to the previous year (-83.1%) also due to the impairment of goodwill related to the acquisition of Vera Vita (€ -61 million net effect). Overall, these write-downs had an impact of approximately € 86 million on the Group's net profit.

Total premium collections for direct and indirect business - life and non-life - came to € 2,835 million (-13.3%).

Premiums written for direct non-life business amounted to € 1,048 million (-3.8%). The non-motor class contributed € 533 million to the result, with premiums in line with June 30th, 2019. The Motor class premiums amounted to € 515 million, down 6.8% mainly due to the drop in premiums written during the lockdown phase and the effect of initiatives in favour of policyholders, including the voucher[5]. The Land motor vehicles TPL policy portfolio, although down by around 64,000 transactions in the first half of the year, shows a moderate recovery from the end of the lockdown (+8,000 transactions from the end of April to June 2020).

The combined ratio fell from 93.4% to 87.1% (-6.3 percentage points) mainly thanks to the sharp drop in frequency due to lower vehicle traffic and despite the provision made to cover the voucher for Motor customers (corresponding to 5.4 percentage points, visible in the other technical items). The claims ratio of retained business is down to 50.3% (-12.3 percentage points), while the expense ratio is 29.7%, up 0.3 percentage points, due to the production mix that affects the commission ratio (+0.4 percentage points); the G&A expense ratio is in line with last year. It should be noted that the claims ratio not only includes the amount of Covid-19 claims reported (mainly related to business interruption and other sundry financial losses), but also includes estimates of potential IBNR claims related to the pandemic.

In the Life business, direct business premiums fell by 18.2% to € 1,776 million, due to the sharp decrease in the second quarter (-38.3%) due to the lockdown. Despite a decidedly unfavourable financial market environment, the decline in unit-linked production (-23.8%) is broadly in line with the general decline, maintaining a 24.8% ratio to total premiums written.

The new issues of Life policies subject to revaluation with minimum guaranteed rates of zero promoted a progressive further reduction of the average guaranteed minimum of the Group's stock of provisions, which reached 0.52% (0.58% FY2019), constantly declining as called for by the strategic lines of the Business Plan. In addition, all new traditional issues are characterised by low capital absorption due to their low risk profile.

The result of investments[6] amounted to € 226 million (-10.2%), down due to impairment losses and a general decline in interest rates.

The components of this result are discussed in the "Financial and asset management" section in the "Business performance for the period" chapter.

As at June 30th, investments - including properties classified in the item tangible assets and cash and cash equivalents - amounted to € 32,450 million (-2.9%). Gross technical provisions for non-life business amounted to € 3,591 million (-3.1%). Provisions for life business, inclusive of financial liabilities, amounted to € 26,874 million (-4%).

Consolidated net shareholders' equity amounted to € 2,322 million (-1.2%). Group shareholders' equity amounted to € 1,864 million (-1.6%).

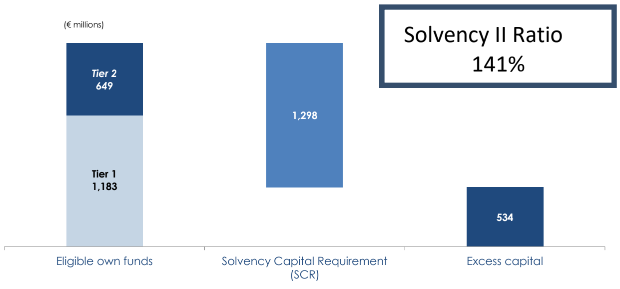
The Solvency II margin of the Group came to 141%. As already reported, estimates of this ratio were volatile during the second quarter due to the widening of the spread on Italian government securities; the reduction of the latter indicator has led to a partial recovery of the ratio that, however, remains at a lower level compared to December 31st, 2019 (175%), mainly due to the widening of the spread on Italian government bonds (+24 bps) and the decrease in risk free rates (the 10-year € Swap rate fell to -0.18% from 0.21% at the end of 2019). The index estimated at the end of August is 154%, a further recovery partly due to the drop in the spread. The two Life business companies, which were the subject of capitalisation, recovered even more decisively: the Vera Vita index is 189%, BCC Vita's is 320%.

3 This is defined as the measure of Group profit less the amortisation of the VOBA (value of business acquired, net of related tax effects and for the portion pertaining to the Group) and the impairment of goodwill, which have an impact on Group profit but do not affect the Solvency position.

4 Net of minority interests.

5 The Cattolica Group has decided to provide its customers with the option to use one twelfth of the RCA premium for the renewal or purchase of new Non-Life coverages.

6 With the exclusion of investments whose risk is borne by the policyholders and the change in other financial liabilities.



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As at June 30th, there were a total of 1,378 agencies, distributed as follows: 50.4% in Northern Italy, 26.3% in Central Italy and 23.3% in Southern Italy and the islands.
There are 5,956 branches distributing Pension Planning products, compared with 6,075 on December 31st, 2019, and they include: 3,993 branches of Banche di Credito Cooperativo, 1,484 branches of Banco BPM, Banca Aletti & C. S.p.A. and Agos Ducato S.p.A. and 383 branches of the UBI Group banks.
The Group's financial advisors fell to 724, compared with 737 at the end of the previous year.

KEY INDICATORS OF CATTOLICA GROUP BUSINESS PERFORMANCE

Following the international accounting standards, the following tables show (compared with those as at June 30th and/or December 31st, 2019), respectively:

- the key economic indicators;
- the key equity indicators;
- the figures relating to headcount and the sales network;
- the reclassified consolidated statement of financial position;
- the reclassified consolidated income statement;
- the reclassified consolidated income statement by business segment;
- the operating result by business segment;
- the key efficiency and profitability indicators.

In this report, the term "premiums written" means the sum of the insurance premiums (as defined by IFRS 4) and the amounts relating to investment contracts (as defined by IFRS 4, which refers the related discipline to IAS 39).

Table 1 - Key economic indicators

			Change	
(€ millions)	June 30th, 2020	June 30th, 2019	Amount	%
Total premiums written	**2,835**	**3,268**	**-433**	**-13.3**
of which				
Gross premiums written	**2,799**	**3,216**	**-417**	**-12.9**
Direct business - non-life	1,048	1,090	-42	-3.8
Direct business - life	1,740	2,119	-379	-17.9
Indirect business - non-life	11	7	4	47.8
Indirect business - life	0	0	0	n.a.
of which				
Investment contracts	**36**	**52**	**-16**	**-31.8**
Operating result	**217**	**156**	**61**	**38.6**
Consolidated net profit for the period	**28**	**76**	**-48**	**-62.5**
Group net profit for the period	**10**	**61**	**-51**	**-83.1**

n.a. = not applicable

Table 2 - Key equity indicators

(€ millions)	June 30th, 2020	December 31st, 2019	Change Amount	%
Investment	**32,450**	**33,402**	**−952**	**−2.9**
Assets of disposal group held for sale	**0**	**197**	**−197**	**−100.0**
Technical provisions net of reinsurance amount	**29,572**	**30,273**	**−701**	**−2.3**
Financial liabilities relating to investment contracts	**1,000**	**1,494**	**−494**	**−33.1**
Liabilities of disposal group held for sale	**0**	**194**	**−194**	**−100.0**
Consolidated shareholders' equity	**2,322**	**2,351**	**−29**	**−1.2**

Table 3 - Headcount and sales network

(number)	June 30th, 2020	December 31st, 2019	Change Amount	%
Total headcount	**1,787**	1,778	9	0.5%
Full time equivalent headcount	**1,729**	1,717	12	0.7%
Direct network:				
Agencies	**1,378**	1,395	−17	−1.2%
Partner networks:				
Bank branches	**5,956**	6,075	−119	−2.0%
Financial advisors	**724**	737	−13	−1.8%

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Table 4 - Reclassified consolidated statement of financial position

(€ millions)	June 30th, 2020	December 31st, 2019	Change Amount	Change %	*Items from obligatory statements (*)*
Assets					
Investment Property	849	851	−2	−0.2	*4.1*
Property	207	211	−4	−1.7	*2.1*
Investments in subsidiaries, associated companies and joint ventures	137	160	−23	−14.4	*4.2*
Loans and receivables	1,242	1,072	170	15.9	*4.4*
Held to maturity investments	203	212	−9	−4.1	*4.3*
Available for sale financial assets	23,288	23,823	−535	−2.2	*4.5*
Financial assets at fair value through profit or loss	6,062	6,605	−543	−8.2	*4.6*
Cash and cash equivalents	462	468	−6	−1.4	*7*
Total Investments	**32,450**	**33,402**	**−952**	**−2.9**	
Intangible assets	794	881	−87	−9.9	*1*
Technical provisions - reinsurance amount	614	619	−5	−0.8	*3*
Sundry receivables, other tangible assets and other asset items	2,114	2,439	−325	−13.3	*(**)*
of which assets of disposal group held for sale	*0*	*197*	*−197*	*−100.0*	*6.1*
TOTAL ASSETS	**35,972**	**37,341**	**−1,369**	**−3.7**	
Shareholders' equity and liabilities					
Group capital and reserves	1,854	1,819	35	1.9	
Group profit (loss) for the period	10	75	−65	−86.3	*1.1.9*
Shareholders' equity pertaining to the Group	***1,864***	***1,894***	***−30***	***−1.6***	*1.1*
Capital and reserves pertaining to minority interests	440	429	11	2.4	
Profit (loss) for the period pertaining to minority interests	18	28	−10	−34.9	*1.2.3*
Shareholders' equity pertaining to minority interests	***458***	***457***	***1***	***0.1***	*1.2*
Total Capital and reserves	**2,322**	**2,351**	**−29**	**−1.2**	*1*
Premium provision	897	880	17	1.9	
Provision for outstanding claims	2,694	2,824	−130	−4.6	
Gross technical provisions - non-life	**3,591**	**3,704**	**−113**	**−3.1**	*3*
Gross technical provisions - life	**25,874**	**26,509**	**−635**	**−2.4**	*3*
Other gross non-life technical provisions	3	3	0	8.8	*3*
Other gross life technical provisions	718	676	42	6.3	*3*
Financial liabilities	1,892	2,345	−453	−19.3	*4*
of which deposits from policyholders	*1,000*	*1,494*	*−494*	*−33.1*	
Allowances, payables and other liability items	1,572	1,753	−181	−10.4	*(***)*
of which liabilities of disposal group held for sale	*0*	*194*	*−194*	*−100.0*	*6.1*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**35,972**	**37,341**	**−1,369**	**−3.7**	

(*) Indicates the items of the statements in the Consolidated Financial Statements as per ISVAP Regulation No. 7 dated July 13th, 2007
(**) Sundry receivables, other asset items, and other tangible assets (statement of financial position items under assets = 5 + 6 + 2.2)
(***) Allowances, payables and other liability items (statement of financial position items under liabilities = 2 + 5 + 6)

Table 5 - Reclassified consolidated income statement

(€ millions)	June 30th, 2020	June 30th, 2019	Change Amount	Change %	Items from obligatory
Net premiums	2,665	3,032	−367	−12.1	*1.1*
Net charges relating to claims	−2,076	−2,903	827	28.5	*2.1*
Operating expenses	−359	−381	22	6.0	
of which commission and other acquisition costs	−261	−275	14	5.3	*2.5.1*
of which other administrative expenses	−98	−106	8	7.8	*2.5.3*
Other revenues net of other costs (other technical income and charges)	−93	−38	−55	n.s.	*1.6 - 2.6*
Net income from financial instruments at fair value through profit or loss	−164	208	−372	n.s.	*1.3*
Result from class D financial operations (**)	−161	209	−370	n.s.	
Net income from investments in subsidiaries, associated companies and joint ventures	−15	3	−18	n.s.	*1.4 - 2.3*
Net income from other financial instruments and investment property	268	273	−5	−1.4	*1.5 - 2.4*
of which net interest	216	222	−6	−2.4	*1.5.1 - 2.4.1*
of which other income net of other charges	43	48	−5	−10.2	*1.5.2 - 2.4.2*
of which net profits realised	41	16	25	n.s.	*1.5.3 - 2.4.3*
of which net valuation profits on financial assets	−32	−13	−19	n.s.	*1.5.4 - 2.4.4*
of which changes in other financial liabilities	0	0	0	n.a.	
Commissions income net of commissions expense	0	0	0	n.a.	*1.2 - 2.2*
Operating expenses relating to investments (***)	−26	−26	0	−3.1	*2.5.2*
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**200**	**168**	**32**	**19.3**	
Other revenues net of other costs (excluding other technical income and charges included under insurance operations)	−106	−47	−59	n.s.	*1.6 - 2.6*
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**94**	**121**	**−27**	**−21.3**	
Taxation	−66	−45	−21	−49.1	*3*
NET PROFIT (LOSS) FOR THE PERIOD	**28**	**76**	**−48**	**−62.5**	
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**0**	**0**	**n.a.**	***4***
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**28**	**76**	**−48**	**−62.5**	
Profit (loss) for the period pertaining to minority interests	18	15	3	22.3	
PROFIT (LOSS) FOR THE PERIOD PERTAINING TO THE GROUP	**10**	**61**	**−51**	**−83.1**	

(*) Indicates the items of the statements in the Consolidated Financial Statements as per ISVAP Regulation No. 7 dated July 13th, 2007

(**) Includes the Class D profits recognised in the operating expenses relating to investments amounting to € 1 million and other revenues amounting to € 2 million.

(***) Includes operating expenses relating to class D investments amounting to € 1 million.

n.s. = not significant

n.a. = not applicable

Table 6 - Reclassified consolidated income statement by segment of activities

(€ millions)	NON-LIFE June 30th, 2020	NON-LIFE June 30th, 2019	LIFE June 30th, 2020	LIFE June 30th, 2019	OTHER June 30th, 2020	OTHER June 30th, 2019	TOTAL June 30th, 2020	TOTAL June 30th, 2019
Net premiums	935	928	1,730	2,104	0	0	2,665	3,032
Net charges relating to claims	−471	−582	−1,605	−2,321	0	0	−2,076	−2,903
Operating expenses	−278	−272	−81	−109	0	0	−359	−381
of which commission and other acquisition costs	−206	−200	−55	−75	0	0	−261	−275
of which other administrative expenses	−72	−72	−26	−34	0	0	−98	−106
Other revenues net of other costs (other technical income and charges)	−66	−13	−27	−25	0	0	−93	−38
Net income from financial instruments at fair value through profit or loss	−1	−1	−163	209	0	0	−164	208
Result from class D financial operations (*)	0	0	−161	209	0	0	−161	209
Net income from investments in subsidiaries, associated companies and joint ventures	−5	2	−10	1	0	0	−15	3
Net income from other financial instruments and investment property	26	37	246	235	−4	1	268	273
Commissions income net of commissions expense	0	0	0	0	0	0	0	0
Operating expenses relating to investments (**)	−4	−5	−21	−19	−1	−2	−26	−26
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**136**	**94**	**69**	**75**	**−5**	**−1**	**200**	**168**
Other revenues net of other costs (excluding other technical income and charges included under insurance operations)	−28	−26	−76	−20	−2	−1	−106	−47
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**108**	**68**	**−7**	**55**	**−7**	**−2**	**94**	**121**
Taxation	−46	−26	−21	−19	1	0	−66	−45
NET PROFIT (LOSS) FOR THE PERIOD	**62**	**42**	**−28**	**36**	**−6**	**−2**	**28**	**76**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**62**	**42**	**−28**	**36**	**−6**	**−2**	**28**	**76**
Profit (loss) for the period pertaining to minority interests	1	2	17	13	0	0	18	15
PROFIT (LOSS) FOR THE PERIOD PERTAINING TO THE GROUP	**61**	**40**	**−45**	**23**	**−6**	**−2**	**10**	**61**

(*) Includes the Class D profits recognised in the operating expenses relating to investments amounting to € 1 million and other revenues amounting to € 2 million.

(**) Includes operating expenses relating to class D investments amounting to € 1 million.

Table 7 - Operating result by segment of activities

(€ millions)	NON-LIFE June 30th, 2020	NON-LIFE June 30th, 2019	LIFE June 30th, 2020	LIFE June 30th, 2019	OTHER June 30th, 2020	OTHER June 30th, 2019	TOTAL June 30th, 2020	TOTAL June 30th, 2019	*Items from obligatory statements (**)*
Net premiums	935	928	1,730	2,104	0	0	2,665	3,032	1.1
Net charges relating to claims	−471	−582	−1,605	−2,321	0	0	−2,076	−2,903	2.1
Operating expenses	−278	−272	−81	−109	0	0	−359	−381	
of which commission and other acquisition costs	*−206*	*−200*	*−55*	*−75*	*0*	*0*	*−261*	*−275*	*2.5.1*
of which other administrative expenses	*−72*	*−72*	*−26*	*−34*	*0*	*0*	*−98*	*−106*	*2.5.3*
Other revenues net of other costs (other technical income and charges)	−66	−13	−27	−25	0	0	−93	−38	1.6 - 2.6
Income from gross ordinary investments	44	50	87	444	0	1	131	495	1.3 + 1.5 - 2.4
Net income from investments in subsidiaries, associated companies and joint ventures	3	0	−5	0	0	0	−2	0	1.4 - 2.3
Commissions income net of commissions expense	0	0	0	0	0	0	0	0	1.2 - 2.2
Operating expenses relating to investments (*)	−4	−5	−21	−19	−1	−2	−26	−26	2.5.2
Other revenues net of other operating costs	−16	−19	−6	−3	−1	−1	−23	−23	1.6 - 2.6
OPERATING RESULT	**147**	**87**	**72**	**71**	**−2**	**−2**	**217**	**156**	
Realised and valuation gains	−7	−2	−1	3	−4	0	−12	1	1.3 + 1.5 - 2.4
Subordinated interest	−12	−12	−3	−3	0	0	−15	−15	1.3 + 1.5 - 2.4
Net income from investments in non-operating subsidiaries, associated companies and joint ventures	−8	2	−5	1	0	0	−13	3	1.4 - 2.3
Other revenues net of other non-operating costs	−12	−7	−70	−17	−1	0	−83	−24	1.6 - 2.6
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**108**	**68**	**−7**	**55**	**−7**	**−2**	**94**	**121**	
Taxation	−46	−26	−21	−19	1	0	−66	−45	3
PROFIT (LOSS) FOR THE PERIOD	**62**	**42**	**−28**	**36**	**−6**	**−2**	**28**	**76**	
pertaining to the Group	61	40	−45	23	−6	−2	10	61	
pertaining to minority interests	1	2	17	13	0	0	18	15	
ADJUSTED GROUP RESULT	**62**	**41**	**24**	**30**	**−6**	**−2**	**80**	**69**	

(*) Includes operating expenses relating to class D investments amounting to € 1 million.
(**) Indicates the items of the statements in the Consolidated Financial Statements as per ISVAP Regulation No. 7 dated July 13th, 2007

Table 8 - Key efficiency and profitability indicators

	June 30th, 2020	June 30th, 2019
Non-life ratios for retained business		
Claims ratio (Net charges relating to claims / Net premiums)	50.3%	62.6%
G&A ratio (Other administrative expenses / Net premiums)	7.7%	7.8%
Commission ratio (Acquisition costs / Net premiums)	22.0%	21.6%
Total Expense ratio (Operating expenses / Net premiums)	29.7%	29.4%
Combined ratio (1 - (Technical balance / Net premiums))	87.1%	93.4%
Non-life ratios for direct business		
Claims ratio (Charges relating to claims / Premiums for the period)	51.5%	62.2%
G&A ratio (Other administrative expenses / Premiums for the period)	7.0%	7.0%
Commission ratio (Acquisition costs / Premiums for the period)	22.1%	22.1%
Total Expense ratio (Operating expenses / Premiums for the period)	29.1%	29.1%
Combined ratio (1 - (Technical balance / Premiums for the period))	87.1%	92.8%
Life ratios		
G&A ratio (Other administrative expenses / Premiums written)	1.4%	1.5%
Commission ratio (Acquisition costs / Premiums written)	3.1%	3.5%
Total Expense ratio (Operating expenses/ Premiums written)	4.5%	5.0%
Total ratios		
G&A ratio (Other administrative expenses / Premiums written)	3.4%	3.2%
Operating costs (1) / Premiums written	5.5%	5.5%

Note: "premiums written" in the life business refer to the amount of gross insurance premiums and of the investment contracts.

(1) Other administrative expenses and acquisition expenses before consolidation adjustments and intercompany eliminations are included.

COVID-19 EMERGENCY MANAGEMENT

While the recent crisis is, without doubt, having and will have a material impact even in the medium term with a mix of contrasting effects for the insurance sector (which is still in the process of being fully defined even for the shorter term scenario), it seems, however, to have above all triggered undoubted paradigm shifts for society as a whole, with, in relation to our sector, in particular, a strong change in the perception of risk by the population that appears likely to generate opportunities for the sector in the near future. This is especially the case for those who will be capable of transforming the consolidated business model, redesigning solutions and offering an increasingly personalised acquisition experience.

The reaction of the financial markets, consistent with a progressive downward revision of prospective growth, materialised especially in the first months following the start of the epidemic in Europe, with a sudden increase in volatility, a reduction in core rates, and a generalised repricing of all riskier assets, from equities to credit, via domestic governments. As things stand, even in conjunction with an ongoing emergency situation that is currently under control in the main European countries, with emerging outbreaks that are immediately diagnosed and isolated, avoiding a sudden rise in contagion indices, the trends in the main market indices seem to have stabilised and the turbulence that initially occurred is not being repeated.

Cattolica's strategic guidelines outlined in the 2018-2020 Business Plan are resolutely focused on an evolution and transformation mainly along the lines of agility and data management; the undoubted spontaneous vocation for proximity to territories and stakeholders all seem to be a further strong point within the current context. Despite the fact that the blockage of production activities in recent months, as well as the likely sharp drop in the main macroeconomic indicators, expected at least for the rest of the year, may have an impact on the evolution of Group funding, as well as on the entire market, as the figures show, the pathway traced by the Plan and with it, its guidelines, appear more than up-to-date and provide for, among other things, a greater focus on special and emerging risks with a strong social relevance (and sub-penetration such as catastrophe), a particular focus on the new digital logic of interaction with customers and agents but above all a strong growth in the service component offered, mainly in terms of prevention and assistance.

Safety and proximity have been the guidelines through which the Group has approached the Covid-19 emergency situation from the very beginning with great care paid to its employees, customers, agents and the entire community.
In this delicate period, Cattolica made extensive use of internal communication channels, subsequently enriched by a new, more engaging and immediate tool (corporate television). The sense of community and the sharing of common values and interests, have been the common thread of a reassuring and "single voice" communication plan, activated both internally and externally, to ensure a clear, updated and continuous flow of information, in order to reassure all stakeholders and widely disseminate the initiatives undertaken.

Employees measures:

In order to protect their health and safety, Cattolica has already adopted a series of precautionary measures since February 18th and in advance of most of the industry, activating remote working for almost all its employees and collaborators. The smart-working mode, a project that the Group had already started in 2017, has thus guaranteed the continuity of processes and activities, without penalising company productivity; as early as March up to 98% of the workforce worked in this mode, which has guaranteed business continuity while protecting the well-being and safety of the Group's human resources. In order to promote useful initiatives to protect the psychophysical wellbeing of employees, it is also worth mentioning the activation of a listening and psychological support service.

Agents measures:

Great focus was immediately cast upon the agency network, for which the Company has prepared, according to an additional rationale, an articulated plan to support the stability of economics. Structured on two complementary interventions, the agency revenue protection network guaranteed each sales outlet, during the two-month period April-May 2020, 90% of revenue for the same period of the previous year. In addition, a virtuous mechanism has been defined that rewards, with further incentives, the network's ability to better manage contingency and the use of a new tool that allows remote cash management (pay-by-link), as well as a remote sales procedure for Motor policies. Also relevant is the role of the network in the internal communication flow mentioned above. With their stories from the territory (Cattolica Stories) agents recounted their experience during the Covid-19 crisis, highlighting their fundamental role of social closeness, albeit with contact methods completely adapted to the context.

Customers measures:

In order to meet the most urgent needs of its customers, the Group has put in place substantial measures, starting with mandatory businesses, which have also accompanied customers during the exit from lockdown. Extension of the maturities of non-life policies, facilitation for the suspension of land motor vehicles TBL policies were among the first measures taken. In the very first weeks of the emergency, in order to respond to the demand of businesses (shops, bars, services) forced by an emergency order of the Authorities to close down and to comply with the restrictive measures imposed following the threat of an epidemic, Cattolica, showing corporate social responsibility, introduced the "Active Business NonStop" policy dedicated to the protection of commercial activities by indemnifying them should they close down by decree of local or national authorities; the sale of this product was almost immediately blocked following the extension of the restrictive measure throughout Italy.
In order to facilitate remote operations during the lockdown period, the company has introduced a new digital system for the payment of premiums (the aforementioned pay by link) and the settlement of claims, while in the bancassurance channel a distance selling system has been adopted (separately for Vera Vita and Lombarda Vita).
During the lockdown, new discount systems were introduced in addition to the extension of the payment deadlines for due receipts. With the aim of reimbursing customers due to the lack of or reduced circulation during the closure period, with the land motor vehicles initiative "Con noi un mese ha 30 giorni di più" (With us a month has 30 days more), the so-called "Voucher Auto" was introduced, active for Cattolica agencies since May 25th, according to which a benefit is granted to customers at the time of renewal of the Motor policy equal to a discount of 1/12 of the policy, and which can be used for renewal or alternatively by entering into a new Non-Motor policy, thus increasing the level of protection. From June 17th the voucher is also active for TUA Assicurazioni agencies and can be used as an alternative to the renewal discount to purchase the driver's accident coverage or legal protection at 1€.

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Community measures:

In collaboration with the Cattolica Foundation, the Group has also supported communities most affected by the pandemic, through the donation of over € 2 million to hospitals, Cei, Caritas and other national and local authorities that have been working to deal with the Coronavirus emergency in recent weeks.

Main impacts on the Group's business

In order to manage the economic instability resulting from the spread of the epidemic, continuous monitoring of the impact of the contingency in the short term and simulations of its effects in the medium to long term has been activated. An analysis of the solvency situation of the Group and of the individual companies is carried out periodically, as well as a stress test on the liquidity situation of the Group and reports on the main KPIs of the business are carried out weekly.
With regard to the dynamics of the Group's main economic and financial indicators, it is currently difficult to quantify what the overall impact will be at the end of the year, as it will depend heavily on any new peaks in the virus' resurgence, as well as on the overall economic impact of the crisis and the speed of recovery. At present, the following trends and their effects have been identified:

- In terms of premiums written, the lockdown phase, which began before mid-March and lasted for the entire month of April, led to a sharp drop in new business in both Non-Life and, above all, Life businesses, with a drop in the number of policies of -45% in Motor, over -61% in Non-Motor and -77% in Life. With the reopening, which took place gradually from the first week of May, the new agency channel's production has returned to standard levels in the Non-Life business (immediately as regards Motor and Retail, with a progressive trend in the other Non-Motor classes), while there is still a slight margin to be recovered in the Life business compared to pre-Covid volumes. The return to pre-Covid standards in the bancassurance sphere has been slower in Life business, while in Non-Life business new premiums are still lower than in the first few weeks of the year. Together with new non-life business, in the recovery period, non-life collections are recovering, in percentage terms faster than new business, also thanks to the recovery of securities in arrears. At the end of June, the cumulative figure from the beginning of the year was about -6%, of which about -8% Motor and -4% Non-Motor.
- While the lockdown led to a drop in new business, the same effect was recorded in relation to Non-Life redemptions: in bancassurance they fell during the closure phase by as much as -80% in terms of number of contracts compared to the weeks of the pre-Covid year. After the reopening, the trend was one of recovery, but as at June 30th, they were still more than -20% lower than the average for the first 8 weeks of the year.
- 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 (as at June 30th, the drop in total claims in the non-life business was around -30%); on the other hand, minor negative effects are expected due to pandemic-related insurance coverage such as business interruption, healthcare, general civil liability. The assessment and quantification of the impacts of Covid-19 claims is subject to wide uncertainty, also because it is linked to future legislation and case law. Cattolica's exposure could, however, be partly limited on the TPL general class thanks to reinsurance coverage. Banks, which are mainly exposed to the CPI business, may also be able to recover from reinsurance thanks to the coverage of Sundry Financial Losses.
- With regard to Human Resources, there were lower contingency expenses due to the decrease in training activities and meetings, as well as a reduction in travel and business trip costs (travel costs approximately -50% compared to the first half of 2019).
- As far as the investment portfolio is concerned, the greater volatility observed in the first half of the year linked to the trend in the spread and risk-free rates, also as a result of the pandemic, resulted in an overall write-down through profit or loss on "financial instruments at fair value through profit or loss" of € 164 million, of which € 162 million relating to class D, the risk of which is borne by policyholders, and € 44 million to equity in the "Gains or losses on available-for-sale financial assets" reserve, net of taxes and shadows.
  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.
- There were also effects related to the pandemic on the investment property portfolio, with net write-downs in the first half of the year of € 13 million, and on non-financial assets, such as the goodwill of Vera Vita, written down in the first half by € 61 million, as described in specific sections of the Notes to the accounts.
- 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 context of extreme volatility in financial markets, the SII ratio is estimated to have always remained above the regulatory minimums even if lower than the level

at the end of 2019 (175%): the SII ratio fell temporarily to 122% on May 22nd from 147% on March 31st, but recovered to 141% on June 30th. 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.

- The Parent Company, in this context, has decided to suspend the payment of variable compensation to company representatives.
- With regard to going concern and the uncertainty of estimates, in particular with regard to goodwill and impairment testing, please refer to the specific sections of the Notes to the accounts (Principles, Going concern and Goodwill).

PLAN GUIDELINES AND ACTIONS TAKEN FOLLOWING THE COVID-19 EMERGENCY

With the 2018-2020 Business Plan, presented in early 2018, Cattolica has placed 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.

Consequently:

- on February 6th, the Board of Directors of the Parent Company approved the Cattolica Group's 2020-22 Rolling Plan and also took note of the initial results in relation to economic performance for 2019. The Board has noted and approved new projections for 2020, slightly lower than those previously communicated to the financial markets during the presentation of the 2018-20 Business Plan: information on this Plan is provided in the following "Significant events" paragraph;
- on May 15th, the Board of Directors made further considerations for the implementation of any impacts deriving from the Covid-19 pandemic, confirming the estimates of the aforementioned Rolling Plan and these projections were used for the purposes of the impairment test as per IAS 36 for which reference should be made to the Notes to the accounts;
- on September 10th, the Board of Directors confirmed the Operating Result guidance, already confirmed on May 15th, for the current year of between € 350 and € 375 million, in light of the solid business performance seen in the first half of the year and the indications of the operating performance seen subsequently. However, some potential risks must be borne in mind:
    - the significant emergence of Covid-19-related claims not known to date, including a sharp increase in Life claims (which have not yet occurred);
    - a significant increase in the frequency of Motor claims (compared to the historical average of recent years) during the last quarter linked to a change in the use of private vehicles for travel;
    - a new acute phase of the pandemic leading to a lockdown with a fall in economic activity leading to further falls in premiums written, a sharp increase in the claims of certain classes associated with an increase in Life redemptions due to the need for liquidity on the part of customers.

The net profit at the end of 2020 will also depend on other factors, such as any write-downs, as occurred during H1-2020.

With the Business Plan, the Group aimed to strengthen but also diversify its business model, while continuing with its activity to enhance 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.

Starting from the first signs of the recent economic and health crisis, the team's activities have been extended to a tight weekly monitoring (Coronavirus Observatory) of the most strategic economic and financial business KPIs, in order to facilitate the identification and prioritisation of actions to be taken in the short term and mitigate the most relevant business risks.

In parallel, there is an ongoing broad process of simplification (regarding processes, activities and also products) and of cultural transformation that involves the entire Group, within the scope of a radically evolving governance model, which in 2018 had already been transformed according to 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 30 months of its implementation are summarised below, which show an important 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's guidelines are being implemented, with growth in the average size of the premium portfolio 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 29% in the first half of 2020 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 44% in the first half of 2020, were very positive.
It should also 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.
It is precisely in this parallel and symbiotic path that the important measures listed in the introduction and taken following the pandemic are part of the important measures to protect agency revenues and make them safe, even if they are flanked by further measures to reward situations of higher effective productivity through overcommissioning. The focus on measuring agency performance was also reduced in the most critical period of the emergency, as was the suspension of technical portfolio reform activities. The rationalisation activities of the network, which started as early as the first phase of the Plan's implementation, proved to be particularly suited to the context, and continued in this turbulent phase, allowing the objectives set in terms of the average size of the portfolio compared to the market to be achieved.

Last but not least, in this particular context, the recent investment in training has proved to be decisive, which has led to more competent and digital agents and has always made it possible in recent months to provide them with a series of tools to work remotely, both in terms of payment methods and interaction logics, while training has not been interrupted with the use of online classrooms and webinars.

However, the distribution model was 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 over the entire plan period.

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 the 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. The particular "contingency" brought about by the recent crisis, which has seen a sharp reduction in contacts with the main national bank branches, has led to a slowdown in the expected development dynamic.
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 insurance company Vera Assicurazioni.

To all this can be added the contribution, more than ever before, of digital innovation that, 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.

It is again from this digital point of view, but also from a new relational experience with the Company, that the "Pay by link" solution was created in the most difficult days of the pandemic in order to allow for the management of collections remotely and to facilitate the relationship between customer and agent during the emergency period.
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 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 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.
The activity of building the data architecture, started as early as 2018, and developed with a leading company, has led to the creation of a unique, certified, scalable, cloud-based digital platform that allows for integrated management of both static and dynamic data to create an offer that can adapt to customers' needs when they require it most. This will also promote the creation of a Cattolica ecosystem of services with progressively larger dimensions.

There are three particular "use-cases" on which we have already focused and from which we have managed to extract value through the adoption of machine learning technologies: pricing, anti-fraud and customer value management.

With regard to pricing, note should be taken of the application, already in the last months of 2018, by virtue of the simplification of the methods of use of the corporate data enabled by the new data platform, of a sophisticated of technical calibration rationale for Motor TPL prices proposed for renewal. This "pricing optimisation" rationale was already applied in the pre-lockdown phase to about 50% of the motor vehicle portfolio.

The results achieved in the field of anti-fraud activities are also very significant, as outlined by the introduction of an innovative artificial intelligence engine on the platform, aimed at improving the efficiency of predictive methods of detection of fraudulent claims on which to intensify investigative activities. This has led to a fraud detection rate, starting from a particularly penalising indicator, aligned to market levels.
In addition, in the first half of 2020, again with regard to data analytics, a further project stream in relation to Customer Lifetime Value was completed, which ultimately aims, through careful and improved clustering, to increasingly adapt the offer to the real needs of the customer.

The offer of new associated products is moving in the same direction and in parallel: "Active Auto", the motor offer launched in 2018, is the tangible prime example of it. 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.
The "connected" share of the new motor business in relation to the Cattolica agency channel was increased to 22% in the pre-lockdown period, while process and product innovations continue at the same time in order to improve assistance in the installation and connection phases.

The most recent launch of the "Active Casa e Persona" product is also part of this connected 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.

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, very significant, in particular, is the saving obtained from the re-pricing and re-underwriting actions, which had already started in 2018, continued successfully in the Business and Agriculture sectors and also extended to Religious Bodies.

In parallel, important simplification activities were started, 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 enrich the catastrophe offer, which to date has generated a premium portfolio increase of approximately € 8.6 million, while making an important contribution to improving the company's overall margins. In fact, during the last few months of 2018, 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 line with expectations, rebalancing took place, which is one of the Plan's main principles, in favour of Non-Motor in the non-life mix, according to a trend that also continued following the lockdown.

In addition, according to an innovative scheme, a project was launched that entails the development of specialty lines.
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, but also those deriving from the creation of a new "Claims Control" organisational unit. Finally, other projects aimed at achieving further savings thanks to channelling processes have been completed, while further actions to be taken regarding the impact of legal intervention have recently been identified.

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. The Group, in line with the objective of reducing the average guaranteed minimum rates on traditional reserves, forecasts that they will be 0.5% by the end of 2020.

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 in mind, actions have been taken to increase IT efficiency and strengthen control/governance over costs, which began as early as 2018, including through re-engineering and robotics with a programme that was launched in the Operations Area and was then applied to the rest of the Company, through a model that can be replicated over time.

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 thirty months of implementation of the Plan, many of which are enabled by the 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;
- 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 mind-set, 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.

It is in this context that the measures listed above adopted by Cattolica are included, in favour of its own resources in the recent emergency period and mainly based on the concepts of proximity and community. Continuing to promote a working environment based on mutual trust, a series of training courses were launched in the same period with the aim of transforming the company into a "Life Ready company", that is, an increasingly inclusive entity capable of welcoming and enhancing life events involving employees.

GUIDELINES OF THE AGREEMENT WITH ASSICURAZIONI GENERALI

As already mentioned, on June 24th, Cattolica Assicurazioni e Assicurazioni Generali S.p.A. ("AG") signed an agreement ("Agreement"), which provided for the establishment of a strategic partnership with industrial and commercial content based on 3 pillars:

- **industrial and commercial agreements** - capable of generating immediate direct opportunities and benefits for the two groups in 4 strategic business areas: Asset management, Internet of Things, Health and Reinsurance Business. The execution of these agreements is necessary for the implementation of the strategic partnership;
- **share capital increase** - with a commitment by Generali to subscribe a share capital increase, excluding pre-emption rights, amounting to € 300 million, subject to the approval of the transformation into a public limited company and certain amendments to the Articles of Association relating to Cattolica's governance. Generali would become a major shareholder with a 24.4% stake. Generali will also have the right to subscribe pro rata to the subsequent share capital increase under option for all shareholders for an additional maximum amount of € 200 million;
- **legal form and governance** - the agreement provides that (1) the transformation of Cattolica from a cooperative to a public limited company, with effect from April 1st, 2021, and (2) the adoption of amendments to the Articles of Association to protect the investment (in force until the effective date of the transformation) constitute precedent conditions for Generali's entry into the capital of Cattolica as a major shareholder.

Commercial agreements

The Partnership envisages four industrial initiatives that represent important opportunities for profitable growth in services to customers in the non-life business and in the asset management segment, leveraging Generali's skills and know-how in investment management, digital innovation and health services and allowing Cattolica to expand and improve its offer to its customers with new and innovative accessory services.
In particular, multi-year agreements shall provide for the following:

- Asset management: Generali Asset Management manages part of Cattolica's investment portfolio aimed at increasing efficiency by leveraging specialist skills and expertise;
- Internet of Things: Generali's offer to Cattolica's customers of the innovative IOT platform developed by Generali Jeniot for the development of the motor, home, pet and corporate online business lines;
- Health Business: the extension to Cattolica's customers of Generali Welion's innovative services in the health sector, currently not offered by Cattolica, and the outsourcing of part of its liquidation and assistance services to Generali Welion;
- Reinsurance: a cooperation agreement between Cattolica and Generali, with Generali as the main partner in relation to a share of the risks to be reinsured.

The performance of these agreements is necessary for the implementation of the strategic partnership.

Share capital increase

The transaction envisages the introduction of Generali as a major shareholder of Cattolica through the subscription, upon the occurrence of certain conditions, of a reserved capital increase, excluding pre-emption rights, for a total amount of € 300 million. This transaction would enable Generali to reach a stake in Cattolica of 24.4% (calculated by dividing its own shares). The share capital increase reserved for Generali provides for the issue of 54.054 million Cattolica shares at an issue price of € 5.55 per share.
In addition to the capital increase of € 300 million, Cattolica plans to approve a capital increase under option in favour of all shareholders for a maximum value of € 200 million to be carried out subsequently, in order to complete the capital strengthening as expected by the Supervisory Authority.
In detail, on July 31st, the Extraordinary Shareholders' Meeting was held, which approved the transformation of the Company into a Public Limited Company and the consequent amendment of the Articles of Association.

On August 4th, the Board of Directors exercised the proxy granted by the Shareholders' Meeting to increase the share capital by € 500 million, divided into two tranches, the first, amounting to € 300 million, reserved for Assicurazioni Generali and the second, amounting to € 200 million, which will be offered as an option to all shareholders.

Legal form - Governance

The subscription of the reserved share capital increase would take place:

- after approval of the transformation of Cattolica into a Public Limited Company (effective April 1st, 2021), which was approved by the Shareholders' Meeting of July 31st, 2020;
- after obtaining all necessary authorisations and/or consents from the competent authorities. In this regard, IVASS, by a measure received on September 9th, approved the amendments to the Articles of Association approved by the Shareholders' Meeting on July 31st, 2020. IVASS has also approved the articles of association of the Public Limited Company, which will be effective April 1st, 2021. The consequent procedures have been initiated for the registration of the Articles of Association with the competent offices of the Verona Companies' Register. The resolution to transform the Company from a cooperative company into a public limited company was registered on September 9th, 2020, in the Verona Companies' Register;
- subject to the adoption by Cattolica itself and the implementation of certain amendments to the Articles of Association aimed at protecting Generali's rights from the time of subscription of the share capital increase with exclusion of pre-emption rights until the effective date of the transformation; such amendments include Generali's right of veto at the Shareholders' Meeting and the Board of Directors in relation to certain matters of importance for the protection of Generali's financial interests as an investor and shareholder of Cattolica, as well as the appointment of 3 members of the Board of Directors, all as better specified in the communications to be made pursuant to the applicable laws and regulations.

WAYS IN WHICH THE GROUP IMAGE AND INFORMATION ARE DISCLOSED

The Investor Relations Division

The Investor Relations Division maintained on-going dialogue with the financial community, involving relations marked by clarity and transparency, in order to ensure market visibility of the results and strategies of the Group.

During the first half of 2020, six brokers followed Cattolica stock with analyses and comments.

Individual meetings were periodically organised with analysts to look in-depth at business trends and meetings were intensified with Italian and international institutional investors. Public conference calls were also organised at the time of the approval of the results.

Rating

On June 10th, Standard & Poor's confirmed Cattolica's rating as BBB and the outlook as negative. Cattolica's assessment before sovereign risk is confirmed as bbb+, one notch higher than the financial strength rating BBB, which remains limited by that of the Italian Republic, in accordance with the matters envisaged by the standards of the Agency. The outlook remains negative and reflects that relating to the sovereign debt of the Italian Republic.

Operating Result

Life Business
72 € MLN

Non-life Business
147 € MLN

Other
-2 € MLN

INTERIM MANAGEMENT REPORT

BUSINESS PERFORMANCE FOR THE PERIOD

A BRIEF OUTLINE OF THE BUSINESS PERFORMANCE

The Group by main financial statement aggregates

Sectors of business

The Group's activities are divided up into three business segments: Non-life, Life and Other.

The core business of the Group, headed up by Cattolica Assicurazioni, a company which is involved in both life and non-life business, is divided between the Non-Life business (ABC Assicura, BCC Assicurazioni, CattRE, TUA Assicurazioni, Vera Assicurazioni, Estinvest, All Risks Solutions, Satec, Mediterranea Underwriting, Meteotec and Qubo Insurance Solutions, and the closed-end property funds allocated in the non-life portfolio) and the Life business (BCC Vita, Berica Vita, Lombarda Vita, Vera Financial, Vera Protezione, Vera Vita, and the closed-end property funds allocated to the life portfolio).

Other business includes the agricultural-real estate sector of Cattolica Agricola and Cattolica Beni Immobili and the operating services of Cattolica Services and Cattolica Immobiliare, instrumental in the performance of the Group's activities.

For an analysis of results per business segment, reference should be made to Table 6, where each segment is represented net of the eliminations between sectors. The notes to the accounts contain tables relating to the operating segments envisaged by ISVAP Regulation No. 7 dated July 13th, 2007 (gross of eliminations between sectors).

Profit (loss) for the period

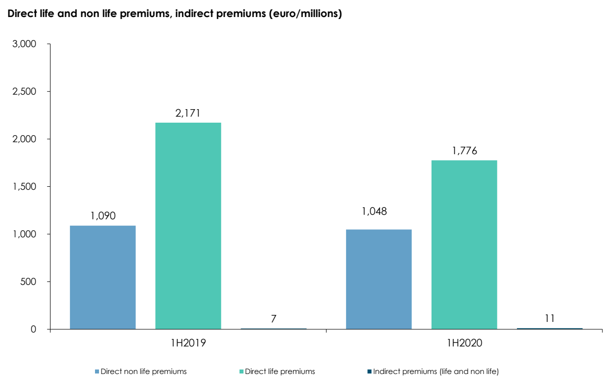
The half-year closed with a consolidated net result of € 28 million (-62.5%) attributable to the Non-Life business for € 62 million (+47.6%), the Life business with a loss of € 28 million compared to the profit of € 36 million as at June 30th, 2019 and the Other segment with a loss of € 6 million compared to € 2 million as at June 30th, 2019.

The Group's net profit amounted to € 10 million (-83.1%).
This result was impacted by € 86 million in write-downs, of which: € 8 million in non-life business, relating to write-downs on investment property and € 4 million on AFS securities; € 61 million in life business, relating to the write-down of goodwill on Vera Vita, € 3 million on AFS-classified securities, € 5 million on equity investments and € 2 million on investment property; and € 3 million in other segment, relating to write-downs on investment property.

The operating result marked an increase of 38.6% to € 217 million, in line with the objectives of the 2018-2020 Business Plan.

Premiums

Gross consolidated premiums (which comply with the definition of insurance policy as per IFRS 4) at the end of the half year amounted to € 2,799 million (-12.9%). Also taking into account investment contracts, total premiums written came to € 2,835 million (-13.3%).

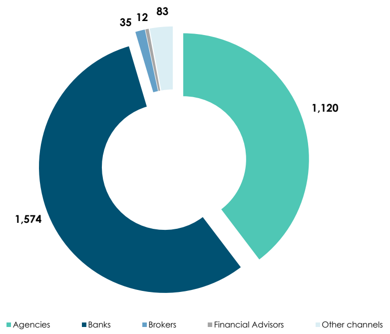


Gross direct non-life premiums totalled € 1,048 million (-3.8%) and account for 37.6% of total direct premiums (33.9% as at June 30th, 2019).

Gross direct life premiums totalled € 1,740 million (-17.9%); total life premiums written amounted to € 1,776 million (-18.2%). Life business premiums represented the majority share of total direct business (62.4% compared with 66.1% as at June 30th, 2019).

Direct business premium collection, per distribution channel, is broken down as follows: agencies 39.7%, banks 55.7%, brokers 1.3%, advisors 0.4% and other channels 2.9%.

Direct premiums by channel (euro/millions)



Other administrative expenses

Other administrative expenses amounted to € 98 million overall (-7.8%).

With reference to direct business, the ratio of other non-life administrative expenses to premiums written for the period was unchanged at 7%, while the ratio of other life administrative expenses to life premiums declined from 1.5% to 1.4%.

The Group by segments

Non-life business

Non-life business, as already reported, closed the half-year with a profit of € 62 million (+47.6%). Net non-life premiums amounted to € 935 million (+0.8%). The combined ratio of direct business was 87.1%, versus 92.8% of June 30th, 2019. The claims ratio (claim/premium ratio) is equal to 51.5% (62.2%), while the ratio of other administrative expenses, as stated, was 7%. The combined ratio of retained business decreased from 93.4% to 87.1% despite the provision to take account of the voucher for Motor customers, which accounts for 5.4% of premiums written.

Financial operations, which were affected by write-downs before taxes for € 13 million, ended the half-year with a result of € 16 million (-51.5%) and were mainly characterised by net income deriving from other financial instruments and investment property for € 26 million (-29.7%), with net interest and other net income amounting to € 35 million (-12.5%), with net realised gains totalling € 1 million (-75%) and with net losses from valuation that came to € 10 million (+42.9%).
The contribution of financial operations to operating income, i.e. net of interest expense on subordinated loans, realisation and valuation results, is € 44 million (-12%).

The operating result came to € 147 million (+67.8%). The development of the operating result mainly benefited from the improvement in the combined ratio, mainly due to the lower claims rate in the period. The other operating components are substantially in line with the past six months.

Life business

The life business ended the half-year with a loss of € 28 million, compared with a profit of € 36 million as at June 30th, 2019.

Net life premiums amounted to € 1,730 million (-17.8%), and financial operations[7] closed with a result of € 215 million (-2.3%), which was affected by write-downs before taxes for € 24 million, with net income from other financial instruments and investment property amounting to € 246 million (+4.7%), of which interest and other net income amounted to € 224 million (-2.2%), net realised gains amounted to € 40 million compared to € 12 million as at June 30th, 2019 and net losses from valuation amounted to € 18 million compared to € 6 million as at June 30th, 2019.

The operating result came to € 72 million (+1.6%).

Other business

Other business recorded a loss of € 6 million at the end of the period compared with a loss of € 2 million as at June 30th, 2019, mainly due to the write-down of investment property by € 3 million (net of taxes).

Sectors by geographic area

Premiums written, which are nearly exclusively taken in Italy, are mainly concentrated in Central-Northern Italy, an area similar in terms of risk and return and therefore not significant for the purposes of the secondary segmentation envisaged by IFRS 8.

[7] With the exclusion of investments whose risk is borne by the policyholders and the change in other financial liabilities.

E-MARKET SDIR CERTIFIED

Investments

Investments amounted to € 32,450 million (-2.9%). Their breakdown and variation compared to 2019 is represented in the following table.

Table 9 - Total investments

(€ millions)	June 30th, 2020	% of total	December 31st, 2019	% of total	Change Amount	Change %
Investment Property	849	2.7	851	2.5	−2	−0.2
Property	207	0.6	211	0.6	−4	−1.7
Investments in subsidiaries, associated companies and joint ventures	137	0.4	160	0.5	−23	−14.4
Loans and receivables	1,242	3.8	1,072	3.3	170	15.9
Held to maturity investments	203	0.6	212	0.6	−9	−4.1
Available for sale financial assets	23,288	71.8	23,823	71.3	−535	−2.2
Financial assets at fair value through profit or loss	6,062	18.7	6,605	19.8	−543	−8.2
Cash and cash equivalents	462	1.4	468	1.4	−6	−1.4
TOTAL	**32,450**	**100.0**	**33,402**	**100.0**	**−952**	**−2.9**

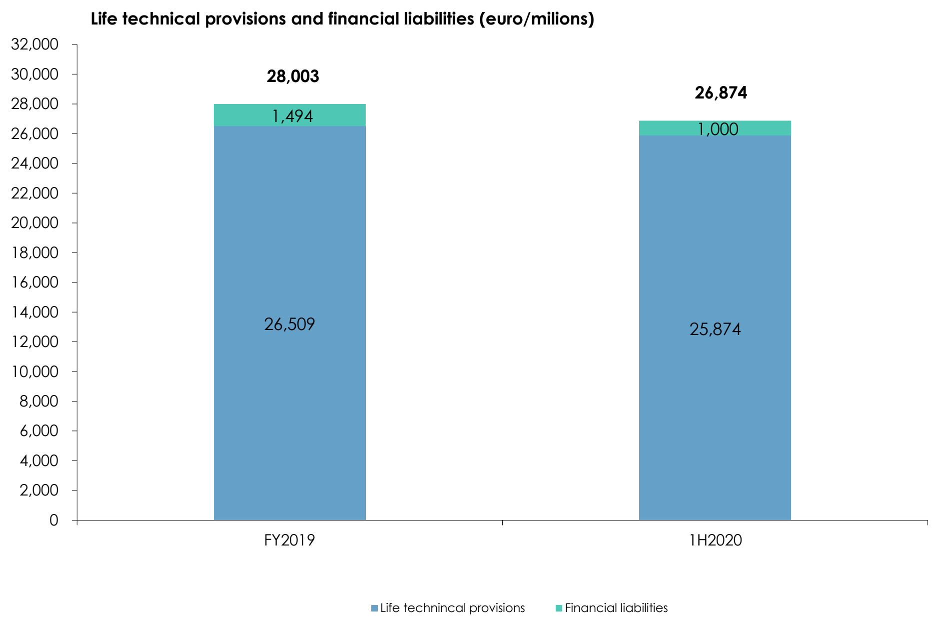
The result of financial operations, with the exclusion of investments whose risk is borne by the policyholders and gross of the tax effects and the change in other financial liabilities, came - as already mentioned - to € 226 million (-10.2%), after gross write-downs of € 41 million.

Technical provisions

Non-life technical provisions (premiums and claims) amounted to € 3,591 million (-3.1%).

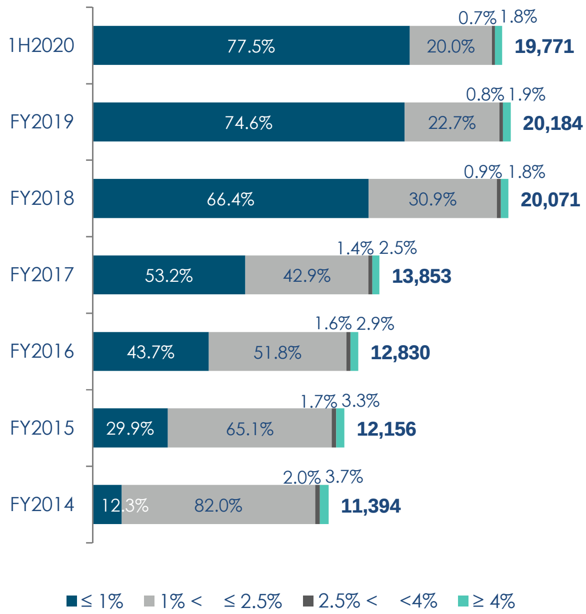
Technical provisions for life business (actuarial provisions inclusive of shadow accounting) amounted to € 25,874 million (-2.4%). Also taking into account financial liabilities relating to investment contracts, the technical provisions and deposits relating to life business amounted to € 26,874 million, a decrease of 4%.

Life technical provisions include the shadow accounting provision, which takes into account the share of unrealised capital gains and losses on assets in segregated funds ascribable to policyholders.



With reference to the composition of the Segregated Management Schemes, the Technical Provisions for Guaranteed Minimum are represented below:

(euro/millions)

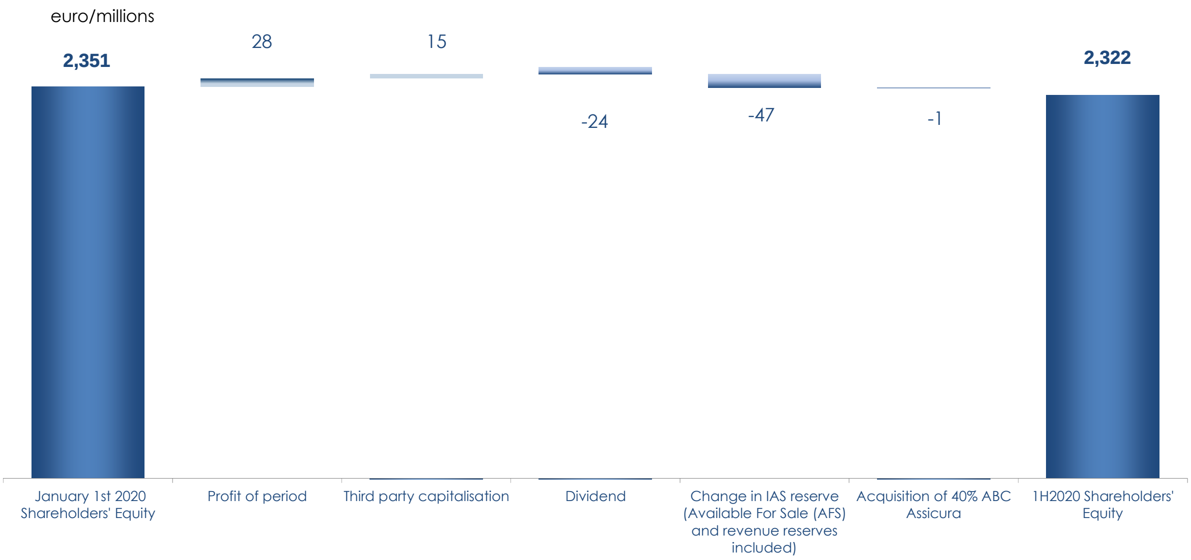


Shareholders' equity and its trend

The change in consolidated shareholders' equity since last year is attributable primarily to the result for the half-year amounting to € 28 million, the effect of recapitalisations on minority interests amounting to € 15 million, the distribution to third parties of dividends from a subsidiary amounting to € 24 million, the change in IAS reserves amounting to € 47 million (inclusive of the change in the AFS reserve and profits/losses recognised directly in shareholders' equity), and the effect of the purchase of 40% of ABC Assicura for € -1 million.

Consolidated shareholders' equity at the end of the half-year amounted to € 2,322 million (-1.2%).
The Group shareholders' equity amounts to € 1,864 million (-1.6%) and includes gains on available for sale financial assets amounting to € 36 million (-53.8%).
Portions of shareholders' equity pertaining to minority interests amounted to € 458 million (+0.2%) and include gains on available for sale financial assets amounting to € 8 million (-20%).

Trend of consolidated Shareholders' Equity as at June 30th, 2020



E-MARKET SDIR CERTIFIED

INSURANCE BUSINESS AND OTHER SECTORS OF ACTIVITIES

As at June 30th, the consolidation area comprised the insurance Parent Company, eleven insurance companies, of which one reinsurance company, one holding company, one real estate services company, seven service companies, two companies in the agricultural-real estate sector and six real estate property funds.

Società Cattolica di Assicurazione - Società Cooperativa, which operates throughout Italy in the life and non-life businesses, ideally targeting the medium/high range of the personal segment. It is the Parent Company of the following companies:

Non-life insurance companies

ABC Assicura S.p.A., with headquarters in Verona, share capital of € 8.9 million, is authorised to carry out non-life business. From 2018 there is a substantial absence of new production and the company directly provides customer service for all necessary after-sales operations. In February, the Parent Company acquired the remaining 40% of the company from Banca Popolare di Vicenza in compulsory administrative liquidation and held 100% of the share capital as at June 30th;

BCC Assicurazioni S.p.A., with headquarters in Milan, share capital of € 14.4 million, is authorised to carry out non-life business and distributes its products using the network of branches of the ICCREA Group. The Parent Company holds 70% of the share capital;

CattRE S.A., with headquarters in Luxembourg, share capital of € 48.6 million, is authorised to exercise the reinsurance business. Cattolica holds 100% of the company;

TUA Assicurazioni S.p.A., with headquarters in Milan, share capital of € 23.2 million, carries out insurance activities in the non-life business, offering the market a specialist range of insurance and financial products/services able to meet the needs of personal line customers. The Parent Company holds 99.99% of the share capital;

Vera Assicurazioni S.p.A., with headquarters in Verona, share capital of € 63.5 million, is authorised to carry out non-life business. Cattolica holds 65% of the company;

All Risks Solutions S.r.l., with headquarters in Rome, carries out insurance brokerage activities, share capital € 10 thousand. It is wholly owned by Estinvest;

Estinvest S.r.l., with headquarters in Venice, is a holding company, share capital of € 81 thousand. CattRE holds 100% of the capital;

Mediterranea Underwriting S.r.l (MUW S.r.l.), based in Genoa, carries out insurance and reinsurance brokerage activities, with a share capital of € 60 thousand. It is 100% controlled by Estinvest, which established it in June;

Meteotec S.r.l., with headquarters in Venice, carries out meteorological and climatic research activities, share capital € 30 thousand. It is wholly-owned by Satec;

Qubo Insurance Solutions S.r.l., with headquarters in Milan, carries out insurance brokerage activities, share capital € 10 thousand. Estinvest holds 51% of the company;

Satec S.r.l., with headquarters in Venice, carries out insurance brokerage activities, share capital € 135 thousand. It is 100% controlled by Estinvest;

Fondo Andromaca, is a real estate mutual investment fund, wholly owned by the Parent Company Cattolica. Part of the interests is allocated in the non-life portfolio;

Fondo Euripide, is a closed-end real estate property mutual investment fund, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 69.42%, Lombarda Vita 16.89%, Vera Vita 10.29%, TUA Assicurazioni 1.51%, Vera Protezione 1.36% and Vera Assicurazioni 0.53%. Part of said interests is allocated to the non-life portfolios of Cattolica, TUA Assicurazioni and Vera Assicurazioni;

Fondo Girolamo is a closed-end real estate property mutual investment fund, managed by Savills IM SGR. Cattolica holds 80.65% interest and TUA Assicurazioni holds 19.35%. Part of the interests is allocated to Cattolica and TUA Assicurazioni's non-life portfolio;

Fondo Innovazione Salute, is a real estate mutual investment fund dedicated to housing for the elderly, and was formed in 2018. The interests held are as follows: 66.83% Cattolica and 9.97% TUA Assicurazioni. Part of said interests is allocated to Cattolica and TUA Assicurazioni's non-life portfolio;

Fondo Perseide, is a real estate property mutual fund dedicated to investment in renewable energies, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 79.15%, Lombarda Vita 11% and TUA Assicurazioni 5.16% and BCC Vita 4.69%. Part of said interests is allocated to Cattolica and TUA Assicurazioni's non-life portfolio;

Fondo San Zeno, is a closed-end real estate property mutual investment fund, managed by CB Richard Ellis, which was wholly acquired by the Group companies. The interests held in the fund are as follows: Cattolica 68.02%, BCC Vita 19.33% and Lombarda Vita 12.65%. Part of said interests is allocated to Cattolica's non-life portfolio;

Campo dei Fiori, is a limited liability company, 100% controlled by Fondo San Zeno of which Cattolica holds 68.02%.

Life insurance companies

BCC Vita S.p.A., with headquarters in Milan, share capital of € 62 million, is authorised to carry out life business insurance activities and distributes its products via the branches of the ICCREA Group. The Parent Company holds 70% of the share capital;

Berica Vita S.p.A., with headquarters in Vicenza, share capital of € 31 million, is authorised to carry out life business insurance activities. From 2018 there is a substantial absence of new production and the company directly provides customer service for all necessary after-sales operations. As at June 30th, the Parent Company holds 60% of the share capital. In July 2020, the Parent Company acquired the remaining 40% of the company from Banca Popolare di Vicenza in compulsory administrative liquidation and held 100% of the share capital;

Lombarda Vita S.p.A., with headquarters in Brescia, share capital of € 185.3 million; it is authorised to carry out life business insurance activities, distributing them via the network of branches of the UBI Banca Group. The Parent Company holds 60% of the share capital;

Vera Financial DAC, is a life insurance company with headquarters in Dublin, Ireland, share capital of € 803 thousand, specialising in class III life insurance policies. Cattolica holds 65% of Vera Vita, which in turn holds 100% of the company;

Vera Protezione S.p.A, with headquarters in Verona, share capital of € 47.5 million, is authorised to carry out life business and is specialised in TCM (temporary life insurance) policies. Cattolica holds 65% of Vera Assicurazioni, which in turn holds 100% of the company;

Vera Vita S.p.A., with headquarters in Verona, share capital of € 219.6 million, is authorised to carry out life business and is specialised in the savings and investment products business. Cattolica holds 65% of the company;

Fondo Andromaca, is a real estate mutual investment fund, wholly owned by the Parent Company Cattolica. Part of the interests is allocated in the life portfolio;

Fondo Euripide, is a closed-end real estate property mutual investment fund, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 69.42%, Lombarda Vita 16.89%, Vera Vita 10.29%, TUA Assicurazioni 1.51%, Vera Protezione 1.36% and Vera Assicurazioni 0.53%. Part of said interests is allocated to the life portfolios of Cattolica, Lombarda Vita, Vera Protezione and Vera Vita;

Fondo Girolamo is a closed-end real estate property mutual investment fund, managed by Savills IM SGR. Cattolica holds 80.65% interest and TUA Assicurazioni holds 19.35%. Part of the interests is allocated in the Cattolica's life portfolio;

Fondo Innovazione Salute, is a real estate mutual investment fund dedicated to housing for the elderly, and was formed in 2018. The interests held are as follows: 66.83% Cattolica and 9.97% TUA Assicurazioni. Part of said interests is allocated to Cattolica's life portfolio;

Fondo Perseide, is a real estate property mutual fund dedicated to investment in renewable energies, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 79.15%, Lombarda Vita 11% and TUA Assicurazioni 5.16% and BCC Vita 4.69%. Part of said interests is allocated to the life portfolio of Cattolica, Lombarda Vita and BCC Vita;

Fondo San Zeno, is a closed-end real estate property mutual investment fund, managed by CB Richard Ellis, which was wholly acquired by the Group companies. The interests held in the fund are as follows: Cattolica 68.02%, BCC Vita 19.33% and Lombarda Vita 12.65%. Part of said interests is allocated to the life portfolio of Cattolica, Lombarda Vita and BCC Vita.

Other companies

Agricultural-real estate sector

Cattolica Agricola S.A.r.l., was established in 2012 by Cattolica, the single-member company within the scope of the purchase of the property complex known as Tenuta Ca' Tron. It has headquarters in Verona and share capital of € 35.5 million. It is a single-member limited liability company, which has the exclusive purpose of carrying out agricultural activities pursuant to Article 2135 of the Italian Civil Code;

Cattolica Beni Immobili S.r.l., was established in 2012 by Cattolica, the single-member company within the scope of the purchase of the property complex known as Tenuta Ca' Tron. It is a limited liability company with single member. It has headquarters in Verona and share capital of € 7 million. It manages, amongst other aspects, the properties not instrumental to the agricultural activities related to said estate, as well as the "Cattolica Center" property complex, located in Via Germania, Verona.

Service companies

Cattolica Immobiliare S.p.A., with headquarters in Verona, share capital of € 400 thousand, carries out activities for developing and leveraging the real estate assets and those typical of property services. It is wholly-owned by the Parent Company;

Cattolica Services S.C.p.A., a consortium company, which carries out service activities for the Group, with headquarters in Verona and share capital of € 21 million. The services and activities provided are: 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 and accounting and financial statements of the Group companies. It is 99.96% owned by the Parent Company Cattolica, while the remaining investment is held by other Group companies (ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita, Cattolica Immobiliare and Lombarda Vita to an equal extent of 0.005%) and by TUA Assicurazioni, which owns 0.01%.

Group insurance business

The following table shows the breakdown of the insurance premiums and of the investment contracts.

Table 10 - Total premiums written

(€ millions)	June 30th, 2020	% of total	June 30th, 2019	% of total	Change Amount	%
Accident and injury	98	3.5	107	3.3	−9	−7.5
Health	48	1.7	52	1.6	−4	−7.2
Land vehicle hulls	75	2.7	75	2.4	0	−0.4
Goods in transit	3	0.1	4	0.1	−1	−34.5
Fire & natural forces	79	2.9	81	2.5	−2	−2.0
Other damage to assets	129	4.6	134	4.2	−5	−3.4
TPL - Land motor vehicles	440	15.8	477	14.9	−37	−7.8
TPL - General	101	3.6	99	3.1	2	1.3
Credit	0	n.s.	0	n.s.	0	n.a.
Suretyship	11	0.4	10	0.3	1	9.5
Sundry financial losses	13	0.5	9	0.3	4	34.4
Legal protection	11	0.4	10	0.3	1	12.4
Assistance	26	0.9	24	0.7	2	10.4
Other classes (1)	14	0.5	8	0.3	6	72.9
Total non-life business	**1,048**	**37.6**	**1,090**	**33.9**	**−42**	**−3.8**
Insurance on the duration of human life - class I	1,260	45.2	1,498	46.7	−238	−15.8
Insurance on the duration of human life linked to investment funds - class III	432	15.5	565	17.6	−133	−23.5
Health insurance - class IV	1	n.s.	1	n.s.	0	n.a.
Capitalisation transactions - class V	42	1.5	50	1.6	−8	−17.6
Pension funds - class VI	5	0.2	5	0.2	0	5.6
Total life business	**1,740**	**62.4**	**2,119**	**66.1**	**−379**	**−17.9**
Total direct business	**2,788**	**100.0**	**3,209**	**100.0**	**−421**	**−13.1**
Indirect business	**11**		**7**		**4**	**48.2**
Total insurance premiums	**2,799**		**3,216**		**−417**	**−12.9**
Insurance on the duration of human life linked to investment funds - class III	9	23.6	13	24.7	−4	−34.9
Pension funds - class VI	27	76.4	39	75.3	−12	−30.8
Total investment contracts	**36**	**100.0**	**52**	**100.0**	**−16**	**−31.8**
TOTAL PREMIUMS WRITTEN	**2,835**		**3,268**		**−433**	**−13.3**

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

n.s. = not significant

n.a. = not applicable

In particular, life premiums written, taking into account both insurance premiums and investment contracts, are broken down per class as follows:

Table 11 - Total life premiums written (insurance premiums and investment contracts)

Life business					**Change**	
(€ millions)	**June 30th, 2020**	**% of total**	**June 30th, 2019**	**% of total**	**Amount**	**%**
Insurance on the duration of human life - class I	1,260	71.0	1,498	69.1	−238	−15.8
Insurance on the duration of human life linked to investment funds - class III	441	24.8	578	26.6	−137	−23.7
Health insurance - class IV	1	n.s.	1	n.s.	0	13.3
Capitalisation transactions - class V	42	2.4	50	2.3	−8	−17.6
Pension funds - class VI	32	1.8	44	2.0	−12	−26.8
Total life premiums - direct business	**1,776**	**100.0**	**2,171**	**100.0**	**−395**	**−18.2**

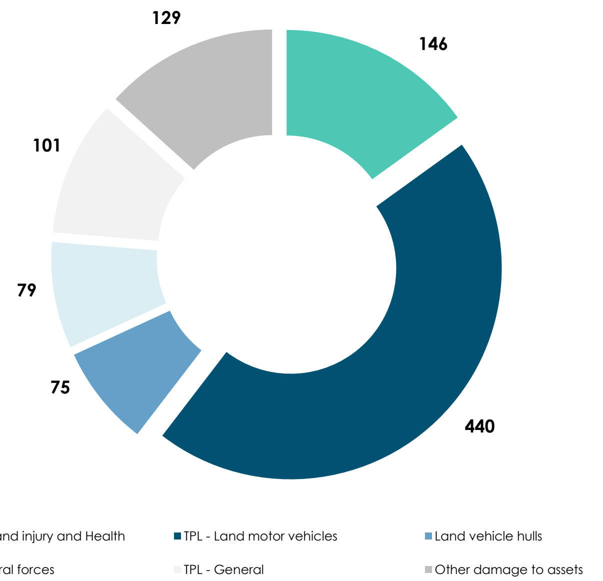
n.s. = not significant

Non-life business - Premiums written

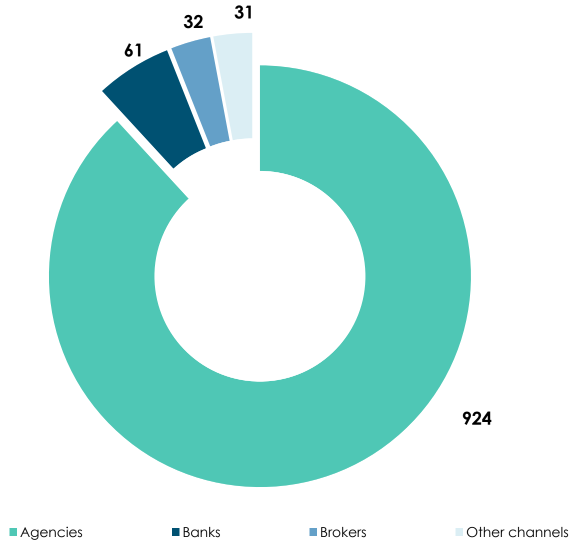
The direct premiums written of the non-life business decreased by 3.8% to € 1,048 million of which € 533 million in the non-motor segment (-0.8%) and € 515 million in the motor segment (-6.8%).
Indirect premiums came to € 11 million (+47.8%).

Direct non-life premiums written were generated as follows: the agency channel with € 924 million (-3.8%), the banking channel with € 61 million (-19.2%), brokers with € 32 million (+27.1%) and other channels with € 31 million (+8.6%).

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

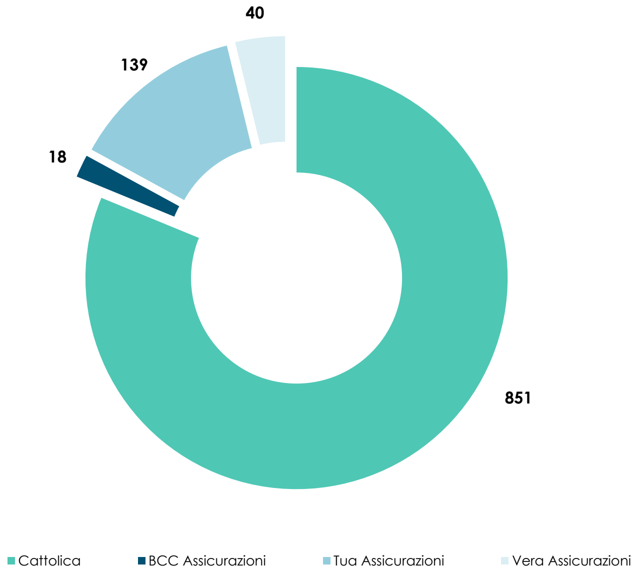


Premiums by channel, non life direct premiums (euro/millions)



Direct non-life premiums are attributable mainly to the Parent Company for € 851 million, BCC Assicurazioni for € 18 million, TUA Assicurazioni for € 139 million and Vera Assicurazioni for € 40 million.

Premiums by company of Group, non life direct premiums (euro/millions)



Non-life business - Research and development activities: new products

In the first half-year, the Group companies, 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, continued to adapt the contractual documentation of all marketed products according to the Information Set outlines dictated by the Supervisory Body. The companies also revised their offer, to make it increasingly meet the competitive dynamics of the market, sustainable from a financial viewpoint and consistent with the goals set by the Group Business Plan.
The Group is characterised by a Business Plan aimed at growth and offer profitability and sustainability, with particular attention paid to collaboration with the distribution network and marketing in the definition of products. The aim is to offer increasingly attractive and profitable products, both in terms of returns and innovation. The intervention adopted on the current portfolio is aimed at improving its profitability while, as far as the innovative aspect is concerned, the effort is aimed at offering products that better meet the needs of the market.

Parent Company
The road taken by Cattolica starting from May 2018, aimed at technological innovation in the motor area, has continued with new digital solutions dedicated to cars and commercial vehicles up to 35 quintals: the development of "Cattolica&Motori Active Auto", available from the beginning of 2020, aimed at expanding the current range of products offer through the enrichment of online products, further technological innovation in support of telematic products and innovation and diversification of Assistance coverage, with a view to increasing customer service.
Customers can thus opt for products with different service levels, according to their needs, amongst them:

- Active Box: a solution that completes the protection with the synergy between Active Box, the rescue device installed on the car and Active App, the application to be installed on the smartphone of all drivers of the insured vehicle, which helps to improve their driving style;
- Active Security: can be purchased either individually or in addition to Active Box and Active Smart, providing a satellite anti-theft device that, in the event of theft or robbery, will allow for the vehicle to be tracked;
- Active Smart: the new product configuration dedicated to providing the same customer care and crash detection services as the Active Auto option.

To these a new modular and growing proposition of the Assistance catalogue is added, aimed at offering services more and more consistent with the evolution of both Start and Active Motor products.

The restyling of "Cattolica&Motori CVT" in March 2020 involved the tariff sphere, to bring it into line with the evolution of land motor vehicles TPL, reviewing the tariff and content coefficients, enriching the offer with important guarantees or additions that place it at the top of the market, including:

- Atmospheric events - extended formula (catastrophe) with an extension including earthquake;
- Kasko - Introduction of two new forms of coverage;
- Packages - Glass guarantee, through the increase of the maximum value;
- Theft - Derogation for total damage with extension to 24 months.

"Active Business", available in the catalogue from May 2020, makes it possible to respond to the protection needs of the workplace, workers and the entrepreneur.
"Active Business", which is an evolution of "Cattolica&Impresa Industria 360°", is the new solution that brings together all the protection needs of businesses, whether they are industrial, artisan, production or transformation of assets, installers of equipment and plant and commercial concerns, street vendors and public businesses. It is a coverage to protect premises and their contents from events that could compromise them or cause damage.
The new policy offers many new features, including with reference to the new indirect non-life coverage, with dedicated services in case of economic difficulties deriving from lack of income generation due to the blockage of production and commercial activities, and protection against the increasingly frequent IT risks, through the enrichment of Cyber Risk coverage (Cyber security, Online theft of personal funds, Credit card protection).

"Cattolica Director & Officer", issued in May 2020, is the new solution, which ensures that the Directors, control bodies and Executives of the Company/Contracting Party are required to pay as civilly liable under the law, by way of compensation for financial damage caused to third parties as a result of failure to comply with their duties under the law, the Articles of Association or resolutions passed by the Shareholders' Meeting in the performance of their duties.

From June 2020, new products dedicated to the field of digital risk are available.
In the recent years a persistent trend of growth in cyber attacks, their severity and consequent damage is shown. "Cattolica & Cyber Risk" is the solution dedicated to small and medium enterprises and professional firms that use technological tools and require complete protection from the costs of economic and financial losses due to a cyber attack and from the costs of restarting the business and expenses for possible damages to third parties.
Two types are available:

- "Cattolica & Cyber Risk Formula Assistenza": provides for the insurance offer of Assistance, Indemnity and TPL guarantees focused on the violation of the information system/technological instruments of freelance professionals or small and medium-sized companies;
- "Cattolica & Cyber Risk Formula Indennitaria": provides for the insurance offer of Indemnity and TPL guarantees focused on the violation of the information system/technological instruments of freelance professionals or small and medium-sized companies;

"Cattolica & GDPR" is the solution dedicated to small and medium-sized companies and professional firms that deal with any type of personal data and need to reduce the risk of a violation and, at the same time, manage any consequences.
The coverage includes the insurance offer of Assistance services and TPL guarantees focused on the violation of personal data, of whatever nature, computer data or physical data (paper, CDs, etc.).

BCC Assicurazioni
Since April 1st, the tariff for motor vehicles of the "Formula Auto" product has been updated in order to make it more adherent to each individual profile.

In addition, the marketing of the "Formula Auto Connect" digital line for cars and commercial vehicles has begun with two new solutions:
- Smart: assistance services;
- Protect: satellite anti-theft device.

The coverage and assistance services have been expanded and are now divided into three different levels (Small, Medium and Large), which are incremental both in terms of content within the levels themselves and according to the product acquired.
The ICCREA Banking Group is planning commercial initiatives in relation to its member banks to encourage the sale of certain non motor non-life products.

Vera Assicurazioni
Since April 1st, the tariff for motor vehicles of the "AutopiùSicura" product has been updated in order to make it more adherent to each individual profile.
New technological and protection solutions have also been introduced, extending the current "AutopiùSicura Connect" range:

- enrichment of telematic products;
- further technological innovation in support of telematics products.

Since April 2020, in addition to "Vera Box" and "VeraBox + Vera Protect", the marketing of two new solutions has begun:
- "Vera Smart": assistance services only;
- "Vera Protect stand alone": satellite anti-theft device.

In addiction, coverage and assistance services have been expanded and are now divided into three different levels (Small, Medium and Large), which are incremental both in terms of content within the levels themselves and according to the product acquired.

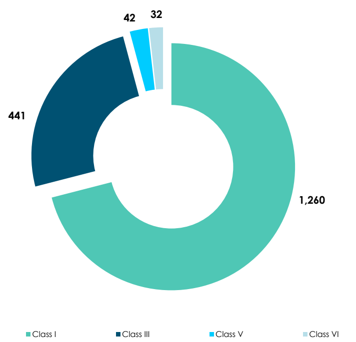
In June, the restyling of the "Incendio Abitazione a Premio unico" policy was launched. The new insurance solution represents the evolution of the previous financed single premium fire product. It arises from several specific requests and enquiries to align the offer to the new market needs.

Commercial initiatives continued in relation to a number of non-life policies. In particular, the "Black Friday" initiative, which provides for a promotion on the last Friday of each month with a 20% discount on the first year of the policy on several products in the catalogue and then the "Protezione Persona" initiative was launched in relation to several policies linked to the world of health (from April 6th to May 8th and then resumed from May 18th to the end of June).

Life business – Premiums written

Insurance premiums in the life business totalled € 1,740 million (-17.9%). Premiums written relating to investment contracts amounted to € 36 million (-31.8%). Total direct life premiums written, amounting to € 1,776 million, were down by 18.2%.

Main life classes, direct premiums (euro/millions)



During 2020, the Group continued its strategy centred on the offer of investment solutions connected with multi-class products with the segregated management component characterised by "non cliquet" guarantee, which allow less capital absorption.

Total class III premiums written (insurance on the duration of human life linked to investment funds) amounted to € 441 million (-23.7%) and consisted of unit linked contracts. Investment contracts amounted to € 9 million (-34.9%).

The emergence of the Covid-19 virus, low interest rates and the uncertainty of the overall economic picture have led to a reduction in total life insurance premiums. There was a greater contraction in premiums relating to class III: the high volatility of the markets and the period of suffering of the real economy, which characterised the first half of 2020, particularly compromised the collection of policies with a higher financial component (attributable to unit-linked policies, linked to Internal Funds, external UCITS or SICAV segments).
Group life premiums written continue to be driven by the bancassurance channel, which is in any case, the channel most affected by the economic and financial trends of the period. The agent channel also recorded a reduction in life premiums compared to last year, but to a lesser extent compared to bancassurance.

The performance of premiums written relating to products linked to segregated funds is constantly monitored, with a view to ensuring sustainability over time of the returns offered, which could be partly compromised by the diluting effect deriving from the significant decrease in the interest rates on investments linked to new incoming assets. The Group continues to concentrate its new business in class I towards segregated management with profit provisions, with the goal of making the return for policyholders more stable when sudden market fluctuations occur.

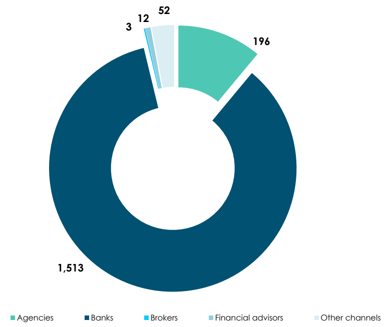
Class I premiums written amounted to € 1,260 million (-15.8%).

Class V premiums written (capitalisation) amounted to € 42 million (-17.6%).

Total class VI premiums written (pension funds) amounted to € 32 million (-26.8%) and were mainly generated by investment contracts.

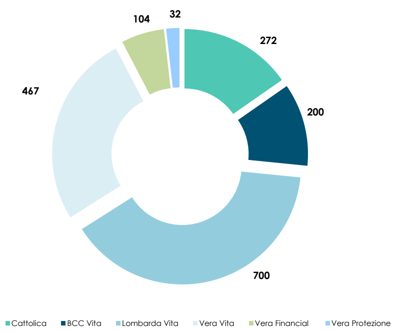
Direct life premiums written were generated as follows: the agency channel with € 196 million (-6.8%), the banking channel with € 1,513 million (-19.9%), brokers with € 3 million (-24.9%), financial advisors with € 12 million compared with € 3 million as at June 30th, 2019 and other channels with € 52 million (-20.2%).

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



The contribution made to the consolidated amount on life premiums attributable to the Parent Company totalled € 272 million, BCC Vita € 200 million, Berica Vita € 1 million, Lombarda Vita € 700 million, Vera Financial € 104 million, Vera Protezione € 32 million and Vera Vita € 467 million.

Premiums by company of Group, direct life premiums (euro/millions)



Life business - Research and development activities: new products

As already stated for non-life products, for the life business too, during the first half of the year the Group companies, with the entry into force on January 1st, 2019 of IVASS Regulation No. 41 of August 2nd, 2018, containing provisions on the disclosure and advertising of insurance products, continued to adapt the contractual documentation of all marketed products according to the Information Set outlines dictated by the Supervisory Body. The Group companies revised their offer, to make it increasingly meet the competitive dynamics of the market, sustainable from a financial viewpoint and consistent with the goals set by the Group Business Plan.
The Group is characterised by a Business Plan aimed at growth and offer profitability and sustainability, with particular attention paid to collaboration with the distribution network and marketing in the definition of products. The aim is to offer increasingly attractive and profitable products, both in terms of returns and innovation. The intervention adopted on the current portfolio is aimed at improving its profitability while, as far as the innovative aspect is concerned, the effort is aimed at offering products that better meet the needs of the market.

Parent Company

The Parent Company maintains the strategy already undertaken, aimed in particular at "Capital Light" type solutions. The aim is to combine a traditional offer of products linked to segregated management, still highly appreciated by savers, with sustainability compared to current market contexts.
At the same time, there is a strong focus on an increase in the weight of class III premiums through the offer of Multi-class products. These are in fact the most balanced solutions, capable of offering the protection of one's own savings on the share of investment in segregated management, but also of taking advantage through the investment in Internal Funds of the different return opportunities of the financial market, capable of offering more interesting levels of performance to make the invested capital grow over time.
Following these drivers, the new "Multiramo Active" product line was born, composed of "Active Risparmio" and "Active Investimento" products, flexible and customisable investment insurance solutions, also through advanced financial options (take profit, stop loss and financial decumulation).
Specifically:

- "Active Investimento" is the multi-class product dedicated to those who wish to grow their capital over a defined time period (a choice of 10, 15, 20 or 25 years), with a minimum investment amount of € 10,000 and the possibility of making additional payments. It offers the possibility to create your own investment portfolio by choosing from the funds available and to modify it during the life of the policy.
  It is a product that is consistent with your risk profile (Active, Balanced, Senior, Free and Life Cycle Profile) and that is adaptable over time to your needs and expectations. It is characterised by the Financial Decumulation option, which can already be activated at the time of subscription, which allows you to set the amount and frequency with which receive part of the invested sums. Last but not least, the product provides for the possibility of converting the benefit at maturity into an annuity, which could then supplement the pension amount;

- "Active Risparmio" is the multi-class product dedicated to those who are able to consistently set aside even limited amounts over time, with the aim of creating their future capital over time.
  The term of the savings plan can be chosen between 10/15/20 or 25 years; the minimum amount to be set aside is € 200 per month (€ 50 for customers "under 35") and provides the option to choose whether to pay monthly, quarterly, half-yearly or annually. The payment schedule can be suspended after the first year, the

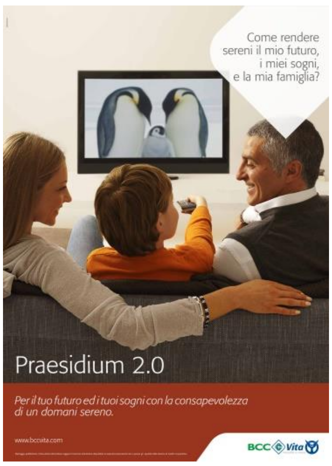
amount changed and the frequency of payments changed without additional charge.

With regard to the protection aspect, complementary solutions are offered for investment and savings policies, with the aim of integrating and extending the coverage of needs for customers.
These include "TCM EMAPI", a temporary life insurance coverage (Temporanea Caso Morte - TCM), provided collectively, following a Europe-wide tender specifically launched by a leading mutual assistance body for Italian professionals, which Cattolica was awarded.
This is an insurance coverage that provides for the payment of a lump sum in the event of death due to any cause. The collective agreement consists of two plans: basic coverage and additional individual coverage aimed at increasing performance.

Lombarda Vita
The financial offer of Unit/Multi-class products linked to UCITS has been updated through the updating of the list of external funds proposed.
The products to be placed, under this initiatives, are as follows:

- “Twin Top Selection”: it is a multi-class insurance with single premium, with possibility of additional premiums written, with additional benefit for the case of death, characterised by the logic of the guaranteed production of the invested capital in “non cliquet” segregated management;
- “YOUR PRIVATE INSURANCE – Lombarda Vita Soluzione Unit UB3” and “YOUR PRIVATE INSURANCE – Lombarda Vita Soluzione Unit UB4”: they are Unit Linked insurance products with single premium and additional single premiums with additional benefit in the case of death.

BCC Vita
The current offer specifically dedicated to the area in need of protection was updated during the first half of the year.
In fact, "Praesidium 2.0" was released, a new temporary life insurance policy that provides for two different tariffs, differentiated between "Smoker" and "Non-Smoker" status:



- with a constant premium and constant capital;
- with a constant limited premium and decreasing capital.

The objective of the new product is a more precise definition of the premium and a greater response to customer needs.

It should be noted that the Unit Linked "Autore Sinergia 2.0" product has been updated to comply with regulations, for which the offer of external UCITS has been kept up-to-date with targeted interventions on individual funds that had been subject to modifications or extraordinary transactions in previous months.

Vera Vita
During the first half of the year, a new investment solution, "Vera Vita- CapitalePiùOpportunità", was launched and research and development activities were carried out on existing products ("Vera Vita- PrimaVera Multiramo", "Vera Vita - SempreVera", "Vera Vita - SempreVera Convenzione" and "Vera Vita Private Life Insurance") in accordance with the guidelines set out in the agreement between the Parent Company and Banco BPM.

Vera Financial
During the first half of the year, four new class III products were made available to the distributor: "Valore Piu' Gennaio 2020" and "Obbligazionario Piu'" characterised by investments mainly in bonds, "Orizzonte Multimanager" and "Top Brands" with an asset allocation that aims at medium-long term capital growth through the implementation of a systematic allocation strategy on two different portfolio components, with different risk profiles, in compliance with a predefined risk budget.

Reinsurance

Non-life business
The Parent Company's reinsurance programme maintained a standardised structure in line with 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) and the

assistance, legal defence and sundry financial losses classes.
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 and non-proportional coverages falling due:

- percentage of reduction in suretyship/credit business transfer from 60% to 50%;
- reduction in the multi-class bouquet proportional transfer percentage (fire, theft, accident & injury and land vehicle hulls) from 4% to 3%;
- increase in capacity for technological risks from € 25 to € 40 million;
- increase in risk capacity for the transport programme from € 7 to € 10 million, while for the clash the increase is from € 14 to € 20 million;
- increase in capacity for the fire class from € 90 to € 100 million;
- non-renewal of the "Multiline" coverage for Property risks (fire, theft and technological risks);
- renewal of the "Multiline" coverage, as expiring, for the general TPL and the Life/Health (accident & injury and health) section.

With regard to non-proportional coverage, during the period, the changes carried out involved:

- increase in capacity for TPL general insurance from € 32 million to € 62.5 million;
- inclusion in the coverage of the Group Catastrophe Agreement, from 2020, of the accident and technological risks classes, in addition to the fire and land vehicle hulls classes already protected in 2019;
- purchase of up to € 550 million in the definition of catastrophic coverage capacity, as expiring, which corresponds to a return period of more than 1/250 years of RMS (Risk Management Solutions) and 1/1000 years of AIR (Applied Insurance Research), confirming the extreme level of prudence;
- increase, for 2020, in Group catastrophe exposures, due to the high number of major catastrophe losses incurred in the last 5/7 years and the combined effect of the increase in Group catastrophe exposures from € 10 to € 15 million. In addition, with effect from May 1st, 2020, an additional layer was purchased to cover the earthquake risk, bringing total capacity to € 850 million;
- in relation to the health programme, capacity has been increased to € 5 million (from the current € 3 million).

With regard to policies combined with loans (PPI-Payment Protection Insurance), the proportional coverage was renewed, with a simultaneous reduction in the transfer portion due to expire, from 85% to 70% for the Non-Life portion.
For 2020, as regards D&O (Directors & Officers) policies, a proportional coverage was renewed, with a transfer percentage of 60%. The retention is covered by the main general TPL claim excess agreements.
With reference to the hail class, the proportional coverage was renewed with a reduction of the expiring transfer portion from 50% to 20%. This coverage acts on the retention of a stop loss agreement with unchanged structure compared to that expiring (70% xs 110%).
With regard to the livestock class, in order to cut volatility peaks, the stop loss coverage expiring in 2019 has been replaced with excess claims coverage with priority of € 500 thousand and total capacity of € 4 million.

For BCC Assicurazioni, TUA Assicurazioni, Vera Assicurazioni and CATTRe, relating to the fire class, coverage with claim excess for the "Conflagration Risk" (concentration of risks located within a 200-metre radius) was renewed and placed partially with the Parent Company and partially with the reinsurance market, with the inclusion of Vera Assicurazioni in the coverage.
Finally, with regard to policies combined with loans (PPI - Payment Protection Insurance), the proportional coverage was renewed for BCC Assicurazioni with a reduction in the transfer percentage from 85% to 70%.

Life business

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 the previous year, for the Parent Company, for BCC Vita, Berica Vita, Vera Protezione, Vera Vita and Lombarda Vita. With regard to the claim excess programme for risk, the priority decreased from € 200 thousand, falling due, to € 250 thousand, except for the Parent Company, for which the priority is € 350 thousand.
As far as the business connected with disbursement of loans (PPI) is concerned, the proportional coverage was renewed for the Parent Company, BCC Vita and Lombarda Vita, with a reduction in the transfer percentage from 85% (51% for the "Mutui e Protezione Reddito" product) to 50%.
The renewal, under the same conditions, of proportional agreements of the Group companies relating to the coverage of the following completes the life reinsurance programme:

- risk of non-self sufficiency (long-term care);
- salary-backed loans for employees and pensioners.

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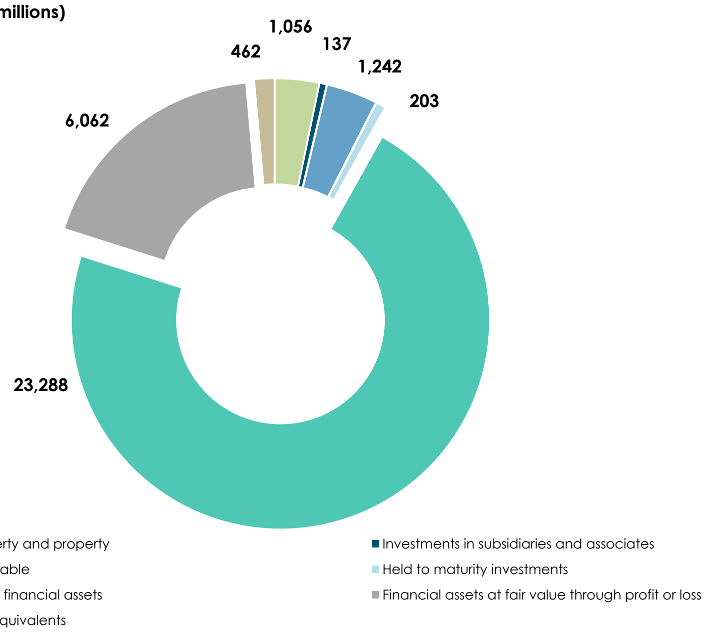
Dealings with reinsurance companies, which present the best prospects of continuity over the long-term, have been preferred for all the Group companies. When selecting partners, particular attention was paid to the solidity and reliability of the same, directing the choice towards those with the best 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 companies 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 2019, the Board of Directors approved the changes provided in the plan of Reinsurance transfers for the year 2020.

FINANCIAL AND ASSET MANAGEMENT

Investments breakdown, (euro/millions)



Investment property and properties

The impact of the Covid-19 pandemic on real estate values was reflected in lower expected inflation, slower market growth, higher capitalisation rates due to higher perceived risk, longer assumed vacancy periods and expected contract renewals. The most significant write-downs are recorded in properties for accommodation and retail use and in shopping centres, where the facilities have been closed down and turnovers reset to zero.

Acquisitions and property transactions

In the first half-year 2020, several property transactions were finalised, with the aim of creating constant and foreseeable flows of income, 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 payment of € 11 million, made in February, to Fondo Euripide, managed by Finanziaria Internazionale SGR and 100% underwritten by the Cattolica Group companies, for the ongoing renovation of the various hotels in the portfolio;
- the payment of € 3.4 million, as a down payment, in March, at the same time as the signing of the preliminary contract for the purchase of shares in a real estate fund for a newly built building for office / training use in Milan (Bicocca) and leased to a tenant of primary standing. The notarial deed took place on July 31st, 2020, with payment of the balance (approximately € 33 million) through Fondo Girolamo;

- the purchase in January of a plot of land in Sicily of about 17 Ha, for the subsequent transfer of the rights to plant vines at the Ca' Tron estate;
- the purchase of a photovoltaic plant for a total capacity of 1 MWp for approximately € 2.5 million, made on June 8th, through Fondo Perseide, 100% subscribed by the Group companies. The plant is located in the province of Vercelli;
- the completion of the purchase, on June 8th, of the property complex called Darsena di Portegrandi, located in the municipality of Quarto d'Altino, in the context of the investments in Tenuta Ca' Tron;
- during the last 12 months, despite the period of construction stoppage due to the pandemic, a significant expansion of the property complex known as "H-Campus", located in the province of Treviso, in the municipality of Roncade, was completed. It consists of a set of facilities dedicated to teaching and complementary services on the model of the "university campus" of Anglo-Saxon tradition belonging to Fondo H-Campus.

During the first half of the year, in the area known as "Cattolica Center" in Verona, the upgrading and safety works on the building reached the final stage. The procedure for the definitive change of use for the convention activity has been initiated, accompanied by in-depth studies aimed at enhancing the value of the real estate compendium as a whole.

Inside the Ca' Tron estate in the municipality of Roncade (TV), as part of the building restoration plan for the complex called "Centro aziendale Ca' Tron", work continued on the enhancement, redevelopment and renovation of several of the buildings not intended for agricultural use.
Also in the first half of 2020, 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

During the first half of the year, operations developed in a highly volatile environment due to the impact of Covid-19 on the markets. The situation has improved substantially thanks to the sudden actions of central banks and the shared commitment of European countries to support operations through fiscal policies. The spring months saw a marked downward revision of global growth estimates. The impact and duration of the economic downturn is not yet fully clear. Economists agree to estimate a sharply declining 2020 and a marked recovery in 2021. However, this is without taking into account any possible upsurge of the virus, which could again affect global socio-economic systems.

During the first half of the year, exposure to domestic securities was substantially reduced in terms of assets. Operations focused on the distribution of maturities by lengthening the average duration of the portfolios, consistent with the durations of the reference liabilities, both on the domestic and foreign side. The non-Italian component was marginally reduced during the first half of the year, with benefits being taken from European securities as a result of the very strong return compression that occurred in the spring months.

The corporate component was subject to high volatility in the spring months due to marked market stress. During these months, manoeuvres have been put in place to reduce the positions most sensitive to this new macroeconomic scenario resulting from Covid-19. As a result, the securities most exposed to cyclical sectors of the economy were sold and issuers deemed more countercyclical were acquired. Investment Grade issues were preferred in order to provide more stability to portfolios. After the strong shock in the middle months of the half-year, credit spreads showed a very solid performance. Helped by central bank purchases, which gave stability to the market, the price collapse in March and April was promptly recovered in May and June.

The share segment was increased in order to be able to benefit tactically from the detachment of dividends aimed at supporting the Group's profitability. These positions were hedged using ETF instruments to reduce the impact of asset class volatility.

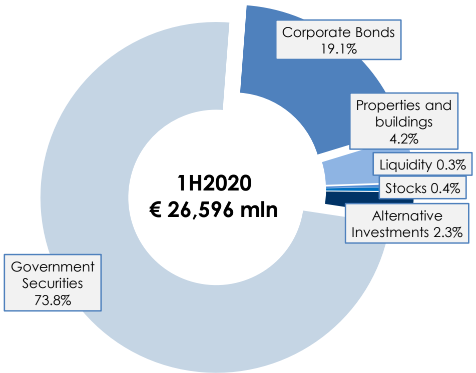
The management of alternative investments in the portfolio also continued. Investments are concentrated in Europe, in this way contributing to the strategy of overall diversification of the portfolio and of keeping adequate profitability levels.

The property component rose marginally during the first half of the year through the subscription of new funds and the recalls of several funds already in the portfolio.

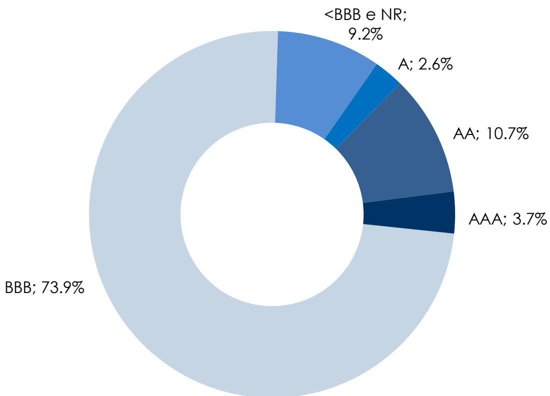
The portfolio is denominated principally in Euro, with marginal exposures in US dollars and GBP. Issuers place products primarily in Europe, and to a lesser extent in the United States. However, many issuers presented spheres of operations highly diversified in geographic terms, for the purpose of reducing recession risks as far as possible.

With reference to the volumes managed as at June 30th, 2020 (excluding the equity investments and contributions of foreign companies), the following details are pointed out.

Asset allocation



Bond rating breakdown



Financial operations

Financial operations, closed with a result, gross of tax effects, amounting to € 226 million (-10.2%), after gross write-downs of € 41 million.

With reference to net income from other financial instruments and investment property, this aggregate was characterised by the increase in net income from interest and other net proceeds, which fell to € 259 million (-4.1%), by net profits realised of € 41 million compared to € 16 million at June 30th, 2019 and net losses from valuation on financial assets of € 32 million compared to € 13 million at June 30th, 2019, as well as net losses from investments in associated companies of € 15 million compared to € 3 million at June 30th, 2019.

PERFORMANCE IN THE 2ND QUARTER

The Group's result as at June 30th includes a loss of € 4 million in the second quarter, which was impacted by write-downs of € 86 million, while the consolidated result benefited from the positive result of the second quarter of € 8 million.

UNREALISED CAPITAL GAINS AND LOSSES

At the end of the first half, unrealised capital gains net of tax effects were recorded on held to maturity investments for € 17 million, along with unrealised capital gains net of tax effects on loans and receivables for € 98 million, relating to bonds and other fixed-income securities.

The overall fair value of the held to maturity investments and loans and receivables as at June 30th amounted to € 1,611 million.

Net of the tax effects on properties and investment property, unrealised capital gains - on the basis of estimates made by appointed outside experts - totalled € 150 million. The overall fair value of property and investment property came to € 1,273 million.

Pillar Risks 1

Pillar Risks 2

INTERIM MANAGEMENT REPORT

E-MARKET SDIR CERTIFIED

RISK MANAGEMENT

RISK MANAGEMENT PROCEDURES

The Group has a Risk Management System that is formalised in the policies issued pursuant to IVASS Regulation No. 38 of July 3rd, 2018 and to Article 30-bis, paragraph 4 of the Italian Private Insurance Code by the Board of Directors of the Parent Company as a guideline and coordination tool and by the Boards of the individual subsidiaries. The risk management system pursues the objective of ensuring effective monitoring of risks arising from carrying out the Group's activities by paying special attention to the most important risks, which are those risks that can undermine the solvency of the Group and of its companies or observance of the corporate goals, including those established by the resolution of risk propensity. The main objective of the Risk Management System is to guarantee the capability of meeting commitments relating to policyholders, beneficiaries and injured parties and, in more general terms, the various stakeholders. This objective is also pursued by applying a risk management strategy based on three fundamental principles:

- responsibility in relation to customers and understanding of their needs;
- clear understanding of various risks which affect the Group and its companies;
- consistency with the aspiring principles of the Parent Company.

During the first half of 2020, the Group continued to pursue the objective of preserving its equity soundness and a satisfactory level of profitability, despite a complex and highly volatile environment. To this end, the risk management process took into account the objectives of the Plan and the annual budget. This process is made up of the following micro-phases carried out recursively:

- identification of the risks and definition of their taxonomy (risk map);
- procedures and methods for measuring the risks;
- definition of the risk propensity system;
- monitoring of the risks;
- mitigation techniques and escalation processes;
- information flows and reporting.

The risk identification phase is carried out by using a set of methodologies, differentiated according to the categories of risks to which the Group is exposed. The complete assessment of the solvency position, including the detailed records of the exposures to risks, is updated at least once every quarter. Analyses of sensitivity to the market risk factors are also conducted with the same frequency since they are volatile to a greater extent owing to their nature, and actions to mitigate operational risks detected for each company are also monitored. Risks to which Group companies are exposed are continuously managed by monitoring summary indicators, whose updating frequency depends on the degree of uncertainty of variables on which they have an impact. Information flows from first level control units to the Risk Management Unit and the Compliance Unit[8] are also provided periodically and occasionally for particularly important events or specially formalised events based on relevance to the Group's risk profile. This second scenario takes on particular importance within the scope of preventive checks for investments, in application of IVASS Regulation No. 24 dated June 6th, 2016. Results emerging from these analyses and information flows are brought to the attention of the Board of Directors of each Italian company of the Group at least once every quarter.
The exposure of each company to the different types of risks is also summarised using the risk map, whose purpose is to form a point where the detailed information collected, monitored and managed comes together to provide a unified and effective representation of the risk position.
The identification, analysis and assessment of the internal and external risks to which the Group is exposed, and their periodic review to consider the changes in the risk factors, the development of the activities and the market scenario, required the involvement of the operating functions that perform the first level checks, identified as risk-taking areas. The Risk Management Unit and the Compliance Unit also carried out their mandates with the contribution of contacts belonging to different operational areas, and they carried out the second level control activity.

[8] Limited to the risk of non-compliance with legislation.

Risk Propensity, supplemented by other policy processes, contributes toward guiding strategic decisions of the Group and companies, and forms the reference based on which operating limits are assigned to the units. Accordingly, the Group has adopted a framework structured on three dimensions, namely:

1. **risk propensity level**, quantitative, defined with capital adequacy indicators. Risk propensity is established in terms of solvency Target, defined as the ratio between eligible own funds and the Solvency Capital Requirement;
2. **risk propensity by type of risk**, defined with relevant thresholds for each risk category identified. An exception is the risk of belonging to the Group, evaluated at the level of each individual company belonging to it but not subject to definition of a risk propensity level in consideration of its external origin;
3. **operating limits**.

This structure on the operational level translates into the definition of thresholds representing points of attention/intervention (soft and hard limits), namely a target defined in an interval that depicts the risk appetite to which the Group aspires.

In order to keep the risk profile in line with the risk propensity established by the Board of Directors of the Parent Company, each company assigned operating limits to their identified managers; their observance was monitored by the Risk Management Unit in collaboration with the same managers. The Risk Management Unit brings the quarterly monitoring of these limits to the attention of the Board of Directors of the company and, if necessary, corrective actions are taken following the procedures established by the administrative body.

Risk measurement is primarily carried out through the use of regulatory capital requirements, as uniformly established for the whole market by EIOPA (European Supervisory Authority); specifically, limited to non-life risks (Non-life and Health NSLT[9]), the Group, Cattolica and TUA Assicurazioni, availing themselves of the option provided for by regulations, have received authorisation from the IVASS[10] to replace a subset of the parameters of the standard formula with specific Group and business parameters (so-called GSP - Group Specific Parameters and USP - Undertaking Specific Parameters) in order to reflect the risk profile more accurately. The valuation resulting from application of regulatory capital requirements is also refined and supplemented by valuations pertaining to the specific exposure to the surfacing of adverse scenarios considered to be particularly important. For those risks that do not fall within the standard formula, the valuation methodology is determined based on the specificity of the type of risk and the methods with which it might turn into damage for the Group or for its companies. This area comprises the liquidity risk, the risk of belonging to the Group, reputational risk, the risk of non-compliance with legislation, cyber risk, the risk of outsourcing and strategic risk.

[9] Health NSLT (Not Similar to Life Techniques) is the same as health insurance assigned to the activity areas for the non-life insurance obligations.

[10] Authorisation received on May 11th, 2017, with application starting from the figures as at December 31st, 2016.

Internal risk and solvency assessment

The current and forecast internal risk and solvency assessment (so-called ORSA), formalised in the Risk and solvency management and assessment policy by the Board of Directors of the Parent Company and issued pursuant to IVASS Regulation No. 32 of November 9th, 2016, consists of the assessment - over a three-year time horizon consistent with the Business Plan - of observation of the minimum solvency level required by legislation on an ongoing basis, the requirement of necessary capital in relation to the risk profile and to the business strategy, and the need, if any, for actions to correct the risk profile or the equity resources. During the first half-year, the Group carried out the current and forecast assessment of the risks and solvency and with reference to the end of the year (December 31st, 2019). The results of the assessments at Group level and of individual companies, carried out following the ORSA guidelines, were approved by the respective Boards of Directors. Moreover, the Board of Directors of the Parent Company approved the Group single document of internal risk and solvency assessment in compliance with the instructions of the aforementioned regulation.
To this regard, the process followed by the Group can be summed up in the following macro-phases:

1. **Projection of the economic results** consequent to projections on the life and non-life business trend, and in consideration of the evolution of the macroeconomic scenario;
2. **Risk assessment** by the Risk Management unit according to processes and methodologies formalised by the Board of Directors in the resolution of propensity to risk and in the risk and solvency management and assessment policy;
3. **Projection of the risk and solvency profile** of the Group and of the single companies emerging from the projection of the economic results;
4. Sending of the ORSA report to the Supervisory Authority following its discussion and approval by the Board of Directors of the Parent Company;

5. **Monitoring** of the evolution of the risk and solvency profile and continuous observance of the capital requirement requisites.

Approval of the ORSA report followed the approval of the results of the ORSA in the Boards of Directors of the individual insurance companies of the Group.

Purpose of the ORSA process

The company's risk and solvency assessment is a complex managerial process that involves many company units, each in its own area of expertise. The Risk Management Unit plays a central role in the assessment activity and is aided by the Actuarial Unit with regard to technical provisions. The decision-taking process ends with discussion and approval of the Board of Directors.
The ORSA process highlights the connections between the current and forecast risk profile, the risk propensity, the relevant thresholds and the ability to continuously satisfy the mandatory capital requirements and the technical provision requirements. The results of this process are used in establishing the risk propensity with which the target risk profile and tolerance levels are established. These parameters guide the chief key processes such as strategic planning, budgets, product plan and strategic asset allocation that contribute to the strategic policy of the Group and of its companies. In this context, the Risk Management Unit verified the sustainability of the plan's three-year economic forecasts from a risk and solvency viewpoint in order to satisfy the risk propensity system with a view to the future.
The return on capital objectives of business units based on risk restrictions and absorption of capital are monitored over time as part of the capital and risk management process.

PILLAR 1 RISKS

Non-life insurance technical risks (Non-Life and Health NSLT)

Risk concerning tariff rating, reservation risk, early extinction and catastrophe risk

Technical risks relating to the Non-Life business represent approximately 28% of the total Group SCR, whereas technical risks regarding the Health NSLT business come to approximately 2%, bearing in mind the effect of differentiations between risk modules and the contribution of capacity to absorb losses tied to technical provisions and deferred taxes.

The Group recognises four categories of Non-life (Non-life and Health NSLT) insurance technical risks:

1. Risk concerning tariff rating tied to risk underwriting, the events covered by the signed insurance contracts and the trend of claims;
2. Reservation risk tied to the quantification of technical provisions to meet the commitments undertaken with policyholders and injured parties;
3. Risk of early extinction, tied to the increase of the technical provisions without the risk margin caused by the cessation of 40% of policies;
4. Catastrophe risk tied to the uncertainty surrounding the possibility of calculating premiums and building up provisions in proportion to extreme and unforeseeable events.

These risks are monitored using specific processes, particularly linked to the system of operating limits that the Group Companies have adopted in applying the risk propensity system. The limits system is a fundamental element when managing risks.
With regard to the technical risks of the Non-life area (Non-Life and Health NSLT), the most important parameters monitored concern the trend of premiums written for important groups of lines of business, the technical trend (measuring, for example, the claims to premiums ratio accrued in the current year, settlement velocity and average cost of claims) and the evolution of the provisions.

This monitoring is also guaranteed by independent access to data that the Risk Management Unit requires. The unit has the authority to check what is received from the managers of first level controls.
Although it is to be considered a very important type of risk, also as a consequence of the nature of the business of the Group companies and their risk profile, there are no concentrations such as to prejudice the latter. The exposures monitored concern natural catastrophes, earthquakes, floods and crop hail, the concentration for the risk of Fire and the concentration for Security risk.

Based on the scenarios identified by the Risk Management Unit, the Group carries out a sensitivity analysis both within the ORSA process and separately.

The process and methodologies adopted by Group companies regarding Non-life (Non-Life and Health NSLT) underwriting risks require sensitivity analysis of the most significant risk factors to be conducted at least annually on the solvency position.

During the first half of 2020, within the scope of the ORSA assessment, closing and forecast stress tests were conducted on the basis of a set of risk factors assessed jointly, such as:

- non-life claims inflation growth by 2.24 percentage points with impact on the provisions;
- seismic catastrophic event with a probability of occurrence once every 200 years, quantified on the basis of the exposure of the Group Non-life business applying the prescribed reinsurance structures.

In addition, a stress test was carried out to quantify the economic impact of the spread of the Covid-19 pandemic on the Group's portfolio. Specifically, the shocks predict the deterioration of the Health, General TPL and Sundry Financial Losses classes.

The data coming out of the analyses carried out confirm compliance with the Risk Propensity thresholds defined by the Board of Directors, including in relation to the stress scenarios identified.

The main technique for mitigating the underwriting risk is recourse to reinsurance.

Insurance risk - life business

Risk concerning tariff rating, proposal selection, mortality/longevity/invalidity and the estimate process for provisions

Technical risks of the life business represent approximately 14% of the total SCR (bearing in mind the effect of 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 Group is exposed are risks associated with the conduct of policyholders (redemption risk), followed by expense risk, by demographic risks and lastly by the catastrophe risk.

The risk associated with the conduct of the policyholders is the one subject to greater volatility as a result of the close connection with financial variables and, as a consequence owing to their nature, they are erratic to a greater degree.

The quantitative measurement of this risk is made with the standard formula, considered adequate in consideration of two elements:

- product and customer profile of the Group companies' portfolio, which is basically in line with the market;
- demographic characteristics of policyholders in Italy similar to European figures.

These risks are monitored using specific processes, particularly linked to the system of operating limits that each Group company has adopted in applying the risk propensity system. As mentioned previously, the limits system is a fundamental element when managing risks.

For technical risks of the Life business, special attention is paid to the trend of premiums written per business line (concisely measuring the riskiness connected with revaluable, unit-linked and non-revaluable products) and to parameters characterising the quality and profitability of premiums.

The underwriting risk of the life business is also already monitored during the underwriting stage by using metrics for measuring the sustainability of guarantees offered both according to traditional insurance management logics and in a market consistent perspective.

There were no concentrations that could affect the risk profile of the companies or the Group; in particular, exposure per single insured person is managed in a risk concentration framework, also through recourse to reinsurance.

Market and credit risks

Market risks of the life business represent approximately 38% 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 Group is exposed are the risks of the credit spreads changing and real estate. The equity, interest rate, and currency rate risks follow.

Exposure to spread risk is connected to the relevant share of bonds in which the total portfolio is invested, including a portion of corporate issuer securities. 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 for each Group company 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 each company and of the Group as a whole.
The assets held to cover the technical provisions are also invested in a way that is adequate for the nature and lifetime of the liabilities held.
The concentration level is specifically monitored for both the thresholds set by the limits system and the thresholds established by the standard formula in order to detect the presence of a concentration risk such as to deserve a capital allocation.
As for the market risks, the Group companies determine their risk positioning with respect to their propensity by defining the Strategic Asset Allocation. The process of defining it is closely connected with the significant ORSA processes, with the basis for a conscious and properly managed assumption of risk formed.
The assessment of these risks is conducted with the standard formula, today considered appropriate since the Group's investment profile is in line with the market. In applying the standard formula, special attention is paid to proper application of the look-through approach, 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.
Market risks are also monitored in an asset & liability management perspective, in keeping with the processes defined by the Investment Policies, in particular in the section on the asset and liability management policy, which regulates methods for periodically assessing key investment parameters, with particular focus on the comparison between asset allocation and its strategic forecast.
Lastly, the investment policies and operating limits assigned by the Board of Directors of each company customise the Risk Propensity System since specific aggregated and detailed parameters on which the investment activity is steered are defined. 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, which has independent access to all data relevant to risk control and makes independent assessments of the consistency of the most significant amounts.
A broad set of limits is defined for each company in the market risks area. It is supplemented with specific limits significant at the Group level and 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 Group carries out sensitivity analyses both within the ORSA process and separately.
The process and methodologies that the Group 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. In particular, the exposure to the upward risk of government and corporate credit spreads is assessed, in addition to the upward exposure of the credit spread on Italian government securities only and the risk of reducing the value of real estate. A downward sensitivity analysis of interest rates has also been introduced.

  The results are shown in the following table. All figures are stated net of the tax effect and without taking into account the retrocession of losses on insurance liabilities:

Table 12 - Sensitivity analysis on market risks

(€ millions)

Financial Statements Category	Spread on government and corporate bonds + 50 bps	Spread on Italian government bonds +50 bps	Property -25% [1]	Risk-free rates -50 bps
Impact on IAS Shareholders' Equity	−601.1	−333.5	−265.4	581.6
Impact on Income Statement	−0.8	−0.3	−73.2	0.8

[1] Excluding properties for own use and gross of shadow accounting

- Closing and forecast stress tests conducted on the basis of a set of risk factors assessed jointly and also determined on the basis of historic analyses. The prevailing risk factor assessed is the trend of credit spreads on government securities as a result of the significant exposure in the portfolio.

The data coming out of the analyses carried out confirm, following the expected strengthening of the Group's capital, the current and forecast soundness of the Group, even when faced with the stress scenarios identified.

Credit risks

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 Group is exposed under this category relate to exposure in current accounts, to re-insurers and for receivables from brokers and policyholders.

The assessment of these risks is conducted with the standard formula, today considered appropriate since the profile of assets in question held by the Group companies 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 performance 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 that aims at appropriately managing the most significant exposures is also defined by assigning limits for each Group company 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 each company coherently with the resolutions of the Parent Company is maintained by selecting counterparties and managing the related exposure.

Liquidity risk

Liquidity risk is assessed for each Group company following the provisions of the relevant policy, which set out to establish a monitoring level focused on precise financial planning while also taking into account variability elements that affect the trend of the future cash flows.

The trend of the investment portfolio is also monitored and reported periodically in order to constantly assess the assets readily available for any cash requirements.

The reporting connected to this monitoring is periodically shared with Senior Management.

In the most important cases, the liquidity risk is mitigated by setting up specific credit facilities that allow temporary cash shortages to be made up whenever necessary.

The Group companies conduct sensitivity analyses as part of their financial planning process, and they are aimed at determining the sustainability of any stress scenarios in a future cash flow perspective. The process includes the independent definition of stress scenarios by the Risk Management Unit, which receives and assesses the results of application of the scenarios by the competent units afterwards.

The prospective assessment of liquidity risk is conditioned by the current context, linked to the Coronavirus emergency, with a sharp decline in premiums and, conversely, in the loss ratio.
The Group is closely monitoring this situation and has prepared financial planning analyses, also using stress scenarios.

Operational risk

The goal of the Group operational Risk Management System is to prevent and reduce any losses that should arise when damaging events occur by means of a process that calls for their identification, gauging and mitigation and the systematic disclosure of the risk based culture in daily operations. This approach makes it possible to enhance the internal audit system, improve the efficiency and efficacy of the management processes and encourage dialogue with the Board of Directors, Senior Management and the Board of Statutory Auditors of Group companies (Management Control Committee for the Parent Company and Tua Assicurazioni).
Two different methods are used in the Group to measure operational risks:

- a quantitative assessment for regulatory purposes every quarter, where the capital to satisfy the solvency requirement of the operational risk module (OpSCR) is calculated applying the standard formula of the Solvency II legislation. The operational risk module represents about 13% of the Group's total SCR.
- an internal qualitative assessment carried out by the managers of company processes and the Risk Management Unit, where risks are identified and classified by risk factors (persons, procedures, external systems and events) and by type of event according to the taxonomy shown below:

    - internal fraud;
    - external fraud;
    - employment and occupational safety;
    - customers, products and business practices;
    - damages to tangible assets;
    - interruptions in operations and malfunctions of computer systems;
    - process execution, delivery and management.

Risk exposure is measured using a qualitative scale determined based on a logic of probability of occurrence and potential economic impact, which has a minimum value of 1 (very low) and a maximum value of 10 (very high). As at June 30th, 2020, the qualitative assessment of the risk as a whole for the Group comes to a 4 exposure value (medium to low), slightly higher than the operational risk preference defined by the Group.
Operational risks identified and assessed are subjected to an ongoing monitoring process and are reassessed as a whole at least once a year. Furthermore, managers of company processes are required to promptly alert the Risk Management Unit whenever operational risk events occur with potential exposure such as to affect the Group's risk profile so that appropriate risk management measures can be taken.

There are three event types to which the Group is exposed to a greater extent in terms of both number and level of exposure: 1) the execution, delivery and management of processes ascribable to events occurring in everyday business operations, also in consideration of activities that Group companies have outsourced to other Group companies as well as outside suppliers, 2) fraud connected with settlement and underwriting activities and 3) interruption of operations and malfunctions of computer systems. The predominant type is the one concerning the execution of processes, while the risks of fraud - on the other hand ingrained in the business and common to the insurance system - are numerically reduced, even if the phenomenon as a whole in any case is a significant risk. With regard to these risks, actual concentrations are however not recorded.
In particular, for Cyber Risk a qualitative scenario analysis approach has been adopted, articulating the risk assessment with respect to specific "focal points" relating to the status of the controls implemented and the vulnerabilities identified. Specifically, in the face of an ever-changing general context, characterised by the emergence of new threats and significant organisational and technological changes, the following are considered: the management of backups and Disaster Recovery, the evidence of Vulnerability Assessment and Penetration Tests, the monitoring of security events and incident management, the state of ICT Governance and management processes (policies and guidelines adopted), the security rating of systems exposed on the internet, the state of availability of infrastructure and business applications.

PILLAR 2 RISKS

Risk of non-compliance with legislation

The management of the risk of non-compliance with the rules, understood as the risk of incurring judicial or administrative sanctions, of suffering loss or reputational damages as a result of non-compliance with directly applicable laws, regulations or European standards, measures of the Supervisory Authorities and self-regulatory rules, such as articles of association, codes of conduct or self-regulatory codes, is carried out by the Compliance Unit, as provided for in IVASS Regulation No. 38 of July 3rd, 2018, in the Corporate Governance and Compliance Policy Directives.

In order to carry out the activities relating to the mandate, in conditions of independence from the operational and other fundamental functions, the Parent Company's Unit is equipped with quantitatively and qualitatively adequate human and financial resources.

The Head of the Compliance Unit is appointed by the Board of Directors, having verified the requirements of eligibility for the office provided for in the relevant policy; the Administrative Body is also responsible for revoking the appointment.

The Compliance Unit of the Parent Company also carries out, on the basis of specific service contracts, activities for all the Italian insurance companies of the Group according to the rationale of economy, reliability, efficiency and professional specialisation.

During the first half-year, the Unit carried out its activities in accordance with the provisions of the Plan of Activities defined for 2020, with the regulatory provisions and with the communications received from the Supervisory Authority.
The Unit has also performed in the context of so-called "Assessments of the risk of non-compliance" activities to support and advise the various corporate units on matters for which the risk of non-compliance is significant, with particular reference to the issue of new products, the revision of existing products, the activation of commercial initiatives, the updating of corporate policies and guidelines and the issue of internal circulars.

It has completed the audit of land motor vehicles TPL claims management and settlement processes used by Group companies, assessing the effectiveness of the existing controls and proposing, where deemed necessary, organisational measures aimed at strengthening the control of the risk of non-compliance.

The Unit also conducted follow-up activities on the audits carried out during the previous year (e.g. the Life Contract Transformation Process) and launched, together with the Group Internal Audit Unit, the audit for 2020 on the offer of products combined with financing required by the Joint IVASS - Bank of Italy Communication of March 17th, 2020.

The Compliance Unit also collaborated with the various corporate functions on regulatory projects such as, for example, the project launched in the first half of the year to consolidate IDD processes, also in view of the announced regulatory changes soon to be issued by IVASS. It has also launched projects to update the Organisational Model pursuant to Italian Legislative Decree No. 231 of June 8th, 2001, for several Group companies.

The Unit has prepared periodic quarterly information flows to the Board of Directors, subject to review by the Control and Risk Committee, Senior Management, the corporate bodies, including the Supervisory Bodies of the companies, referred to in Italian Legislative Decree No. 231 of June 8th, 2001 and ensured constant direct alignment with the units included in the Internal Control System.

Reputational risk

The Group considers reputational risk mostly a “second level risk”, meaning that it magnifies the negative impact deriving mainly from other risks on the company, and in particular the risk of non-compliance with legislation and several types of operational risk.
The importance of reputational risk comes from the low tolerance level defined by the Board of Directors in addition to the peculiar cooperative status of the Group and its historical roots that make it an economic subject that embraces reputation as one of the keys to its proposition of value to shareholders and customers.
The current qualitative assessment of the Group's reputational risk is 5 (average), which is higher than the risk propensity defined by the Parent Company's Board of Directors. This assessment is mainly due to the recent media exposure to which the Group has been subject on issues of particular economic and financial sensitivity; considering the economic context and the market in which the Group operates, the prospective assessment of the current risk exposure is expected to be stable.
In order to mitigate this risk, a rationalisation of the internal and external communication structure is underway in order to strengthen the response and management of events that may have an impact on the Group's reputation.

Branches
5,956

Agencies
1,378

Financial advisors
724

INTERIM MANAGEMENT REPORT

The Group during the first six months of 2020

Business performance for the period

Risk management

Headcount and sales network

Significant events and other information

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.

The digital transformation project (Project HR 4.0) has been launched and, in a first phase, has introduced a new time and attendance management and expense ledgers portal. Through an advanced and integrated platform, employees and managers can enter, monitor and authorise requests in a simple, fast and intuitive manner.

In the coming months, the second phase will continue with the activation of an APP linked to the first part of the project (attendance and expense ledgers) and the launch of a management platform that will allow employees to update their personal data and CVs, consult the Corporate structure in terms of positions associated with each employee, in order to simplify their activities.

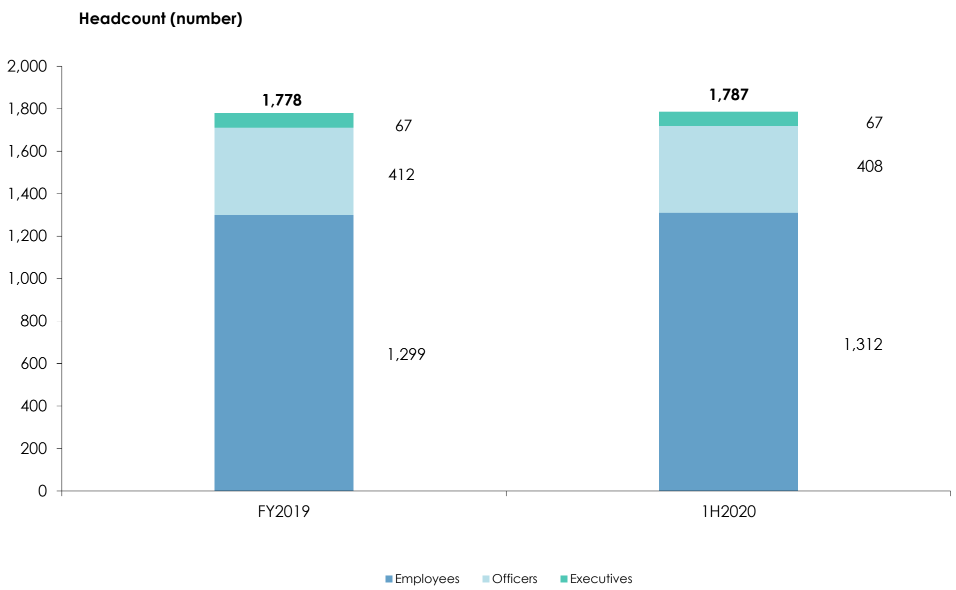
At the same time, a review of internal processes was launched to improve the interaction between employees and the HR Division.

During the first half of the year, the recruitment plan saw the introduction of 29 resources, 12 of which were confirmed through various contractual forms following a period of training. This shows a strong focus on the selection of external skills, but also a commitment to training and enhancement of internal resources (more than 40% of recruitments have followed this method).

From this point of view, there are also 46 instances of internal mobility, 11 of which were affected by vertical growth through more responsibility, while the others were affected by horizontal growth with the enrichment of skills. This underlines the focus on one of the Group's guiding values linked to meritocracy.

As at June 30th, 2020, the Group's human resources included 1,787 staff, compared with 1,778 as at December 31st, 2019 (+9), broken down as follows: 67 executives, 408 officials (-4), 1,312 office workers (+13).

The number of FTE (full time equivalent) Group employees came to 1,729 (it was 1,717 as at December 31st, 2019).



Academy & People Development

The performance enhancement process continued through the "WITH-We Improve Together" system, the tool that directs and recognises people's contribution to the achievement of corporate objectives.

The final stages of the 2019 process, such as the performance evaluation and the final feedback interview, were supported at the training level with two e-learning courses: "The value of performance", dedicated to the group's managers, and "The feedback interview", dedicated to both managers and professional figures.

During the first half of the year, a project to simplify the model was launched with the aim of making the system more compliant and responsive to the current context, directing managers and employees towards strategic objectives, promoting team spirit and fostering the professional development dimension.

The approach chosen responds to the need to identify a number of concrete solutions to be put in place this year, through co-design work between different Departments, involving Senior Management and a number of Key Opinion Leaders.

Cattolica has also embarked on a process of defining its Talent Management model with the aim of providing its employees with a professional development system that involves the adoption of new tools for detecting potential, integrated with the main HR management processes and systems, which allow for an objective and in-depth knowledge of people and their level of development.

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

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.

The arrival of the Covid-19 pandemic changed the working approach through the adoption of smart-working modes. The consequent lockdown period and the relative impossibility of in-person classrooms, led immediately to a redesign of the existing courses and led to the implementation of fully online teaching, with the experimentation of new training methodologies.

At the beginning of March, the #Learningneverstop project was launched: an editorial plan, with weekly launches of courses exclusively online, both in the form of e-learning modules and webinars. The courses, dedicated to all Group employees, dealt with transversal topics aimed at developing soft, digital and managerial skills to facilitate the new way of working smart, acquiring knowledge on digital collaboration tools and practices.

The engagement of the 2018-2020 Plan Talents continued in the 4 project streams of cultural transformation, launched last year: Our Values, Ready to Go, Digital Transformation and Professional Models.

In support of the changes generated by the introduction of the new IFRS 9 and IFRS 17 accounting standards, the project activities relating to the specialist technical training and education pathway for the organisational units affected, which will continue for the two-year period 2020-21, are continuing. Training activities will be carried out through:

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

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

- for the Administration and Budget Division, in order to develop skills and tools for digital collaboration and generation of ideas to improve and streamline communication and internal management of activities, the "Be Great!" project was launched: a design thinking pathway, entirely implemented online, integrated with e-learning training modules dedicated to innovation and digital transformation;
- for more than 40 employees in the Claims Division, in order to enhance their negotiating skills with internal and external clients, a pathway was structured that allowed them to train through experimental training roles;
- in terms of derivatives, in order to respond to a specific need to disseminate and standardise the skills

of people belonging to different units, a specialist technical training course was launched, involving 70 people;

- in terms of AML (Anti Money Laundering), a training pathway dedicated to the AML Unit, responsible for AML/CTF (Counting Terrorism Financing) Risk Prevention, has been launched, aimed at standardising and increasing the skills of the people working in it: there were 11 people involved.

It continues the path of digital transformation, building on that achieved last year with the Digital Transformation project. The projects conceived during the Transformation Lab pathway, through the design thinking methodology, have been finalised and a video documentary is being produced for all Group employees, as an opportunity for presentation and training on digital issues (including Artificial Intelligence, Internet of Things and design thinking).
Digital Pills, online training modules 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, are always available to all employees.

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.
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.
Analysis and design of update modules have been launched.
Particular attention was paid to the training of newly-employed colleagues.

On the subject of Safety in the Workplace, training meetings continued in webinar mode, dedicated to identified Group employees. In addition, a new campaign has been implemented to update Workers and Employees in charge in online mode. The training campaigns dedicated to Executives (new appointment and updating) and new employees remain active, again in online mode.
In parallel with the activities carried out within the company, in the first half of 2020 there were also numerous participations in training events outside the company organised by universities, associations and institutes in the sector with which collaboration relationships are confirmed as fruitful.

During the first half of 2020, 813 man training days were held for the Group.

Training for the Board of Directors

A multi-year training plan is being prepared for members of the Boards of Directors of all Group companies (in compliance with IVASS Regulation No. 38 of July 3rd, 2018).

Table 13 - Group headcount

Group companies (*)	Registered offices	December 31st, 2019	Increases	Decreases	Change	June 30th, 2020
ABC Assicura S.p.A.	Verona	7	0	0	0	7
BCC Assicurazioni S.p.A.	Milan	4	0	2	-2	2
Tua Assicurazioni S.p.A.	Milan	79	1	3	-2	77
Vera Assicurazioni S.p.A.	Verona	6	1	2	-1	5
CattRE S.A.	Luxembourg	8	1	0	1	9
BCC Vita S.p.A.	Milan	8	4	2	2	10
Berica Vita S.p.A.	Vicenza	3	0	0	0	3
Cattolica Life DAC	Dublin (Ireland)	5	0	5 [1]	-5	0
Lombarda Vita S.p.A.	Brescia	11	0	0	0	11
VERA Financial DAC	Dublin (Ireland)	19	4	1	3	22
VERA Protezione S.p.A.	Verona	3	0	1	-1	2
Vera Vita S.p.A.	Verona	7	2	0	2	9
Cattolica Assicurazioni Soc. Coop.	Verona	1,001	24 [2]	25 [3]	-1	1,000
All Risks Solutions S.r.l.	Rome	2	0	0	0	2
Cattolica Agricola S.A.r.l.	Verona	9	1	1	0	9
Cattolica Beni Immobili S.r.l.	Verona	1	0	0	0	1
Cattolica Immobiliare S.p.A.	Verona	9	0	0	0	9
Cattolica Services S.C.p.A.	Verona	565	17 [4]	9 [5]	8	573
Estinvest S.r.l.	Venice	1	1	0	1	2
Satec S.r.l.	Venice	24	4	0	4	28
Meteotec S.r.l.	Venice	2	0	0	0	2
Qubo Insurance Solutions S.r.l.	Milan	4	0	0	0	4
Group Total		**1,778**	**60**	**51**	**9**	**1,787**

(*) Number of employees relating to companies consolidated line-by-line excluding the resources covering maternity leave.

[1] following the sale of the company on June 4th, 2020
[2] of which 4 intercompany transfers
[3] of which 10 intercompany transfers
[4] of which 11 intercompany transfers
[5] of which 3 intercompany transfers

Industrial relations, labour policies and litigation

The first months of the year saw the Company affected by important changes in the organisation of work induced by the Covid-19 pandemic.
With this in mind, the project, concluded in 2019, to extend smart-working to the entire corporate population played an important role, favouring the immediate recourse to remote working in the most effective and extensive way since February 24th, 2020, while guaranteeing adequate levels of service and maximum protection for its employees.

Since March, with the worsening of the health and socio-economic situation, there have been frequent video-conference meetings with the Trade Unions, for the purpose of reaching agreements aimed at reconciling more needs, both with a view to protecting the health of workers and ensuring satisfactory business continuity and cost containment.

Paying particular attention to the situation that has arisen, in March an agreement was signed by the stakeholders on the planning of company closures, anticipating a concentration of the same at a time strongly conditioned by the lockdown and the general contraction of production activities.
With the same rationale, a further agreement was signed in April with which the Stakeholders intended to

encourage a systematic planning of the backlog of holidays, providing for a concentrated use by the first half of June.
Finally, in May, three important agreements were signed, through which the necessary tools were defined to facilitate the management of the work activity through the reconciliation of different reciprocal needs.
The companies of the Cattolica Group, like other companies in the market, have applied for access to the ordinary section of the Intersectorial Solidarity Fund in order to obtain recognition of the ordinary allowance for workers affected by the reduction in working hours.
In addition, through a specific discipline, aimed at preserving the proper functioning of business services and favouring in the first instance the use of already existing institutions such as holidays, missed public holidays and other types of leaves, the possibility of accessing further new institutions of an extraordinary nature linked to the emergency situation and provided for the benefit of employees who find themselves having to deal with particularly difficult family situations has been regulated.

With reference to access to the Intersectorial Solidarity Fund, extraordinary part, in January 2020, as provided for by the agreement signed in October 2017 and subsequent integrations, 7 employees who will achieve the pension requirements by December 31st, 2024, were able to access the Fund by terminating their employment on January 31st, 2020, advancing their retirement by up to 5 years.

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

SALES NETWORK

Agency distribution

The Group closed the year with a total of 1,378 agencies, distributed as follows: 50.4% in Northern Italy, 26.3% in Central Italy and 23.3% in Southern Italy and the islands. The Parent Company had 835 agencies.

Agent network training

During the first six months, the structure dedicated to the development of skills and training of the Group's Network continued to invest in the two main areas of activity, functional to the transformation underway and the achievement of the objectives set out in the Business Plan:

- development of the expertise of its networks;
- the digital transformation of the same.

This investment continued steadily during the Covid-19 emergency. Specifically, webinar versions of all the courses originally scheduled to be used in the classroom have been developed.

The online training platform updated with the ForMaMentis portal, has provided for about 80,000 hours of training, while the 96 editions of classroom courses or webinars, allowed for certification of about 5,000 hours to an audience of 940 people.

Before each classroom dedicated to intermediaries, an "Aula Zero" (zero classroom) was carried out specifically for colleagues in the territory who interface with agencies.

ForMaMentis

An important step forward was taken in April, when the new online training platform ForMaMentis was made available to the agency network and colleagues in the area.
Below are some of the main new features:

- single portal: through a single-access point, it is possible to access all training activities, both for non-life and life products, regulations, procedures, Agents Executive Masters courses and anything else that constitutes a training proposal;
- multi-code view: in the event of ownership of more than one agency code, there is an option to manage individual situations in order to have a punctual control of training hours, regardless of the personal and employee codes;
- new graphic design: this is a completely updated portal both in its graphic design and consequent better usability, and in its technological architecture;
- multi-device: to allow courses to be taken from any of the user's devices, whether it be a smartphone, a tablet or a PC. The platform adapts by making the screen consistent with the device being used.

Development of the skills and training

The main initiatives include:

- "Active Motor": the focus continues on the motor world and its tariff evolutions. Two online courses on 2020 new features have been released: Cattolica & Motori Active Smart&Box and Cattolica & Motori CVT, enjoyed by 6,311 users;
- "Family Protection": a webinar aimed at employees to stimulate a personalised advisory distribution in the field of accident & injuries, health and death coverage. 211 participants were registered. The classrooms continued up to July;
- "Active Business": at the same time as the product was released, the relevant FAD course was made available to the network and was enjoyed by 750 users. In order to support the skills of the 137 best performing agencies in the business segment, a course called "TopBusiness" has been developed, delivered in a virtual classroom starting from June, in collaboration with management technicians, and attended by 51 intermediaries;
- "Active Risparmio e Investimento": these are new life products for which the relevant online course was launched, and in March, "Toplife", the first large-scale video-conference, involving the 126 best performing agencies in the life sector, was organised. A total of 250 people between intermediaries and management staff have been connected there. The event was subsequently transformed into an e-learning course, for the entire Cattolica network and was viewed by 743 people;
- courses were published or updated during the half-year, in line with the Company's product plan:
  "*Cattolica&Motori CVT*";
  "*Cattolica&Motori Active Smart&Box*";
  "*Cattolica&Investimento Scelta Protetta 3.0*";
  "*Cattolica&Investimento Capitalizzazione Next 3.0*";
  "*Active investimento e Active risparmio*";
  "*Active Business*";
  "*D&O Stand Alone*";
  "*Cattolica & Cyber Risk e GDPR*".
  In total, these courses had a total of 11,524 participants;
- the Progetto Arena: this is a training project supported by the Digital Coach team at the ARENA Commercial Platform, strategic both for the agency network and for the Group and involving the entire commercial structure in the diffusion of a new method, and in the use of new business support tools. After participating in the constitution of the task force with 8 Digital Coaches, 8 Business Managers and 8 Area Managers, 3 Digital Learning Session classrooms have been created for the whole commercial network, preparatory to the project launch, involving 72 people from the commercial network;
- advanced training programmes: these programmes develop the business, commercial, managerial, technical and digital skills of our intermediaries:
  - "Master Professione Agente - MPS": in the first half of the year the fourth edition ended with the participation of 19 young talents.
  - "Master Executive Agenti - MEA": after the three classrooms launched in January, due to the Covid-19 emergency, two modules of the MEA were converted from classroom to webinar in March, to allow for the continuation of the training course dedicated to agents;
- Specific Projects, including: a) a new online training course designed to provide new members of the Agency with the essential skills for an informed distribution of Cattolica's main policies. This course, which has been activated since April 21st, has enrolled 250 people and 34 of which have already completed it; and b) a "Prima Formazione 60 ore" course reserved for newcomers, provided for by IVASS Regulation No. 40 of August 2nd, 2018, which aims at registration in Section E of the consolidated register of insurance brokers and provides access to brokerage activities. 400 people signed up for the course and 174 completed it by passing the test.

With reference to the Digital World the following is highlighted:

- a Digital Collaborators course addressed to the second level network, provided by Digital Coaches in a virtual classroom, to increase knowledge and use of digital tools with particular focus on the End-to-End process. Twenty-four classrooms were planned and delivered, with a total of 600 participants;

- in February, a project to analyse the Full Digital sales process was launched in Rome, aimed both at analysing the current gaps that prevent a totally dematerialised portfolio management and sale, and at improving the functions already in place. Among the digital ambassadorial agents present at this first plenary session, 20 were subsequently personally involved in the four vertical workshops together with the 12 Digital Coaches;

- thanks to a targeted and intense planning of 52 classrooms divided by territorial areas, from March 23rd to 25th, the Digital Coaches provided all agencies with remote training on the new collection method "Incasso da remoto - PayByLink", which has allowed for continuity of coverage to customers, even remotely.

With reference to TUA Assicurazioni, a webinar tool has been integrated into the TUA Scuola platform that allows for live, certifiable remote learning. This teaching methodology is in addition to the traditional FAD and classroom courses; the latter were temporarily suspended due to government restrictions due to Covid-19.
As far as the technical insurance area is concerned, 4 courses have been released in FAD: "Tua Trasporti Unità da Diporto", "Tua Trasporti r.c vettoriale e Autotrasportatore", "TUA Energia" and "Corso base r.c. auto".
In addition, through Webinars, 2 sessions were held in relation to in-depth "Tua Casa & Famiglia" course with a total of 43 participants and in this period, again through Webinars, 4 editions of "Cauzioni Base" course, 3 editions of "Tua Trasporti r.c vettoriale e Autotrasportatore" course and 3 editions of "Tua Trasporti Unità da Diporto" are being delivered.
As far as the administrative area is concerned, 6 editions of the webinar course on claims management were delivered, for a total of 85 participants.

Bank coverage

The bancassurance channel is overseen by the Parent Company by means of a partnership strategy with banking operators based on both commercial agreements with numerous institutions for the sale of insurance products via bank branches, and through the insurance companies in which the Parent Company, thereby obtaining control, and banking partners invest.
The number of branches distributing Pension Planning products were 5,956 compared to the 6,075 branches of 2019 and included 1,484 branches of Banco BPM, Banca Aletti & C S.p.A. and Agos Ducato S.p.A. (1,487 in 2019).

The bank branches of the UBI Group numbered 383 (unchanged from 2019). The alliance with ICCREA HOLDING launched in the second half of 2009 makes it possible to distribute products via 3,993 branches of the co-operative lending banks (-0.25% from December 31st, 2019).

Bancassurance partner training

In compliance with the requirements of IVASS Regulation No. 40 of August 2nd, 2018, companies, in collaboration with intermediaries and using certified training companies, have taken steps to make classroom courses and e-learning courses available in order to comply with the training and professional updating requirements of their distribution networks.

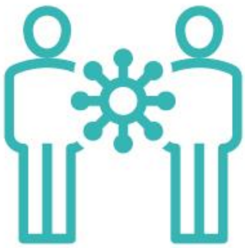
In the context of the health emergency that has affected the country since February, the companies have intensified the activity, with particular attention to the training pathways fully usable in e-learning mode, including the provision of the final test of Professional Training.

The training offer deepened the thematic areas and modules provided for in Annex 6 of IVASS Regulation No. 40 of August 2nd, 2018, with the exception of Vera Assicurazioni, Vera Protezione and Vera Vita, which followed a different training course. The issues relating to IT security have been examined in depth, in compliance with the legislator's requirements, as well as remote consulting, given the health emergency that has imposed a new approach to customers.

Financial advisor distribution

The volume of Group's financial advisors fell to 724, compared with 737 at the end of the previous year.

Share capital increase



Covid-19 emergency

INTERIM MANAGEMENT REPORT

E-MARKET SDIR CERTIFIED

SIGNIFICANT EVENTS AND OTHER INFORMATION

SIGNIFICANT TRANSACTIONS CARRIED OUT DURING THE PERIOD

The significant events that occurred during the half-year as part of managing the investments in Group companies and the consequent rationalisation of activities are set out below, in addition to other significant events during the period.

You are hereby reminded that the Parent Company's Board of Directors resolved to comply, with effect as from December 13th, 2012, with the opt-out regime as per Articles 70, paragraph 8 and 71, paragraph 1 bis, of the Issuers' 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 16th, Cattolica's Board of Directors approved the organisational change at the top management level of the Parent Company, which became appropriate following the assignment to Carlo Ferraresi, Cattolica's General Manager, of the powers already 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, appointed General Co-Manager of Insurance Division.

On the same date, Cattolica's Board of Directors resolved, accepting the request of several shareholders, received on December 18th, 2019, to convene the Extraordinary Shareholders' Meeting of Cattolica Assicurazioni for March 6th, 2020, in first call, and the following day, March 7th, 2020, in second call, according to the agenda proposed by the same shareholders, requesting: "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 the Board of Directors of the Parent Company approved the Cattolica Group's 2020-22 Rolling Plan and also took note of the initial results in relation to economic performance for 2019. The Board took note and approved new projections for 2020, slightly lower than those previously communicated to the financial markets during the presentation of the 2018-20 Business Plan: the expected Operating Result in a range between € 350 and € 375 million compared to the range previously communicated (between € 375 and € 400 million), with a deviation of -6% between the two average values.

On February 20th, the Parent 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 holds 100% of the share capital of ABC Assicura. The transaction was part of the wider context of rationalisation and simplification of the Cattolica Group and did not have a significant impact on the solvency position of the Cattolica Group.

On February 25th, the Board of Directors, having assessed the situation that had arisen as a result of the Covid-19 epidemiological emergency, decided, due to the objective circumstance that had arisen, to revoke the call of the Extraordinary Shareholders' Meeting scheduled for March 6th/7th, 2020 and postponed the meeting to April 24th/25th, 2020, at the same time as the scheduled Shareholders' Meeting to approve the financial statements.

On March 10th, the Board of Directors defined, based on the relevant opinion and the findings of the Remuneration Committee, in line with planned and current remuneration policies and taking into account the provisions of laws and regulations, the amount due to the former Managing Director following the revocation of his powers on October 31st, 2019.

On April 7th, the Board of Directors of Cattolica accepted the resignation of Enrico Mattioli, Deputy General Manager and CFO of the Group up to April 30th, 2020, appointing, as from May 1st, Atanasio Pantarrotas as the new CFO of the Group, assigning him all the powers provided for in the role. On April 30th, Mr Pantarrotas was also appointed as Executive appointed to drew up the corporate accounting.

On May 15th, Cattolica's Board of Directors resolved to call the Extraordinary and Ordinary Shareholders' Meeting for June 26th and 27th, 2020, on first and second call respectively.
In the Extraordinary session, the proposed amendments involved various articles concerning the composition and functioning of the Board of Directors and incorporated a number of indications from the Shareholders Francesco Brioschi, Massimiliano Cagliero, Giuseppe Lovati Cottini, Credit Network & Finance S.p.A. and SH64 S.r.l., who, on December 18th, 2019, had requested the convening of the Extraordinary Shareholders' Meeting with a proposal for various amendments to the Articles of Association on the agenda: this Extraordinary Shareholders' Meeting, first called for March 6th/7th, 2020, was then postponed due to the Covid-19 emergency.
It was also proposed to the Shareholders' Meeting to grant the Board of Directors the power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment, in one or more tranches, by June 30th, 2025, for a maximum total amount of € 500 million, including any share premium.
In compliance with the recommendations of the Supervisory Bodies in the context generated by the pandemic, the Board of Directors of the Parent Company proposed not to distribute a dividend, with the 2019 result allocated to reserves.
On June 27th, Cattolica Assicurazioni's Extraordinary and Ordinary Shareholders' Meeting was held, which approved all the items on the agenda, including the delegation of powers to the Board of Directors for the share capital increase.
In particular, the Shareholders' Meeting resolved to appoint PriceWaterHouseCoopers S.p.A. for the nine-year period 2021 - 2029 to audit the accounts and, in accordance with ISVAP Regulation No. 38 dated July 3rd, 2018, the Shareholders' Meeting approved the Remuneration Policies for the year 2020 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.

The Board of Directors' meeting of May 15th confirmed the forecasts for the closing of the operating result between € 350 and € 375 million, provided by the Board of Directors on February 6th, taking into account a number of potential risks that would lead to a reduction in this result should they materialise (significant claims emerging, growth in the frequency of claims, etc.).

On May 27th, Cattolica received a letter from IVASS regarding the performance of the solvency situation of the Cattolica Group. In particular, the Supervisory Body noted the need for capitalisation interventions through the full use of the proxy proposed to the Extraordinary Shareholders' Meeting called for June 26th/27th, 2020, equal to a capital increase of € 500 million to be carried out by the beginning of the autumn. In this context, by the end of July, it was also requested that a Group plan be submitted to IVASS describing the actions taken with reference to the subsidiaries, particularly with regard to the monitoring of solvency and liquidity positions, as well as an analysis of the choice of Risk Appetite Framework limits and a number of additions and extensions to the analyses and measures of the so-called "Reinforced Emergency Plan". Finally, IVASS has requested the suspension of the payment of the variable component of remuneration to company representatives.

The IVASS note was promptly submitted for examination to the Board of Directors on May 31st, which took note of the indications, giving the management a mandate to prepare a plan within the required time frame, in order to strengthen the Group's solvency.

On July 24th, 2020, the Company responded to the above mentioned letter of May 27th, by providing a response to IVASS to the various requests made by the Bank and, in particular, describing the initiatives put in place, aimed both at strengthening the capital position of the Group and the individual subsidiaries and updating the Reinforced Emergency Plan.

The Board of Directors also noted that, on the evening of May 29th, Alberto Minali resigned as a member of the Board of Directors of the Parent Company and immediately afterwards, through his lawyers, served a summons on the Parent Company in order to obtain recognition of his financial claims following the withdrawal, in relation to the alleged lack of just cause, for a total of approximately € 9.6 million and never previously formalised.

On June 4th, Cattolica, after having obtained the necessary authorisations from the competent authorities, finalised the acquisition of 40% of Cattolica Life from Banca Popolare di Vicenza in compulsory administrative liquidation and the simultaneous sale of 100% of the same company to the reinsurance group Monument Re. The sale of Cattolica Life is part of the wider context of rationalisation and simplification of the Cattolica Group and it has no material effects on the Solvency II ratio.

On June 24th, the Parent Company and Assicurazioni Generali S.p.A. signed an agreement that provides for the launch of a strategic partnership with industrial and commercial content directed at:

(i) generating immediate direct opportunities and benefits for the two Groups in four strategic business areas: Asset management, Internet of Things, Health and Reinsurance Business, with ad hoc implementation agreements;
(ii) a project to strengthen Cattolica's capital, with the provision, as part of the share capital increase in exercise of the powers delegated to the Board of Directors submitted to the approval of the Extraordinary Shareholders' Meeting of June 26th/27th, 2020, of a tranche of share capital increase reserved for AG for € 300 million, which will be resolved together with a further tranche to be offered as an option to all shareholders and which AG will have the right to subscribe pro-rata.
The commitment to the subscription of the share capital increase tranche reserved for AG was subject, among other things, to the transformation into a public limited company by Cattolica, which was submitted and approved by the Extraordinary Shareholders' Meeting held on July 31st, 2020.
The Agreement provides that:

- the transformation of Cattolica into a public limited company is effective as from April 1st, 2021;
- reinforced statutory rights of AG at the Shareholders' Meeting and the Board of Directors of Cattolica in relation to certain significant matters, as well as the appointment of three directors expressed by AG, are adopted in the pre-transformation phase.

In connection with the partnership with AG and depending on the path of capitalisation following the indications of the Supervisory Authority, the Board of Directors on June 29th resolved to convene the Ordinary and Extraordinary Shareholders' Meeting for July 30th and 31st, 2020, on first and second call respectively. The resolutions submitted to the Extraordinary Shareholders' Meeting concerned:

(i) the proposal for the transformation of Cattolica into a public limited company and the adoption of a completely updated text of the Articles of Association typical of this model, with the identification of the procedures for the exercise of the right of withdrawal granted to Members and Shareholders; (ii) the proposal for certain amendments to the Articles of Association relating to Cattolica's current governance, which, however, have been applied in the phase prior to the effectiveness of the pure deliberate transformation of Cattolica into a public limited company.
In ordinary session, the Shareholders' Meeting was called upon to resolve, with candidatures on the basis of lists in accordance with current legislation and the Articles of Association, the appointment of a director to replace an outgoing member.

Recapitalisations

In April, the Parent Company resolved to subscribe to a share capital increase of € 15 million in favour of CattRE for financing the business growth plan while ensuring a high rating for the company through a high solvency position.

In May, the Parent Company resolved to make a capital contribution of € 8 million to Cattolica Beni Immobili, to be made in several tranches during the year:

- € 6 million by May 31st, 2020 and
- € 2 million by November 30th, 2020;

to provide the company with the necessary financial resources to carry out the investments planned for 2020 and cover the cash requirements for ordinary operations, in line with the Parent Company's general Rolling Plan.
In June, the Parent Company made a capital contribution of € 2 million to ABC Assicura to strengthen the company's solvency position.

On June 22nd, in execution of the capital strengthening plan approved by BCC Vita S.p.A., including through adequate recapitalisation for a total of € 50 million, the Parent Company made a capital contribution of € 35 million to the subsidiary (€ 15 million was paid by ICCREA).

Other events

In February 2020, Cattolica increased through purchases on stock market the equity investment held in UBI S.p.A. from the previous 0.50% (long held) 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).
On February 26th, the Parent 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.

On June 5th, with regard to the expiry of the life bancassurance agreements with UBI Banca, Cattolica Assicurazioni agreed to postpone the expiry of the distribution agreements in place until June 30th, 2021. The deadline for the possible communication by one of the parties of the termination of the agreements (which, in the absence of termination, would be renewed under the conditions currently established) is also postponed, with a consequent postponement of the deadline for the communication of the possible exercise of the optional mechanisms associated with this event.

Italian Revenue Agency

During the month of February, an audit was initiated at the Parent 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.
The inspection is still underway.

Supervisory Authority

On December 18th, 2019, IVASS and CONSOB started independent inspection activities with regard to Cattolica. 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.

CORPORATE GOVERNANCE AND INTERNAL CONTROL SYSTEM

The corporate governance system is proportionate to the nature, the capacity and complexity of the activities of the Group, as illustrated in greater detail in the Report on corporate governance and the ownership structures for 2019, pursuant to Article 123-bis of the Consolidated Finance Law available in the Parent Company's website at the following address www.cattolica.it - in the Governance section. The Group'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 what is reported in the 2019 Report on the Solvency and Financial Condition of the Group, approved by the Board of Directors and published on the website of the Parent Company.

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 period, with reference to the Group, a total of 2,603 written complaints were registered, of which 622 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.

On the path towards the Data Driven Company model, the technological infrastructure implemented has allowed for a faster and more effective management of projects requiring the analysis of large amounts of data, enabling the implementation of a series of initiatives aimed at increasing internal efficiency and improving sales processes. In this area, new measures were launched, which are expected to be released progressively during the year, particularly regarding the integration of the "Anti-Fraud Predictive Model" in the new technological platform, the creation of a new "extended CAR" (Customer Analytical Record) and implementations to allow further sophistication of motor pricing.

As part of an overall evolution programme for the remote selling model, based on a central and proactive role for the agency that uses digital as a tool to contact and serve the end customer more effectively, a new solution (called "pay by link") was launched in March to facilitate relations between customer and agency by facilitating the remote management of policy collections and the operation of the agency network, particularly during the lockdown phase. The function allows the agency to identify the securities to be cashed remotely and the customer to pay directly by credit card by accessing a secure web page via a link sent by email (both then receive confirmation of payment).

The various project initiatives previously carried out to improve the quality of the tools used by employees to carry out their work (such as the option to work remotely by accessing all the computer applications necessary to carry out their tasks and personal information, files and mailboxes from any device, the integration of fixed telephony into their laptop, the provision of personal video-conferencing for each employee with the possibility of sharing documents) have made it possible, right from the start of the Coronavirus emergency, to extend promptly and effectively the use of smart-working mode to all human resources in the Group. Agile work is a practice introduced in the company since the end of 2017 and therefore already consolidated over time and this has further encouraged its rapid and widespread adoption. Work is underway on internalising and upgrading the software to support the placement of life products as part of the partnership with Banco BPM.
With regard to the connected home and person product (using IOT "Internet Of Things" technology), new functions are being implemented and are scheduled to be completed during the current year.

In the Health class, a number of initiatives are in the pipeline to support innovation in the offer and to strengthen the model of related services.

A project has been launched to create a unique Group digital identity in order to facilitate current and prospect customers in their digital interaction with companies through the definition of a common, simple and integrated process.

Work is underway to integrate derivatives operations within the current application architecture of the Finance area, with the aim of significantly increasing the level of automation of the related management processes.

Work is continuing on the implementation of the new risk management system.
A programme called "Smart Settlement" is underway consisting of a series of innovative initiatives aimed at making claims management more efficient through the creation of an integrated framework of claims data driven management.

As regards adaptation to regulatory developments, IT has been particularly involved in projects in the IDD (Insurance Distribution Directive) field, GDPR (General Data Protection Regulation), IVASS Regulations 44, 41, 38 and in the assessment and design of impacts on current IFRS (International Financial Reporting Standards) systems.

IT security initiatives are continuing in line with the guidelines contained in the Security Masterplan: in this area, a series of measures have been launched and planned for the current year in order to further reduce the Cyber risk.

OWN SHARES HELD BY THE PARENT COMPANY AND BY ITS SUBSIDIARIES

The Shareholders' Meeting held on June 27th, 2020, 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 Parent Company, for a period of 18 months from the date of the shareholders' meeting resolution. The purchase price of the shares may not be lower, 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.

During the half-year, 287,944 shares were purchased for a total amount of € 1.24 million.
As at June 30th, the Parent Company held 7,324,851 own shares, equal to 4.203% of the share capital, recorded in the Reserve for own shares in the portfolio for a total value of € 51.17 million.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010, and subsequent amendments and additions, as from January 1st, 2011 the "Procedure for the management of transactions with related parties" approved by the Board of Directors with last update by means of 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 website of the Parent Company at www.cattolica.it, in the "Governance" section.

With reference to disclosure on transactions with related parties, please see Part D - Other information in the notes to the accounts.

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

Pursuant to CONSOB DEM/6064293 dated July 28th, 2006, you are hereby informed that no atypical and/or unusual transactions were entered into during the period nor were there any non-recurrent significant operations or events with important effects on the Group's accounts indicated.

PERFORMANCE OF CATTOLICA STOCK

During the first half of the year, Cattolica shares recorded a minimum price of € 3.426 and a maximum price of € 7.5. The capitalisation of the stock on the market as at June 30th came to € 891 million.

In the first half year, the performance of the stock disclosed a decrease of 29.7% with respect to a decrease of 17.6% in the FTSE Mib index and a decrease of 26.4% in the FTSE Italia All-Share Insurance Index.

Average daily volumes traded in the year were 1,243,792 transactions.

RATIOS PER SHARE

A summary of the main ratios per share is presented below as at June 30th:

Table 14 - Ratios per share

(amounts in €)	**June 30th, 2020**	**June 30th, 2019**
Number of outstanding shares (*)	167,144,633	167,257,019
Premiums written per share (insurance premiums and investment contracts)	16.96	19.54
Group profit per share	0.06	0.36
Group shareholders' equity per share	11.15	11.05

(*) The number of shares in circulation is calculated in pursuance of IAS 33

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On July 13th, Cattolica Assicurazioni's Board of Directors, believed to be in its own interest in light of both the supervisory authorisations obtained by the offeror, the press release communicated by the issuer and the market trend, unanimously resolved Cattolica's acceptance of the public exchange offer launched by Banca Intesa San Paolo on UBI Banca S.p.a. shares, both pursuant to and for the purposes of Article 123 of the Consolidated Law on Finance.

On July 28th, Cattolica completed the purchase of 40% of Berica Vita S.p.A. from Banca Popolare di Vicenza in compulsory administrative liquidation. Following the acquisition, Cattolica Assicurazioni holds 100% of the share capital of Berica Vita.

With reference to BCC VITA S.p.A., starting from July, the second tranche of strengthening of the company's capital position of € 50 million was provided, to be carried out for € 25 million (of which € 17.5 million held by Cattolica) by means of a capital contribution and for € 25 million (of which € 17.5 million held by Cattolica) by means of a bond loan with the characteristics to be recorded in Tier 2 of the Solvency II Own Funds, issued on August 5th.

With reference to Vera Vita S.p.A., the Parent Company, together with its shareholder Banco BPM, approved a capital strengthening of € 150 million, of which one part, for € 50 million (of which € 32.5 million held by the Parent Company Cattolica) through a capital contribution made in July. Furthermore, in July, Cattolica subscribed a portion amounting to € 32.5 million of a total loan of € 50 million, in favour of Vera Vita S.p.A., with the characteristics of being recorded in Tier 2 of the Solvency II Own Funds.

On July 22nd, IVASS approved the resolutions of the Extraordinary Shareholders' Meeting of June 27th, concerning the various amendments to the Articles of Association, including, in particular, the delegation of powers to the Board of Directors to increase share capital up to € 500 million.

On July 31st, Cattolica Assicurazioni's Shareholders' Meeting was held that, in extraordinary session, approved the amendments to the Articles of Association, the transformation into a public limited company and the consequent adoption of a new text of the Articles of Association.
As regards the ordinary session, the Shareholders' Meeting approved the appointment of Carlo Ferraresi (former General Manager of the Company) as a member of the Board of Directors.

On July 31st, on a mandate from the Public Prosecutor's Office of Verona and in relation to inspections carried out by CONSOB, the Guardia di Finanza (Italian Financial Police) carried out a search and acquisition of documentation at the registered office of Verona, notifying a number of company representatives with a notice of investigation for the alleged violation of Article 2636 of the Italian Civil Code (unlawful influence over the meeting). At the same time, it was communicated to the Company, pursuant to Italian Legislative Decree No. 231 of June 8th, 2001, the notice of investigation pursuant to Article 369 of the Italian Code of Criminal Procedure.

On August 4th, the Board of Directors unanimously resolved to appoint Carlo Ferraresi as Managing Director of Cattolica, remaining in his capacity as General Manager.
On the same date, the Board of Directors also exercised the proxy granted by the Shareholders' Meeting to increase the share capital by € 500 million, divided into two tranches, the first, amounting to € 300 million, reserved for Assicurazioni Generali and the second, amounting to € 200 million, which will be offered as an option to all shareholders.
As regards the tranche allocated to Generali, the resolution is consistent with the provisions of the Framework Agreement of June 24th.
The timing of the capital increase is subject to the fulfilment of the conditions already provided for in the Framework Agreement with Generali.

On July 17th, a group of Cattolica's shareholders, representing 0.03% of the share capital, challenged before the Court of Venice the shareholders' resolution passed on June 27th, concerning the granting of proxy to the Issuer's Board of Directors for the Share Capital Increase, for the purpose of declaring the resolution to be invalid, as well as ordering Cattolica to pay compensation for the damage claimed by the applicants, at the same time proposing, pursuant to Article 2378(3) of the Italian Civil Code, to suspend this resolution.
By order notified on August 24th, the judge of the Venice Business Court rejected the application for suspension of the aforementioned shareholders' resolution, referring the case back to the proceedings on the merits for the continuation of the proceedings and for payment of the costs of the proceedings.

On September 9th, IVASS approved amendments to the Articles of Association approved by the Shareholders' Meeting on July 31st and the Articles of Association of the Public Limited Company, which will come into force on April 1st, 2021. The transformation resolution has been registered with the competent Company Register on the same date and, from this period, the possibility to exercise the related right of withdrawal begins.

OUTLOOK FOR BUSINESS ACTIVITIES

On February 6th, 2020, Cattolica's Board of Directors had provided a forecast Operating Result for the current year of between € 350 and € 375 million. This guidance, already confirmed on May 15th, is reiterated in light of the solid performance of the business witnessed in the first half of the year and for the indications of management trends seen subsequently.
However, the following potential risks must be borne in mind:

- the significant emergence of Covid-19-related claims not known to date, including a sharp increase in Life claims (which have not yet occurred);
- a significant increase in the frequency of Motor claims (compared to the historical average of recent years) during the last quarter linked to a change in the use of private vehicles for travel;
- a new acute phase of the pandemic leading to a lockdown with a fall in economic activity leading to further falls in premiums written, a sharp increase in the claims of certain classes associated with an increase in Life redemptions due to the need for liquidity on the part of customers.

The net profit at the end of 2020 will also depend on other factors, such as any write-downs, as occurred during the first half of 2020.

THE BOARD OF DIRECTORS

Verona, September 10th, 2020

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Total assets

35,972 € MLN

Total shareholders' equity

2,322 € MLN

CONSOLIDATED FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

ASSETS

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		June 30th, 2020	December 31st, 2019
1	**INTANGIBLE ASSETS**	**794**	**881**
1.1	Goodwill	488	548
1.2	Other intangible assets	306	333
2	**TANGIBLE ASSETS**	**235**	**238**
2.1	Property	207	211
2.2	Other tangible assets	28	27
3	**TECHNICAL PROVISIONS - REINSURANCE AMOUNT**	**614**	**619**
4	**INVESTMENT**	**31,781**	**32,723**
4.1	Investment Property	849	851
4.2	Investments in subsidiaries, associated companies and joint ventures	137	160
4.3	Held to maturity investments	203	212
4.4	Loans and receivables	1,242	1,072
4.5	Available for sale financial assets	23,288	23,823
4.6	Financial assets at fair value through profit or loss	6,062	6,605
5	**SUNDRY RECEIVABLES**	**662**	**688**
5.1	Receivables deriving from direct insurance transactions	418	461
5.2	Receivables deriving from reinsurance transactions	101	107
5.3	Other receivables	143	120
6	**OTHER ASSET ITEMS**	**1,424**	**1,724**
6.1	Non-current assets or disposal group held for sale	0	197
6.2	Deferred acquisition costs	17	19
6.3	Deferred tax assets	640	688
6.4	Current tax assets	556	592
6.5	Other assets	211	228
7	**CASH AND CASH EQUIVALENTS**	**462**	**468**
	TOTAL ASSETS	**35,972**	**37,341**

SHAREHOLDERS' EQUITY AND LIABILITIES

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		June 30th, 2020	December 31st, 2019
1	**SHAREHOLDERS' EQUITY**	**2,322**	**2,351**
1.1	**pertaining to the Group**	**1,864**	**1,894**
1.1.1	Share capital	523	523
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	712	712
1.1.4	Revenue reserves and other equity reserves	640	560
1.1.5	(Own shares)	−51	−50
1.1.6	Reserve for net exchange differences	0	0
1.1.7	Gains or losses on available for sale financial assets	36	78
1.1.8	Other gains or losses recognised directly in equity	−6	−4
1.1.9	Profit (loss) for the year pertaining to the Group	10	75
1.2	**pertaining to minority interests**	**458**	**457**
1.2.1	Capital and reserves pertaining to minority interests	432	419
1.2.2	Profits or losses recognised directly in equity	8	10
1.2.3	Profit (loss) for the year pertaining to minority interests	18	28
2	**PROVISIONS AND ALLOWANCES**	**52**	**62**
3	**TECHNICAL PROVISIONS**	**30,186**	**30,892**
4	**FINANCIAL LIABILITIES**	**1,892**	**2,345**
4.1	Financial liabilities at fair value through profit or loss	1,003	1,494
4.2	Other financial liabilities	889	851
5	**PAYABLES**	**410**	**410**
5.1	Payables deriving from direct insurance transactions	136	134
5.2	Payables deriving from reinsurance transactions	47	28
5.3	Other payables	227	248
6	**OTHER LIABILITY ITEMS**	**1,110**	**1,281**
6.1	Liabilities of disposal group held for sale	0	194
6.2	Deferred tax liabilities	623	671
6.3	Current tax liabilities	317	264
6.4	Other liabilities	170	152
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**35,972**	**37,341**

INCOME STATEMENT

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		June 30th, 2020	June 30th, 2019
1.1	Net premiums	2,665	3,032
1.1.1	*Gross premiums written*	2,783	3,172
1.1.2	*Ceded premiums*	−118	−140
1.2	Commissions income	1	3
1.3	Income and charges from financial instruments at fair value through profit or loss	−164	208
1.4	Income from investments in subsidiaries, associated companies and joint ventures	3	3
1.5	Income from other financial instruments and investment property	444	399
1.5.1	*Interest income*	284	303
1.5.2	*Other income*	45	49
1.5.3	*Realised gains*	115	47
1.5.4	*Valuation gains*	0	0
1.6	Other revenues	69	76
1	**TOTAL REVENUES AND INCOME**	**3,018**	**3,721**
2.1	Net charges relating to claims	−2,076	−2,903
2.1.1	*Amounts paid and change in technical provisions*	−2,150	−2,983
2.1.2	*Reinsurance amount*	74	80
2.2	Commissions expense	−1	−3
2.3	Charges from investments in subsidiaries, associated companies and joint ventures	−18	0
2.4	Charges from other financial instruments and investment property	−176	−126
2.4.1	*Interest expense*	−68	−81
2.4.2	*Other charges*	−2	−1
2.4.3	*Realised losses*	−74	−31
2.4.4	*Valuation losses*	−32	−13
2.5	Operating expenses	−385	−407
2.5.1	*Commission and other acquisition costs*	−261	−275
2.5.2	*Operating expenses relating to investments*	−26	−26
2.5.3	*Other administrative expenses*	−98	−106
2.6	Other costs	−268	−161
2	**TOTAL COSTS AND CHARGES**	**−2,924**	**−3,600**
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	**94**	**121**
3	Taxation	−66	−45
	PROFIT (LOSS) FOR THE PERIOD NET OF TAXATION	**28**	**76**
4	**PROFIT (LOSS) FROM DISCONTINUED OPERATIONS**	**0**	**0**
	CONSOLIDATED PROFIT (LOSS)	**28**	**76**
	pertaining to the Group	**10**	**61**
	pertaining to minority interests	**18**	**15**

STATEMENT OF COMPREHENSIVE INCOME

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)	June 30th, 2020	June 30th, 2019
CONSOLIDATED PROFIT (LOSS)	**28**	**76**
Other income components net of income taxes without reclassification in the income statement	**0**	**0**
Change in the shareholders' equity of investee companies	0	0
Change in intangible assets revaluation reserve	0	0
Change in tangible assets revaluation reserve	0	0
Income and charges relating to non-current assets or disposal group held for sale	0	0
Actuarial gains and losses and adjustments related to defined-benefit plans	0	0
Other items	0	0
Other income components net of income taxes with reclassification in the income statement	**−46**	**85**
Change in reserve for net exchange differences	0	0
Gains or losses on available for sale financial assets	−44	89
Profits or losses on cash flow hedging instruments	0	0
Profits or losses on instruments hedging a net investment in foreign operations	0	0
Change in the shareholders' equity of investee companies	−2	−4
Income and charges relating to non-current assets or disposal group held for sale	0	0
Other items	0	0
TOTAL OF THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**−46**	**85**
TOTAL OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**−18**	**161**
pertaining to the Group	**−34**	**135**
pertaining to minority interests	**16**	**26**

The undersigned declare that this statement is true and consistent with the underlying accounting records.

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI ______________________ (**)

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

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

CASH FLOW STATEMENT

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)	June 30th, 2020	June 30th, 2019
Profit (loss) for the period before taxation	**94**	**121**
Changes in non-monetary items	**−222**	**79**
Change in non-life premium provision	14	37
Change in provision for outstanding claims and other non-life technical provisions	−123	−27
Change in mathematical provisions and other life technical provisions	−454	87
Change in deferred acquisition costs	1	3
Change in provisions and allowances	−9	−1
Non-monetary income and charges from financial instruments, investment property and equity investments	229	−66
Other changes	120	46
Change in receivables and payables generated by operating activities	**50**	**79**
Change in receivables and payables deriving from direct insurance and reinsurance transactions	62	80
Change in other receivables/payables, other assets/liabilities	−12	−1
Taxes paid	**40**	**−40**
Net liquidity generated/absorbed by monetary items pertaining to investments and financing activities	**−482**	**−146**
Liabilities from financial contracts issued by insurance companies	−482	−146
Payables due to banking and interbank customers	0	0
Loans and receivables due from banking and interbank customers	0	0
Other financial instruments at fair value through profit or loss	0	0
TOTAL NET LIQUIDITY DERIVING FROM OPERATING ACTIVITIES	**−520**	**93**
Net liquidity generated/absorbed by investment property	−12	−19
Net liquidity generated/absorbed by investments in subsidiaries, associated companies and joint ventures	6	−1
Net liquidity generated/absorbed by loans and receivables	−153	−301
Net liquidity generated/absorbed by held to maturity investments	9	0
Net liquidity generated/absorbed by available for sale financial assets	255	312
Net liquidity generated/absorbed by tangible and intangible assets	−24	−24
Other net liquidity flows generated/absorbed by investment activities	417	187
TOTAL NET LIQUIDITY DERIVING FROM INVESTMENT ACTIVITIES	**498**	**154**
Net liquidity generated/absorbed by capital instruments pertaining to the Group	−1	0
Net liquidity generated/absorbed by own shares	−1	0
Distribution of dividends pertaining to the Group	0	−70
Net liquidity generated/absorbed by capital and reserves pertaining to minority interests	−9	−18
Net liquidity generated/absorbed by subordinated liabilities and by participative financial instruments	0	0
Net liquidity generated/absorbed by sundry financial liabilities	27	19
TOTAL NET LIQUIDITY DERIVING FROM FINANCING ACTIVITIES	**16**	**−69**
Effect of the exchange differences on cash and cash equivalents	**0**	**0**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	468	406
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	−6	178
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	462	584

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		Balance December 31st, 2018	Change in closing balances	Charges	Adjustments from reclassification to income statement	Transfers	Changes in investment holdings	Balance June 30th, 2019
	Share capital	523	0	0		0		523
	Other equity instruments	0	0	0		0		0
Shareholders' equity	Capital reserves	739	0	−27		0		712
pertaining to	Revenue reserves and other equity reserves	496	0	137		−70	0	563
the Group	(Own shares)	−50	0	0		0		−50
	Profit (loss) for the year	107	0	−46		0		61
	Other components of the statement of comprehensive income	−35	0	63	11	0	0	39
	Total pertaining to the Group	**1,780**	**0**	**127**	**11**	**−70**	**0**	**1,848**
Shareholders' equity	Capital and reserves pertaining to minority interests	446	0	30		−18	0	458
pertaining to	Profit (loss) for the year	30	0	−15		0		15
minority interests	Other components of the statement of comprehensive income	0	0	9	2	0	0	11
	Total pertaining to minority interests	**476**	**0**	**24**	**2**	**−18**	**0**	**484**
TOTAL		**2,256**	**0**	**151**	**13**	**−88**	**0**	**2,332**

(€ millions)		Balance December 31st, 2019	Change in closing balances	Charges	Adjustments from reclassification to income statement	Transfers	Changes in investment holdings	Balance June 30th, 2020
	Share capital	523	0	0		0		523
	Other equity instruments	0	0	0		0		0
Shareholders' equity	Capital reserves	712	0			0		712
pertaining to	Revenue reserves and other equity reserves	560	0	78		0	2	640
the Group	(Own shares)	−50	0	0		−1		−51
	Profit (loss) for the year	75	0	−65		0		10
	Other components of the statement of comprehensive income	73	0	14	−57	0	0	30
	Total pertaining to the Group	**1,894**	**0**	**27**	**−57**	**−1**	**2**	**1,864**
Shareholders' equity	Capital and reserves pertaining to minority interests	419	0	40		−24	−3	432
pertaining to	Profit (loss) for the year	28	0	−10		0		18
minority interests	Other components of the statement of comprehensive income	11	0	20	−23	0	0	8
	Total pertaining to minority interests	**457**	**0**	**50**	**−23**	**−24**	**−3**	**458**
TOTAL		**2,351**	**0**	**77**	**−80**	**−25**	**−1**	**2,322**

The undersigned declare that this statement is true and consistent with the underlying accounting records.

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI (**)

_______________________________ (**)

_______________________________ (**)

(*) 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

NOTES TO THE ACCOUNTS

Part A - Basis of presentation and consolidation area

PART A
BASIS OF PRESENTATION AND CONSOLIDATION AREA

Applicable legislation

The consolidated interim report comprising the interim management report and the condensed interim consolidated financial statements have been drawn up by the Parent Company Cattolica di Assicurazione Soc. Coop. pursuant to Article 154-ter, paragraphs 2, 3, 4 of Italian Legislative Decree No. 58 dated February 24th, 1998, "Regulations concerning financial brokers" and Article 95 of Italian Legislative Decree 209 of September 7th, 2005, in observance of the provisions envisaged by IAS/IFRS international accounting standards and by SIC/IFRIC interpretations, using as a reference those endorsed by the European Commission as at June 30th, 2020. The report is compliant with the provisions concerning consolidated interim reports pursuant to ISVAP Regulation No. 7 dated July 13th, 2007 relating to the technical forms of the consolidated financial statements drawn up on the basis of the international accounting standards (IAS/IFRS).

The condensed interim consolidated financial statements comprise the statement of financial position, the income statement and the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the notes to the accounts drawn up in compliance with IAS 34 and considering the provisions of ISVAP Regulation No. 7 dated July 13th, 2007.

The provisions set forth by CONSOB Regulation No. 11971 dated May 14th, 1999, and subsequent additions and amendments, and CONSOB recommendations, have also been followed.

Recommendations contained in the joint Bank of Italy/CONSOB/IVASS Documents regarding the application of the IAS/IFRS and the CONSOB communications regarding the areas deemed to be of greatest relevance indicated by ESMA in its communication of May 20th, 2020 ("Implications of the COVID-19 outbreak on the half-yearly financial reports") were also taken into consideration.

Accounting reference date

The accounting reference date of this consolidated interim report is June 30th, 2020, a date, which coincides with that of the interim reports of all the companies included within the scope of consolidation.

The statements drawn up according to the international accounting standards (IAS/IFRS) as approved by the Boards of Directors of the respective companies who are not obliged to adopt the afore-mentioned international accounting standards for the purpose of drawing up the interim report, have been used for the preparation of the consolidated interim report. Vera Financial prepared its interim report in compliance with international accounting standards. The statements drawn up by the management companies have been used for the funds.

CONSOLIDATION METHODS

a) Line-by-line consolidation

Pursuant to IFRS 10, the line-by-line method was used to consolidate all subsidiaries in relation to which the Parent Company is exposed to variable returns, or holds rights on these returns, deriving from its relationship with the same, and at the same time has the ability to affect said returns by exercising its power over the subsidiaries.

When using the line-by-line consolidation method, the book value of the investments is eliminated against the related shareholders' equity and all the assets and liabilities of the subsidiary company, including potential liabilities, are included.
The positive difference which is generated between the purchase cost and the fair value of the net shareholdings acquired, independently identifiable, with reference to the date of acquisition of control over the investment, is

recorded under the item "Goodwill". This value is subject to an annual impairment test as governed by IAS 36.

In the periods subsequent to the acquisition of control, the difference between the book value of the investment and the portion of shareholders' equity pertaining to the Group is recorded, for the part exceeding the above described allocation referring to the acquisition date, in the item "revenue reserves and other reserves".

The portions of shareholders' equity, inclusive of the fair value as of the date of acquisition of the equity investment, and of the net result for the period pertaining to minority interests, are recorded in specific statement of financial position liability and income statement accounts.

b) Equity method

In accordance with IAS 28, the equity method is applied to investments in associated companies and jointly-controlled companies.

By means of this method, the book value of the investment is adjusted in the consolidated interim financial report to reflect the book value of the shareholders' equity pertaining to the Group, which can be taken from the last set of financial statements of the investee company and adjusted by the sum total of the dividends distributed by said company.

If the cost is greater than the pertinent portion of shareholders' equity, the difference remaining from the recognition to amortisable/depreciable assets is identified as "goodwill" implicitly recognised in the item "Investments in subsidiaries, associated companies and joint ventures", and subject to impairment testing as governed by IAS 36.

The effects of the equity method on the Group shareholders' equity and consolidated result for the year are identical to those produced by line-by-line consolidation.

c) Companies carried at cost

The cost method is used to value investments in subsidiaries which, due to their size, are considered not to be significant and whose exclusion from the consolidation area does not prejudice the reliability of the representation of the equity and financial standing, the economic result and the financial flows of the Group.

d) Main consolidation adjustments

The main consolidation adjustments are:

- the elimination of balances and intercompany transactions, including revenues, costs and dividends collected;
- the elimination of gains and losses deriving from intercompany transactions included in the book value of the assets and liabilities;
- the determination of the deferred taxation, in accordance with the methods envisaged by IAS 12, on the temporary differences deriving from the elimination of gains or losses originating from intercompany transactions;
- the adjustment of the effects recorded in individual financial statements, generated by extraordinary intercompany transactions.

The decreases in value emerging subsequent to infragroup transactions are maintained in the consolidated interim financial report.

CONSOLIDATION AREA

The consolidation area includes the financial statements of the Parent Company and those of the subsidiaries, in accordance with IFRS 10.

During the accounting period, the scope of consolidation changed from that of December 31st, 2019 due to:

- deconsolidation of Cattolica Life following the sale, on June 4th, of 100% of the same company to the Monument Re reinsurance group;
- purchase of the investment in Mediterranea Underwriting S.r.l. (MUW S.r.l.), 100% controlled by Estinvest, which established it in June. It carries out insurance and reinsurance brokerage activities, with share capital of € 60 thousand.

As at June 30th, 2020, the consolidation area comprised 11 insurance companies, one reinsurance company, two companies that carry out agricultural real estate activities, one holding company, one real estate services company, seven service companies and six real estate property mutual funds. In addition to companies in the consolidation area, the Group includes three service companies, an insurance company, the Fondo Immobiliare Mercury, structured in three segments, the Fondo HCampus and the Fondo Mercury Nuovo Tirreno, measured at equity because they are under joint control.

Significant assumptions and assessments for establishing the consolidation area

The reason why the Cattolica Group believes it does not control the internal insurance funds (in relation to which it holds 100% of the units in circulation), the equity and real estate funds and the SPV segments held, lies in the failure to jointly observe all the conditions envisaged for control as per IFRS 10. In detail, in relation to these investments, the Cattolica Group believes that all the following conditions are not satisfied:

- exercise of power over the entity subject to investment;
- being subject in a significant manner to the variable returns of the entity subject to investment;
- being able to exercise its power over the entity subject to investment so as to affect the amount of the returns of the same.

The analysis carried out by the Cattolica Group, also by means of the aid of independent experts, particularly concerned the mutual investment funds and the notes issued by the SPVs.

These activities, having taken into account that the conditions envisaged for the control by IFRS 10 are not satisfied, are classified in the consolidated financial statements in the category "Available for sale" in item 4.5 of the statement of financial position - available for sale financial assets (AFS) and in the category "Loans and receivables" (LOANS) in item 4.4 of the statement of financial position, on a consistent basis with the characteristics and the provisions of IAS 39. The valuation of these entities recognised in the "Available for sale" category is at fair value; the amortised cost for the entities recognised under LOANS.

The following table lists the companies included in the consolidated interim financial report on a **line-by-line basis**, in accordance with IFRS 10.

Table 15 - Consolidation area (ISVAP Regulation No. 7 dated July 13th, 2007)

Name	Registered offices and operating headquarters	Method (1)	Activity (2)	% direct investment	% total holding (3)	% of votes available during ordinary shareholders' meetings (4)	% consolidation
Società Cattolica di Assicurazione - Soc. Coop.	086	G	1				
ABC Assicura s.p.a.	086	G	1	100.00%	100.00%		100%
BCC Assicurazioni s.p.a.	086	G	1	70.00%	70.00%		100%
BCC Vita s.p.a.	086	G	1	70.00%	70.00%		100%
Berica Vita s.p.a.	086	G	1	60.00%	60.00%		100%
Cattolica Agricola s.a.r.l.	086	G	10	100.00%	100.00%		100%
Cattolica Beni Immobili s.r.l.	086	G	10	100.00%	100.00%		100%
Cattolica Immobiliare s.p.a.	086	G	11	100.00%	100.00%		100%
Cattolica Services s.c.p.a.	086	G	11	99.96%	99.99%		100%
Fondo Euripide	086	G	10	69.42%	88.98%		100%
Fondo San Zeno (formerly MOI)	086	G	10	68.02%	89.14%		100%
Fondo Perseide	086	G	10	79.15%	94.19%		100%
Lombarda Vita s.p.a.	086	G	1	60.00%	60.00%		100%
TUA Assicurazioni s.p.a.	086	G	1	99.99%	99.99%		100%
Vera Assicurazioni s.p.a.	086	G	1	65.00%	65.00%		100%
Vera Financial d.a.c.	040	G	2		65.00%		100%
Vera Protezione s.p.a.	086	G	1		65.00%		100%
Vera Vita s.p.a.	086	G	1	65.00%	65.00%		100%
Fondo Innovazione Salute	086	G	10	76.80%	76.80%		100%
Fondo Andromaca	086	G	10	100.00%	100.00%		100%
Cattre s.a.	092	G	5	100.00%	100.00%		100%
Estinvest	086	G	9		100.00%		100%
Meteotec	086	G	11		100.00%		100%
Satec	086	G	11		100.00%		100%
Qubo Insurance Solutions	086	G	11		51.00%		100%
All Risks Solutions s.r.l.	086	G	11		100.00%		100%
Fondo Girolamo	086	G	10	80.65%	100.00%		100%
Campo dei Fiori s.r.l.	086	G	11		89.14%		100%
Mediterranea Underwriting s.r.l.	086	G	11		100.00%		100%

(1) Method of consolidation: Line-by-line=G, Proportional=P, Line-by-line by single HQ=U.

(2) 1=Italian insurance; 2=EU insurance; 3=non-EU insurance; 4=insurance holding company; 4.1 = mixed financial holding company; 5=EU reinsurance; 6=non-EU reinsurance; 7=banks; 8=SGR; 9=other holding; 10=real estate; 11=other.

(3) This is the product of the investment relationships relating to all the companies that, placed along the investment chain, may be interposed between the company that draws up the consolidated financial statements and the company in question. If the latter is directly invested in by several subsidiaries companies, it is necessary to add together the individual products.

(4) Overall percentage available of the votes at ordinary shareholders' meeting if different from direct or indirect shareholding.

With regard to the bank joint ventures, the agreements contain rights of protection of the minority interests, which cannot significantly limit Cattolica's ability to access the assets, or use them, or discharge the liabilities of the Group (IFRS 12, paragraph 13, letter b).
The Cattolica Group in fact controls all the significant activities, with the exception of the sale of the product, carried out by the banking partner.

The agreements also envisage that the Cattolica Group and the banking partners must operate in favour of the investee companies making sure that in the same the protective rights of the minorities are recognised, in particular within the sphere of extraordinary transactions and/or the undertaking of strategic policies inconsistent with the shared objectives of the partnerships.
Mention is also made of the possibility for the party, which has control (Cattolica) to recover the value of the assets in the event the partnership ceases.

The agreements have the purpose of protecting both parties from the risk of any conduct not consistent with the pacts.

In conclusion, these protection rights relate to qualified majorities envisaged for deeds of transfer of assets or rights in bulk, deeds of transfer of businesses or business segments, as well as equity investments, provided that the fee for the individual transaction is higher than a pre-established threshold, as well as to financial transactions of any kind when the related fee of the individual transaction is higher than pre-established thresholds of the shareholders' equity.

The table, which follows, includes the information pursuant to IFRS 12 on Group subsidiaries with significant minority interest.

Table 16 - Consolidation area: equity investments in companies with significant minority interests (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ thousands)					Summary income statement-financial figures							
Name	**% Minority interests**	**% of votes available during ordinary shareholders' meetings to minority interests (1)**	**Consolidated profit (loss) pertaining to minority interests**	**Shareholders' equity pertaining to minority interests**	**Total assets**	**Investments**	**Technical provisions**	**Financial liabilities**	**Shareholders' Equity**	**Net profit (loss) for the period**	**Dividends distributed to minority interests**	**Gross premiums written**
BCC Assicurazioni s.p.a.	30.00%		−24	3,534	90,626	35,170	59,279	362	11,781	−80	0	18,206
BCC Vita s.p.a.	30.00%		1,212	79,369	3,844,817	3,634,507	3,450,940	2,060	264,564	4,041	0	199,720
Berica Vita s.p.a.	40.00%		1,562	41,764	727,576	667,060	595,920	68	104,410	3,906	0	622
Fondo Euripide	11.02%		528	45,318	429,111	417,540	0	0	411,233	4,790	890	0
Fondo San Zeno (formerly MOI)	10.86%		218	17,575	164,689	159,656	0	0	161,836	2,008	420	0
Fondo Perseide	5.81%		244	6,431	118,259	94,367	0	2,400	110,690	4,201	308	0
Lombarda Vita s.p.a.	40.00%		9,536	121,817	9,170,277	8,656,723	8,323,006	252,605	304,542	23,839	24,222	692,085
Vera Assicurazioni s.p.a.	35.00%		1,353	30,050	265,278	215,980	150,933	790	85,858	3,865	0	39,905
Vera Financial d.a.c.	35.00%		100	25,154	1,691,169	1,567,029	1,366,327	242,236	71,869	287	0	104,441
Vera Protezione s.p.a.	35.00%		2,511	33,110	416,372	354,883	292,505	15	94,599	7,175	0	31,885
Vera Vita s.p.a.	35.00%		6,707	116,995	7,964,294	7,679,686	7,169,204	307,707	334,270	19,163	0	466,897
Fondo Innovazione Salute	23.20%		153	10,711	73,414	70,856	0	27,000	46,166	659	0	0
Qubo Insurance Solutions	49.00%		61	100	730	0	0	0	204	125	66	0

(1) Overall percentage available of the votes at ordinary shareholders' meeting if different from direct or indirect shareholding.

With regard to non-consolidated structured entities, it should be noted that they are represented for € 824 million by special purpose vehicles (SPVs) with underlying securities issued by the Italian government and swaps and for € 71 million by investment funds.

There are no circumstances which might compromise the recovery of the initial investment for reasons not attributable to the deterioration of the credit of the issuer or the assets of the structured entity, as well as for any other financial instrument.

The companies valued using the equity or cost method follow:

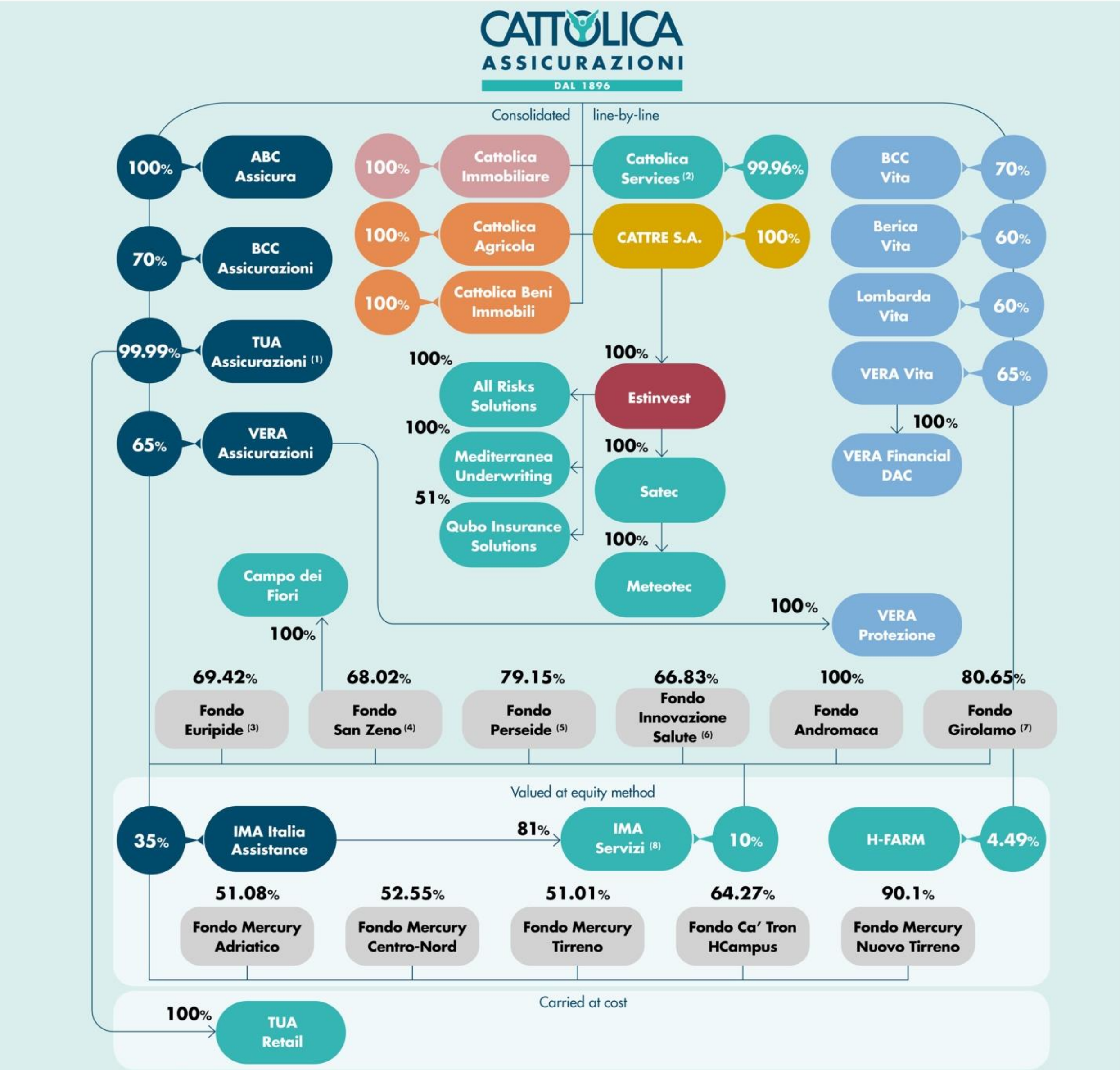
1. The following companies are accounted for using the **equity method** in accordance with IAS 28:

- **Multi-segment real estate investment fund** known as "**Mercury**". The Parent Company holds units equal to around 51% in each of the three segments for a total book value of € 68.327 million;
- **Real estate investment fund** called "**HCampus**" divided into two classes of units. The Parent Company has subscribed to class A and class B units, equivalent to 64.27% for a total book value of € 17.758 million;
- **Real estate investment fund** called "**Mercury Nuovo Tirreno**". The Group holds 90.1% of the units with a book value of € 41.341 million;
- **Ima Italia Assistance S.p.A.** with its registered office in Sesto San Giovanni, share capital of € 11.091 million, exercises non-life insurance and reinsurance activities. The Parent Company holds a direct investment of 35%;
- **Ima Servizi S.c.a.r.l.**: with its registered office in Sesto San Giovanni, share capital of € 100 thousand, exercises claims management activities for Ima Italia, which controls it with an 81% interest. The Group holds a direct equity investment of 10% while the equity interest is 38.35%.
- **H-Farm S.p.A** with registered office in Roncade, share capital of € 8.924 million, engaged in the field of innovation.

2. The following company is valued at cost in the consolidated interim financial report, since it is not significant and its exclusion from the scope of consolidation does not prejudice the reliability of the representation of the financial and equity standing, the economic result and the financial flows of the Group:

- **TUA Retail s.r.l.** with headquarters in Milan, share capital of € 50 thousand. It is wholly-owned by TUA Assicurazioni. It carries out the general agency activities of TUA Assicurazioni.

A schedule of the Group companies with indication of the consolidation method adopted is shown below.



(1) TUA Assicurazioni wholly owns TUA Retail.

(2) 0.005% of the share capital of Cattolica Services is held individually by ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita, Cattolica Immobiliare, Lombarda Vita. TUA Assicurazioni holds 0.01% of the share capital of Cattolica Services.

(3) The remaining 30.58% is held as follows: 16.89% by Lombarda Vita, 10.29% by Vera Vita, 1.51% by Tua Assicurazioni, 1.37% by Vera Protezione and 0.52% by Vera Assicurazioni.

(4) The remaining 31.98% is held as follows: 19.33% by BCC Vita and 12.65% by Lombarda Vita.

(5) The remaining 20.85% is held as follows: 11% by Lombarda Vita, 5.16% by TUA Assicurazioni and 4.69% by BCC Vita.

(6) The remaining 9.97% is held by TUA Assicurazioni.

(7) The remaining 19.35% is held by TUA Assicurazioni.

(8) IMA Servizi is 9% owned by Cattolica and 1% by Cattolica Services.

Non-life insurance · Holding · Agricultural-real estate sector · Reinsurance
Funds · Life insurance · Operating services · Real estate services

As at June 30th, 2020

NOTES TO THE ACCOUNTS

Part B - Accounting standards

PART B ACCOUNTING STANDARDS

Format

The statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and these notes to the accounts have been drawn up in line with the consolidated financial statement formats laid down by the instructions in ISVAP Regulation No. 7 dated July 13th, 2007.

Accounting standards

The accounting standards adopted for the preparation of the consolidated interim financial report are consistent with the provisions of each IAS/IFRS standard and each SIC/IFRIC, taking as reference those endorsed by the European Commission.
The Group drew up the condensed interim consolidated financial statements using the same standards adopted for the consolidated financial statements for the year ended December 31st, 2019.
With reference to disclosure on the deferred adoption of IFRS 9, please refer to the "Additional Information" paragraph in Part D - "Other information" in the notes to the accounts.

Reporting currency used in the financial statements

The reporting currency for the consolidated interim financial report is the Euro. The report has been drawn up in millions of Euro without decimals, duly rounded off as per the applicable legislation. The amounts have been rounded up or down to the closest unit. 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.

Foreign currency items

In accordance with IAS 21, monetary assets and liabilities in foreign currencies, with the exception of financial instruments, are recorded using the spot exchange rate ruling as of the period end date and the related exchange gains and losses are booked to the income statement.

Section 1

Illustration of the accounting standards

The accounting standards adopted to draw up this consolidated interim financial report, except for what is reported above, are compliant with those used for the consolidated financial statements as at December 31st, 2019; therefore, reference should be made to Part B of the notes to the consolidated annual accounts for a detailed illustration of the accounting standards and the contents of the items in the accounting schedules.
The accounting principles adopted for the drafting of the consolidated interim financial report are the same as those used to prepare the IAS/IFRS statements of the Parent Company and the other Group companies who are not obliged to adopt the afore-mentioned international accounting standards for the purpose of drawing up the interim report. Vera Financial prepared its interim report in compliance with the international accounting standards.
No consolidation adjustments were necessary in order to adapt the consolidated companies' accounting standards and principles to those of the Parent Company, with the exception of investment property held by the real estate funds, which in their accounts value said properties at fair value and therefore, for the purpose of the consolidated interim financial report, are stated at historic cost net of the related accumulated depreciation and any write-downs made to align the depreciated cost to fair value (if lower).
The preparation of the Group'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 condensed interim consolidated financial report and, consequently, the report has been prepared with the intention of clarity and provides a true and fair view of the capital and business-performance status and cash flows for the half 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 light of the effects of the pandemic, the Group has carried out an analysis of the main areas of the financial statements that involve a high degree of recourse to discretionary evaluations, assumptions, estimates and hypotheses relating to issues that are by their nature uncertain, confirming these in the Condensed Interim Consolidated Financial Statements as follows:

- the technical provisions;
- the fair value of the assets and liabilities if not directly observable on active markets;
- the analysis for the purpose of the impairment test on intangible assets;
- the recoverable nature of the prepaid taxes;
- the defined-benefit plans;
- the provisions and allowance for risks and charges.

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 also related to the evolution of the effects of the Covid-19 pandemic, the economic expectations and the solidity of the Group's fundamentals do not generate or leave any doubt as to its ability to continue as a going concern.

Furthermore, also with reference to the Solvency Ratio of the Group and its subsidiaries after June 30th, with the positive performance of the Group's Solvency Ratio level rising to 141% as at June 30th and 154% as at August 31st, and above all the positive effects expected from the capital increase of € 500 million, as well as the measures taken by the Board of Directors, it is believed that there are no uncertainties as to the Group's ability to continue as a going concern.

NOTES TO THE ACCOUNTS

Part C – Information on the consolidated statement of financial position and income statement

PART C
STATEMENT OF FINANCIAL POSITION - ASSETS

The statement of financial position by sector of activities is presented below.

Table 17 - Statement of financial position by sector of activities

	Non-life business		Life business		Other		Eliminations between sectors		Total	
(€ millions)	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019
1 **INTANGIBLE ASSETS**	**225**	**225**	**110**	**110**	**134**	**141**	**325**	**405**	**794**	**881**
2 **TANGIBLE ASSETS**	**81**	**85**	**14**	**15**	**140**	**138**	**0**	**0**	**235**	**238**
3 **TECHNICAL PROVISIONS - REINSURANCE AMOUNT**	**562**	**557**	**140**	**142**	**0**	**0**	**−88**	**−80**	**614**	**619**
4 **INVESTMENT**	**5,702**	**5,670**	**29,174**	**30,053**	**36**	**39**	**−3,131**	**−3,039**	**31,781**	**32,723**
4.1 Investment property	396	399	419	417	35	36	−1	−1	849	851
4.2 Investments in subsidiaries, associated companies and joint ventures	1,737	1,698	420	408	0	0	−2,020	−1,946	137	160
4.3 Held to maturity investments	106	106	97	106	0	0	0	0	203	212
4.4 Loans and receivables	514	499	724	569	1	1	3	3	1,242	1,072
4.5 Available for sale financial assets	2,835	2,916	21,566	22,002	0	0	−1,113	−1,095	23,288	23,823
4.6 Financial assets at fair value through profit or loss	114	52	5,948	6,551	0	2	0	0	6,062	6,605
5 **SUNDRY RECEIVABLES**	**589**	**589**	**206**	**216**	**48**	**44**	**−181**	**−161**	**662**	**688**
6 **OTHER ASSET ITEMS**	**370**	**388**	**1,039**	**1,322**	**17**	**16**	**−2**	**−2**	**1,424**	**1,724**
6.1 Deferred acquisition costs	0	0	17	19	0	0	0	0	17	19
6.2 Other assets	370	388	1,022	1,303	17	16	−2	−2	1,407	1,705
7 **CASH AND CASH EQUIVALENTS**	**110**	**67**	**341**	**391**	**11**	**10**	**0**	**0**	**462**	**468**
TOTAL ASSETS	**7,639**	**7,581**	**31,024**	**32,249**	**386**	**388**	**−3,077**	**−2,877**	**35,972**	**37,341**
1 **SHAREHOLDERS' EQUITY**									**2,322**	**2,351**
2 **PROVISIONS AND ALLOWANCES**	**40**	**44**	**7**	**11**	**5**	**7**	**0**	**0**	**52**	**62**
3 **TECHNICAL PROVISIONS**	**3,682**	**3,787**	**26,696**	**27,276**	**0**	**0**	**−192**	**−171**	**30,186**	**30,892**
4 **FINANCIAL LIABILITIES**	**594**	**591**	**1,237**	**1,704**	**61**	**50**	**0**	**0**	**1,892**	**2,345**
4.1 Financial liabilities at fair value through profit or loss	0	0	1,003	1,494	0	0	0	0	1,003	1,494
4.2 Other financial liabilities	594	591	234	210	61	50	0	0	889	851
5 **PAYABLES**	**295**	**247**	**231**	**228**	**62**	**72**	**−178**	**−137**	**410**	**410**
6 **OTHER LIABILITY ITEMS**	**326**	**296**	**747**	**945**	**2**	**2**	**35**	**38**	**1,110**	**1,281**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES									**35,972**	**37,341**

1. INTANGIBLE ASSETS

Table 18 - Intangible assets

(€ millions)	June 30th, 2020	December 31st, 2019	Changes Amount	%
Goodwill	488	548	−60	−11.1
Other intangible assets:	306	333	−27	−7.9
insurance portfolios	168	187	−19	−10.3
software	102	108	−6	−5.5
models and projects	1	2	−1	−24.1
patent rights, trademarks and similar rights	9	8	1	10.1
other	26	28	−2	−6.2
Total	**794**	**881**	**−87**	**−9.9**

1.1 Goodwill

Table 19 - Goodwill - changes during the period

(€ millions)	Goodwill
Gross balance as at December 31st, 2019	**571**
Accumulated amortisation	23
Net balance as at December 31st, 2019	**548**
Increases due to:	**0**
write-backs	0
Decreases due to:	**61**
write-downs	61
Gross balance as at June 30th, 2020	**511**
Accumulated amortisation	**23**
Net balance as at June 30th, 2020	**488**
of which cumulative permanent losses as at June 30th, 2020	*154*

Goodwill is recorded at the related cost net of any impairment according to IFRS 3.

The accumulated amortisation in the above table refers to amortisation prior to the application of the international accounting standards.

In order to ascertain any impairment losses, goodwill has been allocated to cash generating units (CGUs) or to groups of units in observance of the maximum aggregation restriction, which cannot exceed the individual operating sector (non-life, life and other).

Therefore, when assigning goodwill to cash generating units, the minimum level at which goodwill is monitored for internal management control purposes was considered, or rather the Cattolica Danni CGU, Cattolica Vita CGU, Vera Vita CGU (including Vera Financial) the CattRe CGU (including subsidiaries) and legal entities included within the consolidation area.

In detail, the goodwill recognised to the different CGUs as at June 30th, 2020 is the following:

- € 151 million concerning the Cattolica Danni CGU, represented by the goodwill relating to the purchase transactions of Duomo Assicurazioni, Uni One Assicurazioni, FATA Assicurazioni and the partial demerger of B.P.Vi Fondi SGR, which to date have been merged into the Cattolica Danni CGU;
- € 3 million in Berica Vita, relating to the initial purchase of 50% of the company;
- € 71 million in Vera Assicurazioni, following the acquisition of 65% of the company;
- € 100 million in Vera Protezione, following the acquisition of 65% of the company;
- € 150 million in Vera Vita, following the acquisition of 65% of the company;
- € 12 million in CattRe, relating to the acquisition of the companies included in this CGU.

The recoverable value of the CGUs is defined as the fair value less cost to sell, or the value in use, whichever is higher. It should be noted that Cattolica stock prices do not express the real value of CGUs, therefore, in order to establish the recoverable value and subsequently compare with the book value of the CGUs, the value in use was used, since it provides an impairment opinion guided by principles of economic rationality.

In continuity with previous year it was deemed advisable to use records that consider the metrics emerging from Solvency II regulations to estimate the value in use, in order to be able to better "value", in line with the maximum prudence principles, the provisions issued by the Supervisory Authority on capital restrictions, including capital requirement in the current value of future cash flows expected to be generated.

To better represent the effects of using these metrics, the value in use was estimated based on the Dividend Discount Model in the Solvency II Excess Capital version for Non-life CGUs and the Solvency II Appraisal Value for Life CGUs.
The Group's impairment test is carried out along with the approval of the annual financial statements and only in the presence of trigger events is the test updated at the time of the interim report. Since a trigger event occurred on the reporting date (i.e. stock market capitalisation was lower than the Consolidated Shareholders' Equity) and also in light of the potential effects of Covid-19, it became necessary to conduct impairment testing as at June 30th as well. The impairment test carried out as at June 30th, 2020 is based on the guidelines and projections of economic results for the 2020-2022 period approved by the Parent Company's Board of Directors on February 6th, 2020 and on the ORSA Evaluation 2020-2022 (per Regulation No. 32/2016), approved by the Board of Directors on July 13th, 2020, for which the changing financial scenario following the Covid-19 pandemic was considered. For Vera Assicurazioni, Vera Protezione and Vera Vita CGUs, in accordance with the acquisition agreements, reference was made to the distribution Plans negotiated in the course of the 2018-2033 acquisition.
In relation to the non-life economic figures, it was considered prudent not to update them since they are characterised by a more unfavourable technical profitability compared to what was observed in the first half of 2020; moreover, the volumes of the Group companies' prospective non-life technical accounts have not been revised, considering this approach prudent, which, in an unfavourable financial scenario, combines substantially higher business volumes with a consequent higher capital absorption. In the life business, on the other hand, the lock-down effect has been considered for both new production and redemptions, converging to Plan volumes from September 2020, with a negligible effect on overall profitability in the current context of interest rates.
Prior to the impairment test, the reconstructability of these projections was assessed on the basis of external disclosure, including therein the consolidated Group estimates made by the equity analysts who follow Cattolica stock and the estimates produced by the equity analysts relating to comparable companies.

With reference to Berica Vita and ABC CGUs affected by the bancassurance agreement with BPVI, a methodology based on "Market Consistent Embedded Value" and Own Funds was used.

The underlying assumptions to which the value in use of each group of units is most sensitive are:

- the combined ratio for the cash generating units falling within the non-life business and the new business value for cash generating units falling within the life business;
- the cost of own capital;
- the long-term growth rate (g);
- the Solvency Ratio level.

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 value in use 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) for each business unit has been estimated on the basis of these elements, equal to 8.47% (7.83% as at December 31st) for life insurance companies 6.58% (6.93% as at December 31st) for non-life insurance companies. The long-term growth rate ("g") was 1.40% (1.44% in December) for all CGUs. 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.

The Solvency Ratio parameter determines the excess capital potentially distributable to shareholders for non-life CGUs with a view to enhancing the value of all potentially extractable cash flows. In the life CGUs, on the other hand, the value of the Risk Margin (reported at 100% of the SCR in the Solvency regulations) implicit in the Appraisal Value Own Funds is adjusted to take into account the potential value to be extracted. The parameter is determined consistently with the Soft threshold established in the Risk Appetite Framework (RAF) of each company.

The outcome of the test carried out in accordance with IAS 36 on insurance companies as at June 30th, 2020, resulted in a write-down of € 61 million of the value of goodwill recognised in the Consolidated Report, entirely attributable to the Vera Vita CGU.

An analysis by scenarios on the level of the cost of capital and the growth rate in the terminal value (g) was conducted for purposes of sensitivity analyses. For CGUs on which goodwill was allocated and not subject to impairment during the period, the table below shows the excess of the recoverable value (ViU) with respect to the pro rata book value (C) and the estimates of the cost of capital, the long-term (g) growth rate and NBV margin necessary for rendering the recoverable value of each CGU equal to their book value. Sensitivity analyses were also carried out on the basis of the Solvency Ratio used in the models, as there were no significant deviations in the valuation of the individual CGUs.

Table 20 - Changes in the cost of own capital and the long-term growth rate necessary for rendering the recoverable amount equal to the book value.

	Excess of the recoverable value in the consolidated financial statements (ViU vs C)	Rate which renders ViU = C	Rate g which renders ViU = C	NBV Margin which renders ViU = C
NON-LIFE				
Cattolica Danni CGU	74.3	7.14%	3.29%	n.s.
Vera Assicurazioni CGU	43.4	11.06%	n.s.	n.s.
CattRE CGU	54.9	11.20%	−19.05%	n.s.
LIFE				
Vera Protezione CGU	8.8	10.18%	n.s.	−27.81%
Berica Vita CGU	3.8	n.s.	n.s.	n.s.

n.s. = not significant

1.2 Other intangible assets

As per IAS 38, the item "other intangible assets" includes assets, which can be autonomously identified and which will generate future economic benefits in terms of cost savings or future income.

Table 21 - Other intangible assets - changes during the period

(€ millions)	Insurance portfolios	Software	Models and projects	Patent rights, trademarks and similar rights	Other intangible assets	Total
Gross balance as at December 31st, 2019	**279**	**377**	**8**	**12**	**30**	**706**
Accumulated amortisation	92	269	6	4	2	373
Net balance as at December 31st, 2019	**187**	**108**	**2**	**8**	**28**	**333**
Increases due to:	**0**	**19**	**0**	**2**	**0**	**21**
purchase	0	17	0	2	0	19
other	0	2	0	0	0	2
Decreases due to:	**0**	**0**	**0**	**0**	**2**	**2**
other	0	0	0	0	2	2
Gross balance as at June 30th, 2020	**279**	**396**	**8**	**14**	**28**	**725**
Amortisation	19	25	1	1	0	46
Other changes in acc. amortisation	0	0	0	0	0	0
Accumulated amortisation	**111**	**294**	**7**	**5**	**2**	**419**
Net balance as at June 30th, 2020	**168**	**102**	**1**	**9**	**26**	**306**
of which cumulative permanent losses as at June 30th, 2020	*2*	*1*	*0*	*0*	*0*	*3*

The "other intangible assets" held by the Group are characterised by a finite useful life and, as such, are subject to a systematic amortisation process whose period:

- varies between 6 and 12 years for the insurance portfolios, on the basis of the average residual duration of the underlying contracts;
- is on average 5 years for software, models and projects, patent, trademarks and similar rights, except in specific cases.

The Group has software in use or software being created or being developed held mainly by Cattolica Services. This includes software already operative used in previous years, software that was enhanced and adapted to legal provisions during the period, as well as software "under construction" referring to projects launched but not yet concluded and therefore not yet used during the period.

The cumulative impairment losses during previous years have been deducted from the gross amount and are due to the obsolescence of some software.

The impairment tests on other intangible assets, as governed by IAS 36 and carried out during the year, did not reveal any impairment losses.

2. TANGIBLE ASSETS

The changes in tangible assets, pursuant to IAS 16, were as follows during the period:

Table 22 - Tangible assets

(€ millions)	June 30th, 2020	December 31st, 2019	Changes Amount	%
Property	207	211	−4	−1.7
Other tangible assets:	28	27	1	12.7
furniture, office machines and internal means of transport	9	10	−1	2.4
movable assets recorded in public registers	2	3	−1	−3.9
plant and equipment	14	14	0	n.s.
inventories and miscellaneous assets	3	0	3	n.a.
Total	**235**	**238**	**−3**	**−0.7**

n.s. = not significant

Table 23 - Property and other tangible assets - changes during the period

(€ millions)	Property	Furniture, office machines and internal means of transport	Movable assets recorded in public registers	Plant and equipment	Inventories and miscellaneous assets	Total
Gross balance as at December 31st, 2019	**233**	**69**	**4**	**20**	**0**	**326**
Accumulated depreciation	22	59	1	6	0	88
Net balance as at December 31st, 2019	**211**	**10**	**3**	**14**	**0**	**238**
Increases due to:	**0**	**0**	**0**	**0**	**3**	**3**
purchases	0	0	0	0	3	3
Decreases due to:	**1**	**0**	**0**	**0**	**0**	**1**
write-downs	1	0	0	0	0	1
Gross balance as at June 30th, 2020	**232**	**69**	**4**	**20**	**3**	**328**
Depreciation	3	1	1	0	0	5
Accumulated depreciation	**25**	**60**	**2**	**6**	**0**	**93**
Net balance as at June 30th, 2020	**207**	**9**	**2**	**14**	**3**	**235**
of which cumulative permanent losses as at June 30th, 2020	*1*	*0*	*0*	*0*	*0*	*1*

2.1 Property

The item includes property used for the performance of the Group companies' activities; in particular it includes the property belonging to the Parent Company, Cattolica Agricola and Satec. In addition, € 39 million in property under right of use pursuant to IFRS 16 have been recognised.

The fair value of the properties held by the Group came to € 237 million.

2.2 Other tangible assets

The item comprises the assets regulated by IAS 16 and IFRS 16, not included under the property category.

Right of use assets attributable to furniture, office machinery and means of transport are recognised for € 9 million and movable assets recorded in public registers for € 2 million.

The increase in inventories and miscellaneous assets is attributable to Cattolica Agricola.

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As indicated in the accounting policies, total property and other tangible assets held by the Group are subject to a systematic depreciation process using a rate of 3% for properties used for the Group's business activities and, except in specific cases, using a rate:

- of 12% for ordinary office furniture and machines;
- of 20% for electronic machines and hardware;
- of 25% for movable assets recorded in public registers;
- of 15% for plant and equipment;
- between 9% and 20% for other agricultural assets.

No significant changes took place during the period, either in the accounting estimates or the depreciation methods used.

3. TECHNICAL PROVISIONS - REINSURANCE AMOUNT

Table 24 - Analysis of technical provisions - Reinsurance amount

(€ thousands)	June 30th, 2020	December 31st, 2019
Non-life provisions	**474**	**477**
Life provisions	**140**	**142**
Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	0	0
Other provisions	140	142
Total	**614**	**619**

The reinsurance amount of technical provisions is calculated using the method adopted for provisions pertaining to direct business.

4. INVESTMENT

Table 25 - Investments

			Changes	
(€ millions)	June 30th, 2020	December 31st, 2019	Amount	%
Investment Property	849	851	−2	−0.2
Investments in subsidiaries, associated companies and joint ventures	137	160	−23	−14.4
Held to maturity investments	203	212	−9	−4.1
Loans and receivables	1,242	1,072	170	15.9
Available for sale financial assets	23,288	23,823	−535	−2.2
Financial assets at fair value through profit or loss	6,062	6,605	−543	−8.2
Total	**31,781**	**32,723**	**−942**	**−2.9**

4.1 Investment property

"Investment property" is represented by the properties not occupied by Group companies.

The item includes land and buildings belonging to the Andromaca, Euripide, Girolamo, Innovazione Salute, Perseide and San Zeno funds, Cattolica Agricola, Cattolica Beni Immobili and the Parent Company.

Table 26 - Investment property - changes during the period

(€ millions)	Investment Property	Property under construction and advance payments	Total
Gross balance as at December 31st, 2019	**921**	**2**	**923**
Accumulated depreciation	72	0	72
Net balance as at December 31st, 2019	**849**	**2**	**851**
Increases due to:	**12**	**0**	**12**
purchase	7	0	7
other	5	0	5
Decreases due to:	**5**	**0**	**5**
write-downs	5	0	5
other	0	0	0
Gross balance as at June 30th, 2020	**928**	**2**	**930**
depreciation	9	0	9
Accumulated depreciation	**81**	**0**	**81**
Net balance as at June 30th, 2020	**847**	**2**	**849**
of which cumulative permanent losses as at June 30th, 2020	*21*	*0*	*21*

The increases refer to the purchases carried out by Cattolica Beni Immobili for € 4 million and by Fondo Perseide for € 3 million as well as € 5 million to incremental expenses made on the properties owned.
The decreases are mainly due to depreciation and write-downs (€ 1 million for a property owned by the Parent Company and € 4 million for properties owned by Cattolica Beni Immobili).

Revenues for rents generated during the period amounted to € 30 million.

Buildings included under investment property are subject to a systematic depreciation process calculated in relation to the useful life, generally equal to 50 years (2% depreciation rate), with the exception of the properties owned by Fondo Perseide for which the useful life is estimated in relation to the duration of the related surface rights.

There were no significant changes in the amortisation methods used during the accounting period and accounting estimates.

The fair value of the investment property held by the Group, estimated by an external and independent expert amounted to € 1,036 million.

The Cattolica Group avails itself of three main procedures for estimating the value of properties, as indicated below. For each assessment, the selection of the most suitable method is assessed according to the type and specific characteristics of the property being valued. In particular, the main procedures for estimating the value of properties are as follows:

- Market Approach: this provides an indication of the value comparing the asset subject to assessment with identical or similar assets for which information on prices is available. The comparison between the assets subject to estimation and similar assets takes place on the basis of the technical parameter represented by the measurement of the land registry surface areas for the agricultural land and the uncovered appurtenances of the buildings and the commercial surface areas for the buildings, structured differently in relation to the intended uses of the same. If the asset being estimated presents

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differences with respect to the comparable assets and the reference types of the sources, weighting (or differentiation) factors are resorted to, which permit a correct comparison procedure. The estimate of these factors is carried out with reference to the indications of specialised literature in the sector.

- Cost Approach: based on the depreciated replacement cost used for certain properties, with particular characteristics. The estimate of the fair value of the assets by means of the depreciated replacement cost is broken down into three phases and is carried out on the basis of the technical parameter of the gross surface area:
    - the estimate of the current value of the land referring to the purchase cost of similar land in terms of location and intended use;
    - the estimate of the depreciation reconstruction cost obtained from the estimate of the reconstruction cost as new of the building appropriately depreciated in relation to the useful and residual life of the buildings;
    - the estimate of the market value of the assets as the sum of the market value of the area and the depreciated replacement cost of the constructions.
- Financial Profit Method based on two approaches:
    - direct capitalisation: this is based on the capitalisation at a rate taken from the property market, of the net future income generated;
    - discounted cash flow, based on the determination: for a period of n years of the future income deriving from the lease; on the market value of the property by means of perpetual capitalisation, at the end of this period, of the net income and in conclusion on the discounting, as of the date of assessment, of the net income (cash flows).

Taking into account the macroeconomic context linked to Covid-19, which has generated financial difficulties for several tenants, the Group has also updated its property valuations as at June 30th, introducing a strengthening of the valuation process for the Group's property activities. In particular, in order to strengthen the valuation process, if the valuation method identified as most suitable is the so-called comparative method (which can be traced back to the "Market Approach" method), this so-called "main" valuation was accompanied by the use of one or more "control methods", discounted cash-flow (which can be traced back to the "Financial Income Method" method), evaluating, where deemed appropriate, the application of further sensitivity valuations.

As explained in the accounting standards and the table presented below, the Group has applied the cost criteria, net of accumulated depreciation and any impairment losses, to total assets disciplined by IAS 40, IAS 16 and IAS 38.

Table 27 - Analysis of tangible and intangible assets

(€ millions)	**At cost**	**At re-determined value or at fair value**	**Total book value**
Investment Property	849		849
Other property	207		207
Other tangible assets	28		28
Other intangible assets	306		306

4.2 Investments in subsidiaries, associated companies and joint ventures

Table 28 - Investments in subsidiaries, associated companies and joint ventures

(€ millions)	June 30th, 2020	December 31st, 2019	Changes Amount	Changes %
Subsidiaries	0	0	0	n.s.
Associated companies and joint ventures	137	160	−23	−14.4
Total	**137**	**160**	**−23**	**−14.4**

n.s. = not significant

The item includes equity investments in subsidiaries excluded from the consolidation area, associated companies and joint ventures, over which the Group exercises significant influence, which are accounted for using the equity method.

Investments in subsidiaries
The item mainly comprises the cost of the equity investment in TUA Retail, a company which is not significant for consolidation purposes.

Investments in associated companies and Joint ventures
The item includes investments, accounting for using the equity method, in companies over which the Group exercises significant influence, such as the multi-sector real estate investment fund called "Mercury", the real estate funds Ca' Tron HCampus, the "Mercury Nuovo Tirreno" fund, Ima Italia Assistance, Ima Servizi and H-FARM.

Table 29 - Analysis of non-consolidated equity investments (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ millions) Name	Registered offices and operating headquarters	Assets (1)	Type (2)	% direct investment	% Total holding (3)	% of votes available during ordinary shareholders' meetings (4)	Book value
Ima Italia Assistance S.p.A.	086	1	b	35.00%	35.00%		9
Ima Servizi S.c.a.r.l.	086	11	b	10.00%	38.35%		0
TUA Retail s.r.l.	086	11	a	100.00%	99.99%		0
Fondo Mercury Centronord	086	10	c	52.55%	52.55%		26
Fondo Mercury Adriatico	086	10	c	51.08%	51.08%		15
Fondo Mercury Tirreno	086	10	c	51.01%	51.01%		27
Fondo Mercury Nuovo Tirreno	086	10	c	90.10%	90.10%		42
Fondo Ca' Tron Hcampus	086	10	c	64.27%	64.27%		18
H-Farm S.p.a.	086	11	b	4.49%	4.49%		0

(1) 1=Italian insurance; 2=EU insurance; 3=non-EU insurance; 4=insurance holding companies; 4.1=mixed financial holding companies; 5=EU reinsurance; 6=non-EU reinsurance; 7=banks; 8=SGR; 9=other holding; 10=real estate; 11=other.

(2) a=subsidiaries (IFRS 10); b=associated companies (IAS 28); c=joint ventures (IFRS 11).

(3) this is the product of the equity investment relationships relating to all the companies that, placed along the equity investment chain, may be interposed between the company that draws up the consolidated financial statements and the company in question. If the latter is directly invested in by several subsidiaries companies, it is necessary to add together the individual products.

(4) Overall percentage available of the votes at ordinary shareholders' meeting if different from direct or indirect shareholding.

During the first half of the year, write-downs of the investment in H-Farm for € 5 million and of the assets of the Fondo H-Campus for € 13 million were recorded following the recent negative economic results of the subsidiary, impacted by the effects of the spread of the pandemic, which weakened its financial situation.

A summary of the most significant equity and income highlights of the companies not included within the consolidation area is presented below.

Table 30 - Summary data of non-consolidated subsidiary and associated companies and joint ventures

(€ millions) Name or business name		Registered offices	Share capital	Total assets	Total liabilities	Shareholders' equity	of which profit (+) or loss (-) for the period	Revenues	Dividends received in the period
Subsidiaries									
TUA Retail s.r.l.	(1)	Milan	50	673	570	103	2	923	0
Associated companies									
Ima Italia Assistance S.p.A.	(1)	Sesto San Giovanni (Mi)	3,857	58,571	33,123	25,448	634	40,761	0
Ima Servizi S.c.a.r.l.	(1)	Sesto San Giovanni (Mi)	100	12,253	10,595	1,658	0	36,033	0
Fondo Mercury Centronord		Milan	n.a.	114,344	64,176	50,168	1,399	3,881	1,302
Fondo Mercury Adriatico		Milan	n.a.	72,806	42,872	29,934	1,010	2,697	841
Fondo Mercury Tirreno		Milan	n.a.	128,353	76,067	52,286	1,766	4,641	1,415
Fondo Mercury Nuovo Tirreno		Milan	n.a.	49,853	3,970	45,883	568	1,506	83
Fondo Ca' Tron Hcampus		Roncade (Tv)	n.a.	67,261	35,580	31,681	−19.557	752	0
H-Farm S.p.a.	(1)	Roncade (Tv)	8,924	64,208	46,945	17,263	−12.820	55,708	0

(1) The figures in the consolidated financial statements as at December 31st, 2019, are reported with the exception of Ima Servizi S.c.a.r.l. for which the figures in the financial statements as at December 31st, 2019, are reported.

n.a. = not applicable

n.a. = not available

Financial investments

Financial investments included the financial instruments disciplined by IAS 39: held to maturity investments, loans and receivables, available for sale financial assets and financial assets at fair value through profit or loss.

No significant category reclassifications have taken place during the year and in previous periods, therefore compilation of the analysis of reclassified financial assets and the effects on the income statement and on comprehensive profitability pursuant to ISVAP Regulation No. 7 dated July 13th, 2007 was not carried out.

The reclassifications carried out in 2008 relate to securities transferred from the "financial assets at fair value through profit or loss" to the "available for sale financial assets" for a book value of € 23 million as at June 30th, 2020.

As a result of the reclassification carried out in 2008, higher capital losses would have been recognised in the income statement during the year for € 1 million.

Table 31 - Financial Investments

(€ millions)	June 30th, 2020	%	December 31st, 2019	%	Changes Amount	Changes %
Held to maturity investments	203	0.7	212	0.7	−9	−4.1
Loans and receivables	1,242	4.0	1,072	3.4	170	15.9
Available for sale financial assets	23,288	75.6	23,823	75.1	−535	−2.2
Financial assets at fair value through profit or loss	6,062	19.7	6,605	20.8	−543	−8.2
Total	**30,795**	**100.0**	**31,712**	**100.0**	**−917**	**−2.9**

Table 32 - Analysis of financial assets

Financial investments (disciplined by IAS 39)	Held to maturity investments		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss: Financial assets held for trading		Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss		Total book value	
(€ millions)	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019
Equities and derivatives carried at cost	0	0	0	0	0	0	0	0	0	0	0	0
Equities at fair value	0	0	0	0	102	101	5	2	30	36	137	139
of which listed securities	*0*	*0*	*0*	*0*	*64*	*55*	*5*	*2*	*30*	*36*	*99*	*93*
Debt securities	203	212	1,170	1,003	22,427	22,921	886	700	1,080	1,541	25,766	26,377
of which listed securities	203	212	*0*	*0*	*22,379*	*22,875*	*885*	*700*	*1,079*	*1,541*	*24,546*	*25,328*
UCIT units	0	0	0	0	759	801	2	1	4,050	4,316	4,811	5,118
Loans and receivables due from banking customers	0	0	0	0	0	0	0	0	0	0	0	0
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deposits with ceding companies	0	0	13	10	0	0	0	0	0	0	13	10
Receivable financial components of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	59	59	0	0	0	0	0	0	59	59
Non-hedging derivatives	0	0	0	0	0	0	9	9	0	0	9	9
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other financial investments	0	0	0	0	0	0	0	0	0	0	0	0
Total	**203**	**212**	**1,242**	**1,072**	**23,288**	**23,823**	**902**	**712**	**5,160**	**5,893**	**30,795**	**31,712**

Reference should be made to the related table in the comments on the income statement for an analysis of the financial income and charges from investments.

4.3 Held to maturity investments

All financial assets, excluding derivatives, with a pre-established maturity and payments which are fixed or can be determined, which the Group intends to or has the ability to hold until maturity, are classified in this category.

In detail, the item mainly includes Italian government securities.

4.4 Loans and receivables

Assets with a pre-established maturity and payments which are fixed or can be determined, not listed on active markets, which are not recorded in any of the other categories, are classified in this category.

Specifically, the category includes all the loans and financing, amounts receivable for agent compensation, deposits from re-insurers with ceding companies and bonds not listed on active markets.

4.5 Available for sale financial assets

This category includes all the financial assets, valued at fair value, other than derivative instruments, both debt instruments and equities, which are not classified in the other categories and are disciplined by IAS 39. Specifically, this category comprises the equity investments deemed to be strategic in companies which are not subsidiary or associated companies, whose fair value derives from prices taken from active markets, or, in the case of securities not listed on active markets, from commonly applied valuation methods. In particular, the valuation methods adopted were chosen taking into account the pertinent sector.

The Board of Directors of the Cattolica Group, in continuity with the year 2019, approved the following thresholds for determining permanent impairment losses, at its meeting held on July 13th, 2020.
Equities are written down against a reduction in the fair value calculated on the valuation date:

- compared to the purchase cost higher than 30% (significant) or
- compared to the purchase cost extended for more than 12 months (prolonged).

Following the performance of the impairment test on all the financial instruments included in the "loans and receivables", "held to maturity investments", and "available for sale financial assets" categories, as governed by IAS 39, permanent losses in value were revealed (impairment losses), before tax effects, on shares totalling € 6 million and on mutual investment funds for € 11 million.

4.6 Financial assets at fair value through profit or loss

This category comprises the classification of financial assets, including derivatives, held for trading and those designated by the Group as valued at fair value through profit or loss. Specifically, besides assets held for trading purposes, the item also includes the financial assets designated at fair value through profit or loss related to:

- insurance or investment contracts issued by the Group whose investment risk is borne by the policyholders;
- the management of pension funds.

Derivatives

The consolidated balance sheet assets include non-hedging derivatives amounting to € 9 million, held for trading and thus classified. Derivatives recognised on the liabilities side of the consolidated balance sheet are discussed in the appropriate section of the notes.

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The tables below provide a breakdown of the Cattolica Group's residual exposures as at June 30th, 2020, in debt securities issued or guaranteed by European Union nations.

Table 33 - Exposure in government debt securities issued or guaranteed by EU zone countries - Available for sale financial assets

Country (€ millions)	**Maturity up to 5 years**	**Maturing between 6 to 10 years**	**Maturity beyond 10 years**	**Total fair value**	**Gross AFS provision**
Italy	4,732	2,953	4,826	**12,511**	720
Spain	363	1,148	289	**1,800**	118
Portugal	2	141	88	**231**	31
Ireland	4	49	69	**122**	8
France	35	443	600	**1,078**	78
Other EU countries	100	893	863	**1,856**	128
TOTAL	**5,236**	**5,627**	**6,735**	**17,598**	**1,083**

Table 34 - Exposure in government debt securities issued or guaranteed by EU zone countries - Financial assets at fair value through profit or loss

Country (€ millions)	Maturity up to 5 years	Maturing between 6 to 10 years	Maturity beyond 10 years	Total fair value*
Italy	353	31	39	**423**
Spain	53	5	5	**63**
Portugal	35	1	0	**36**
Ireland	0	0	1	**1**
France	779	5	8	**792**
Other EU countries	25	10	9	**44**
TOTAL	**1,245**	**52**	**62**	**1,359**

* of which the value of financial assets at fair value through profit or loss amounts to € 478.686 million.

Table 35 - Exposure in debt securities issued or guaranteed by EU zone countries - Held to maturity investments

Country (€ millions)	Maturity up to 5 years	Maturity between 6 and 10 years	Maturity beyond 10 years	Total book value	Total fair value
Italy	157	43	0	**200**	224
Spain	0	0	0	**0**	0
Portugal	0	0	0	**0**	0
Ireland	0	0	0	**0**	0
France	0	0	0	**0**	0
Other EU countries	0	0	0	**0**	0
TOTAL	**157**	**43**	**0**	**200**	**224**

E-MARKET SDIR CERTIFIED

Table 36 - Assets and liabilities valued at fair value on a recurrent and non-recurrent basis: breakdown by fair value hierarchy

(€ millions)		Level 1 June 30th, 2020	Level 1 December 31st, 2019	Level 2 June 30th, 2020	Level 2 December 31st, 2019	Level 3 June 30th, 2020	Level 3 December 31st, 2019	Total June 30th, 2020	Total December 31st, 2019
Assets and liabilities valued at fair value on a recurrent basis									
Available for sale financial assets		21,979	22,404	666	825	643	594	23,288	23,823
Financial assets at fair value through profit or loss	Financial assets held for trading	856	696	36	6	10	10	902	712
	Financial assets at fair value through profit or loss	1,862	2,527	3,233	3,142	65	224	5,160	5,893
Investment Property		0	0	0	0	0	0	0	0
Tangible assets		0	0	0	0	0	0	0	0
Intangible assets		0	0	0	0	0	0	0	0
Total assets at fair value on a recurrent basis		**24,697**	**25,627**	**3,935**	**3,973**	**718**	**828**	**29,350**	**30,428**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	0	0	0	0	3	0	3	0
	Financial liabilities at fair value through profit or loss	0	0	1,000	1,494	0	0	1,000	1,494
Total liabilities at fair value on a recurrent basis		**0**	**0**	**1,000**	**1,494**	**3**	**0**	**1,003**	**1,494**

Fair value valuation techniques for financial investments

The valuation techniques are used when a listed price is not available. Generally, for the measuring of the fair value the use of observable data collected is maximised and the use of non-observable data is reduced.

Debt securities

If available and if the market is defined as active, the fair value is equal to the market price.

Otherwise, the fair value is determined using the market approach and the income approach. The main input for the market approach are prices listed for identical or comparable assets on active markets, where the comparability between the security and the benchmark determines the fair value level. Depending on the possibility of observing these parameters, the security is classified as level 2 or level 3. They are valued by making reference respectively:

- to the price provided by the counterparty, if binding (executable) for the counterparty;
- at the price recalculated by means of internal valuation instruments or provided by third parties and corroborated 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 fair 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.

Debt securities and equities in default are recognised at the recovery value based on information originating from the appointed law firm.

Equities
If available and if the market is defined as active, the fair value is equal to the market price.
Otherwise, the fair value is determined using the market approach and the income approach. The main input for the market approach are prices listed for identical or comparable assets on active markets, where the comparability between the security and the benchmark determines the fair value level; depending on the possibility of observing these parameters, the security is classified as level 2 or level 3.

UCIT UNITS
With regard to undertakings for collective investment (UCITS), the reference value, for the purposes of the determination of the fair value, is represented by the official NAV communicated by the asset management company (SGR) or the fund administrator or obtained from information providers.

Derivatives
The fair value of the over the counter (OTC) derivatives is determined by making reference to the price provided by external counterparties (if binding "executable"), to the price provided by the central counterparties (CCP) for the derivatives, which fall within the sphere of the EMIR procedures or to the price recalculated by means of internal valuation instruments or provided by third parties and corroborated by suitable disclosure on the model and on the input data used.

Financial assets where the risk is borne by the policyholders and deriving from the management of pension funds
If available and if the market is defined as active, the fair value is equal to the market price. Otherwise, the valuation methods listed above for the various classes of assets are used.

Level 3 financial assets and liabilities at fair value on a recurrent basis

Securities present in the portfolio at fair value hierarchy level 3 are measured based primarily on valuations and analysis by the issuer or third parties, which cannot be directly found on the market but only monitored by dynamics observed indirectly on market factors and on the basis of objective elements communicated by said counterparties.
Based on the securities in the portfolio, the parameters that cannot be observed, but are capable of influencing the valuation of Level 3 instruments are represented specifically by:

- estimates and assumptions used to value unlisted hedge funds, private equity, unlisted real estate funds: with regard to these investments, it is very difficult to estimate the fair value's sensitivity to changes in various, non-observable inputs, which together could have off-setting effects, therefore the reasonableness of the effects caused by the stated changes on the objective elements considered in the valuations are verified;
- estimates and assumptions used to value equity investments in unlisted companies using the stock market multiples method, which determines the economic capital value of a company or of a business unit based on market multipliers (Stock Market Multipliers) and the Discount Cash Flow, which estimates the value of a company or of a business unit on the basis of the future cash flows.

Table 37 - Analysis of changes in level 3 financial assets and liabilities valued at fair value on a recurrent basis

(€ millions)	Available for sale financial assets	Financial assets at fair value through profit or loss: Financial assets held for trading	Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss	Investment property	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss: Financial liabilities held for trading	Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss
Opening balance	**594**	**10**	**224**	**0**	**0**	**0**	**0**	**0**
Purchases/Issues	82	0	21	0	0	0	0	0
Sales/Repurchases	−26	0	0	0	0	0	0	0
Reimbursements	0	−1	0	0	0	0	0	0
Gain or loss through profit or loss	−1	1	−60	0	0	0	3	0
- of which valuation profits/losses	−9	0	0	0	0	0	0	0
Gain or loss recorded in other components of the statement of comprehensive income	−16	0	0	0	0	0	0	0
Transfers to level 3	10	0	0	0	0	0	0	0
Transfers to other levels	0	0	−120	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Closing balance	**643**	**10**	**65**	**0**	**0**	**0**	**3**	**0**

The transfers from level 3 to 1 involved bonds classified under "Available for sale financial assets" for a total amount of € 63 thousand.

The transfers from level 3 to 2 involved bonds classified in "Financial assets at fair value through profit or loss" for a total amount of € 120 million.

The transfers from level 2 to 3 involved funds classified under "Available for sale financial assets" for a total amount of € 10 million.

The transfers from level 1 to 2, for a total of € 154 million, concerned:

- "Available for sale financial assets": bonds for an equivalent value of € 143 million;
- "Financial assets at fair value through profit or loss": bonds for a value of € 8 million and funds for a value of € 4 million.

In conclusion, the transfers from level 2 to 1, for a total of € 173 million, concerned:

- "Available for sale financial assets": bonds for an equivalent value of € 163 million;
- "Financial assets at fair value through profit or loss": bonds for a value of € 5 million and funds for a value of € 5 million.

Table 38 - Assets and liabilities not valued at fair value: breakdown by fair value hierarchy

	Book value		Fair Value							
			Level 1		Level 2		Level 3		Total	
(€ millions)	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019
Assets										
Held to maturity investments	203	212	224	237	4	5	0	0	228	242
Loans and receivables	1,242	1,072	0	0	373	224	1,010	1,016	1,383	1,240
Investments in subsidiaries, associated companies and joint ventures	137	160	0	0	0	0	157	181	157	181
Investment Property	849	851	0	0	0	0	1,036	1,058	1,036	1,058
Tangible assets	235	238	0	0	0	0	265	283	265	283
Total assets	**2,666**	**2,533**	**224**	**237**	**377**	**229**	**2,468**	**2,538**	**3,069**	**3,004**
Liabilities	**889**	**851**	**0**	**0**	**821**	**805**	**50**	**36**	**871**	**841**
Other financial liabilities	889	851	0	0	821	805	50	36	871	841

Loans and receivables include the deposits with re-insurers and receivables for right of offset whose book value is considered to be a good approximation of the fair value. The fair value of investment property is estimated on the basis of the methods described previously.

Investments in subsidiaries, associated companies and joint ventures include the real estate investment funds whose reference value, for the purposes of the determination of the fair value, is represented by the NAV communicated by the asset management company. The fair value level assigned is 3.

The fair value of the other financial liabilities is recognised using the income approach technique.

Table 39 - Analysis of assets and liabilities relating to contracts issued by insurance companies where the investment risk is borne by the policyholders and deriving from pension fund management

	Benefits associated with investment funds and stock market indices		Benefits associated with the management of pension funds		Total	
(€ millions)	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019
Assets in the financial statements	4,959	5,032	388	827	5,347	5,859
Intercompany assets*	0	0	0	0	0	0
Total Assets	**4,959**	**5,032**	**388**	**827**	**5,347**	**5,859**
Financial liabilities in the financial statements	756	811	244	683	1,000	1,494
Technical provisions in the financial statements	4,203	4,221	144	144	4,347	4,365
Intercompany liabilities*	0	0	0	0	0	0
Total Liabilities	**4,959**	**5,032**	**388**	**827**	**5,347**	**5,859**

* Assets and liabilities eliminated during the consolidation process

5. SUNDRY RECEIVABLES

Table 40 - Sundry receivables

(€ millions)	June 30th, 2020	December 31st, 2019	Changes	
			Amount	%
Receivables deriving from direct insurance transactions	**418**	**461**	**−43**	**−9.5**
Policyholders	227	212	15	7.0
Insurance brokers	134	180	−46	−25.6
Insurance companies - current accounts	15	29	−14	−48.7
Policyholders and third parties for claims to be settled	42	40	2	4.4
Receivables deriving from reinsurance transactions	**101**	**107**	**−6**	**−5.7**
Insurance and reinsurance companies	101	107	−6	−5.7
Reinsurance brokers	0	0	0	n.a.
Other receivables	**143**	**120**	**23**	**19.9**
Total	**662**	**688**	**−26**	**−3.8**

n.a. = not applicable

On the basis of the experience of previous accounting periods, the item was adjusted for a total of € 64 million for write-downs due to doubtful collection.

The item “Other receivables” includes amounts due for management fees deriving from the management of internal and external funds of unit-linked products, as well as amounts receivable for advances to suppliers, amounts due from employees, amounts due from tenants, amounts due from guarantee funds and guarantee deposits.

6. OTHER ASSET ITEMS

Other asset items are made up as follows:

Table 41 - Other asset items

(€ millions)	June 30th, 2020	December 31st, 2019	Changes	
			Amount	%
Non-current assets or disposal group held for sale	0	197	−197	−100.0
Deferred acquisition costs	17	19	−2	−11.9
Deferred tax assets	640	688	−48	−6.9
Current tax assets	556	592	−36	−6.2
Other assets	211	228	−17	−7.0
Total	**1,424**	**1,724**	**−300**	**−17.4**

6.1 Non-current assets or disposal group held for sale

The change compared to the previous year is due to the sale of the investment held in Cattolica Life to Monument Re.

6.2 Deferred acquisition costs

The deferred acquisition costs relate to insurance contracts, as agreed upon by IFRS 4.

Deferred and current tax assets

6.3 Deferred tax assets

In accordance with the definition contained in IAS 12, these comprise the amounts of income taxes recoverable in future accounting periods.

Amounts receivable for deferred tax assets, recorded under "Deferred tax assets" derive from the deductible timing differences, such as the write-down of receivables, the deductible portion of the change in the provision for outstanding non-life business claims, the capital losses on shares, the amortisation of the insurance portfolio, the allowances to provisions for risks and charges, as well as from the carrying forward of tax losses not used and the freeing up as per Italian Decree Law No. 185/2008, for € 68.131 million, of the prepaid taxes recorded on goodwill and on other intangible assets.

They also comprise deferred tax assets, which have arisen from the temporary misalignment between accrual-basis accounting laid down by the international accounting standards and Italian tax legislation. This misalignment is mainly due to the representation in the income statement and under shareholders' equity of capital gains and losses from valuation generated on financial assets at fair value through profit or loss and on available for sale financial assets, recalculation of the employee severance indemnity in accordance with revised IAS 19, calculation of deferred income revenue (DIR) associated with investment contracts held by the Group, recalculation of depreciation plans for properties and investment properties in accordance with IAS 16 and 40, recalculation of the supplementary provisions and the recording of the shadow accounting provision.

Deferred tax assets were determined according to the rate established by Article 1, paragraph 33, letter E (with reference to IRES) and Article 1, paragraph 50, letter H (with reference to IRAP) of Italian Law No. 244 dated December 24th, 2007, "2008 Finance Law", taking into account the amendments introduced by Article 23, paragraph 5 of Italian Law Decree No. 98 of July 6th, 2011, containing "Urgent provisions for financial stabilisation" (so-called "corrective manoeuvre'), and the regulatory provisions pursuant to Article 1, paragraph 61 of Italian Law No. 208 of December 28th, 2015 ("2016 Stability Law").

6.4 Current tax assets

This item is represented by amounts due from tax authorities and mainly derives from the surplus emerging from the tax returns submitted, withholdings made on bank interest, tax credits on income deriving from equity investments in mutual investment funds, the advance tax on employee severance indemnities as per Article 3, paragraph 213 of Italian Law No. 662 dated December 23rd, 1996 and from amounts due from tax authorities transferred to the Parent Company by the subsidiaries who have complied with the tax consolidation system. Amounts due from tax authorities also comprise prepaid taxes pursuant to Italian Law No. 265 dated November 22nd, 2002, concerning the taxation of the life provisions, and amounts due from tax authorities for the payment of the annual advance of tax on premiums envisaged by Article 9, paragraph 1-bis, of Italian Law No. 1216.

6.5 Other assets

This item includes deferred commissions expense (DAC - deferred acquisition cost), accrued income and prepaid expenses and other assets.

Table 42 - Other assets

			Changes	
(€ millions)	June 30th, 2020	December 31st, 2019	Amount	%
Deferred commissions expense associated with investment contracts	0	2	−2	−100.0
Accruals and deferrals	14	9	5	55.6
Sundry assets	197	217	−20	−9.2
Total	**211**	**228**	**−17**	**−7.5**

The item "deferred commission expense associated with investment contracts" refers to deferred acquisition costs associated with investment contracts or contracts not complying with the definition of insurance contract as per IFRS 4.

The "accruals and deferrals" item mainly refers to usage licences and software maintenance.

Sundry assets include mainly the amount relating to taxation on the mathematical provisions of the life classes accrued during the period for € 120 million and the balance of the liaison account between the life and non-life sectors recorded by the Parent Company for € 24 million, which has a matching balance under other liabilities, and the balances of transactions to be settled for € 5 million.

7. CASH AND CASH EQUIVALENTS

The item "cash and cash equivalents" represents the balance as of the end of the accounting period of current accounts held with various banks. The book value of these assets significantly approximates their fair value. Deposits and bank current accounts are remunerated at both fixed and floating rates.

PART C
STATEMENT OF FINANCIAL POSITION - LIABILITIES

1. SHAREHOLDERS' EQUITY

As at June 30th, 2020, this item was made up as follows:

Table 43 - Shareholders' equity

(€ millions)	June 30th, 2020	December 31st, 2019	Changes Amount	%
Shareholders' equity				
pertaining to the Group	**1,864**	**1,894**	**-30**	**-1.6**
Share capital	523	523	0	0
Other equity instruments	0	0	0	n.a.
Capital reserves	712	712	0	0
Revenue reserves and other equity reserves	640	560	80	14.2
(Own shares)	-51	-50	-1	-2.5
Reserve for net exchange differences	0	0	0	n.a.
Gains or losses on available for sale financial assets	36	78	-42	-53.6
Other gains or losses recognised directly in equity	-6	-4	-2	-31.7
Profit (loss) for the period pertaining to the Group	10	75	-65	-86.3
pertaining to minority interests	**458**	**457**	**1**	**0.1**
Capital and reserves pertaining to minority interests	432	419	13	3.1
Gains and losses recognised directly in equity	8	10	-2	-26.3
Profit (loss) for the period pertaining to minority interests	18	28	-10	-34.9
Total	**2,322**	**2,351**	**-29**	**-1.2**

n.a. = not applicable

1.1 Shareholders' equity pertaining to the Group

This item totals € 1,864 million and comprises the following items:

1.1.1 Share capital

The fully subscribed share capital amounts to € 523 million and is made up of 174,293,926 ordinary shares lacking par value, further to the amendment of Article 6 of the Articles of Association approved by the Extraordinary Shareholders' Meeting held on April 25th, 2015.

1.1.3 Capital reserves

This item includes the share premium reserve of the Parent Company.

1.1.4 Revenue reserves and other equity reserves

This item comprises the gains and losses deriving from initial application of international accounting standards (IFRS 1) and the reserves envisaged by the Italian Civil Code (consolidation reserve, legal reserve and extraordinary reserve) and by special laws prior to the adoption of international accounting standards and the provision relating to the stock-based payment of the Parent Company, in relation to the Performance Shares plan. The change is attributable to the allocation of profit for the previous year, the performance of consolidation reserves and the capital reserve connected to the aforesaid Performance Shares. The change compared to the previous period is mainly due to the carry-forward of last year's result of € 75 million.

1.1.5 Own shares

As at June 30th, 2020, the Parent Company held 7,324,851 own shares.

1.1.7 Gains or losses on available for sale financial assets

The changes, net of related deferred taxation, recorded during the period are mainly attributable to:

- the transfer of net capital gains to the income statement following disposals for € 67 million, and net capital losses from impairment for € 9 million;
- net positive fair value changes in financial instruments included in the corresponding asset item for € 16 million.

1.1.8 Other gains or losses recognised directly in equity

The change in this item is mainly due to the decrease by € 2 million in the value of the capital reserves of associated companies and joint ventures.

1.2 Shareholders' equity pertaining to minority interests

This account comprises the values pertaining to minority interests regarding the companies included in the consolidation area. With reference to the item "gains or losses recognised directly in equity", variations during the period, net of the related deferred taxation, are due to:

- net positive fair value changes in financial instruments included in the corresponding asset item for € 20 million;
- net capital losses from impairment of € 2 million;
- the transfer of net capital gains of € 25 million.

2. PROVISIONS AND ALLOWANCES

Table 44 - Provisions and allowances - changes during the period

(€ millions)	December 31st, 2019	Increases	Decreases	June 30th, 2020
Provisions and allowances	**62**	4	14	**52**

As at June 30th, the item mainly comprised amounts set aside for:

- legal disputes and costs for € 13 million (during the reporting period, € 1 million was set aside and € 2 million was utilised);
- formal notices or reports on findings which can be served for violations of Italian Law No. 57/01 or for other findings for € 1 million (no significant changes took place during the interim period);
- sums which will be paid for the acceptance of any requests by beneficiaries for services regarding life insurance contracts in relation to which prescription has taken place in favour of the Group for € 1 million (no changes took place during the interim period);
- disputes outstanding with regard to labour or tax issues for € 1 million (€ 1 million was used during the half-year);
- the provision for agents' leaving indemnity for € 9 million (no changes were recorded during the interim period);
- intersectorial solidarity fund for € 10 million (€ 1 million was set aside and € 3 million was utilised during the half-year);
- claims division fund for € 4 million (€ 1 million was set aside and € 1 million was utilised in the half-year);
- provisions for penalties relating to the applicability of the VAT exemption to delegation fees in the context of co-insurance contracts amounting to € 1 million;
- potential future liabilities relating to CPI products for € 3 million.

The outlays are envisaged over the short-term and therefore are not subject to any discounting. With regard to the legal and tax-related disputes, account is taken of the advice of legal/tax advisors with regard to the outcome of the same. As regards IVASS sanctions, account has been taken of those already notified as well as the historical series recorded by the Group companies in the past.

3. TECHNICAL PROVISIONS

This item includes provisions associated with insurance contracts, and those deriving from investment contracts involving discretionary profit sharing (DPF), gross of reinsurance.

The fairness of the liabilities as at June 30th, 2020, was ascertained by means of the method envisaged by paragraphs 15 *et seq.* of IFRS 4 (liability adequacy test). The assessment was carried out on liabilities relating to portfolios classified as insurance contracts or financial contracts with Discretionary Participation Features (DPF).

The test was carried out by comparing the technical provisions, decreased by the acquisition costs still to be amortised and the value of any other related intangible assets, with the current value of the expected cash flows generated by the policy, including the liquidation and management costs.

In the event of insufficiency of the provisions, the difference is booked to the income statement with an increase in liabilities. The analyses carried out have confirmed that the provisions as at June 30th, 2020, are adequate and therefore no supplementary provision is required.

With regard to non-life business, for the purpose of checking the fairness of the insurance liabilities, in replacement of the LAT, a control was used at individual ministerial class level by testing the calculation of the supplementary provision for risks underway with the simplified method as envisaged by Article 8 of Attachment No. 15 of the ISVAP Regulation No. 22 dated April 4th, 2008, amended by means of IVASS Provision No. 53 dated December 6th, 2016. Since the claims for the period were valued at ultimate cost, and not discounted back, it is possible to consider the future flows of the payments as implicitly checked.

The current estimates have confirmed that the provisions as at June 30th, 2020, are adequate and therefore no supplementary provision is required.

Table 45 - Analysis of technical provisions

(€ millions)	Total value for the period June 30th, 2020	Total value for the period December 31st, 2019
Non-life provisions	**3,594**	**3,707**
Premium provision	897	880
Provision for outstanding claims	2,694	2,824
Other provisions	3	3
of which provisions allocated following the assessment of fairness of the liabilities	*0*	*0*
Life provisions	**26,592**	**27,185**
Provision for outstanding claims	624	577
Mathematical provisions	20,353	20,781
Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	4,347	4,365
Other provisions	1,268	1,462
of which provisions allocated following the assessment of fairness of the liabilities	*0*	*0*
of which deferred liabilities due to policyholders	*1,174*	*1,363*
Total Technical Provisions	**30,186**	**30,892**

NON-LIFE BUSINESS

Premium provision

In accordance with Italian legislation, the item comprises both the provision for unearned premiums, supplemented by the premium provision, calculated for certain classes as per specific ministerial requirements, and the provision for unexpired risks.

Provision for outstanding claims

The item includes, based on domestic regulations, both the provision for claims reported, and the one relating to claims that have occurred but have not yet been reported, as well as the provision for settlement costs.

LIFE BUSINESS

Mathematical provisions

The mathematical provisions include those envisaged by Attachment No. 14 of the ISVAP Regulation No. 22 dated April 4th, 2008, amended by the IVASS Provision No. 53 dated December 6th, 2016.

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

This item exclusively comprises the provisions relating to index-linked and unit-linked polices and the provisions relating to pension funds.

Other provisions

Other provisions mainly comprise provisions for future costs associated with insurance contracts for € 90 million and the shadow accounting provision totalling € 1,174 million.

4. FINANCIAL LIABILITIES

The table below provides an analysis of the financial liabilities undertaken by the Group, expressed according to nature and in accordance with the IAS classification criteria.

Table 46 - Analysis of financial liabilities

	Financial liabilities at fair value through profit or loss							
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss		Other financial liabilities		Total value for the period	
(€ millions)	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019	June 30th, 2020	December 31st, 2019
Participative financial instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	693	679	693	679
Liabilities from investment contracts issued by insurance companies deriving	0	0	1,000	1,494	0	0	1,000	1,494
from contracts where the investment risk is borne by the policyholders	*0*	*0*	*756*	*811*	*0*	*0*	*756*	*811*
from the management of pension funds	*0*	*0*	*244*	*683*	*0*	*0*	*244*	*683*
from other contracts	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits received from re-insurers	0	0	0	0	50	36	50	36
Financial liability components of insurance contracts	0	0	0	0	0	0	0	0
Debt securities issued	0	0	0	0	0	0	0	0
Payables due to banking customers	0	0	0	0	0	0	0	0
Interbanking payables	0	0	0	0	0	0	0	0
Other loans received	0	0	0	0	0	0	0	0
Non-hedging derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	3	0	0	0	0	0	3	0
Sundry financial liabilities	0	0	0	0	146	136	146	136
Total	**3**	**0**	**1,000**	**1,494**	**889**	**851**	**1,892**	**2,345**

4.1 Financial liabilities at fair value through profit or loss

The item, which represents 53% of total financial liabilities, includes the financial liabilities at fair value through profit or loss, defined and disciplined by IAS 39, relating to:

- investment contracts, not falling within the scope of IFRS 4, issued by Group insurance companies, where the investment risk is borne by the policyholders;
- management of pension funds, not falling within the scope of IFRS 4;
- hedging derivatives for trading purposes.

4.2 Other financial liabilities

The item represents 47% of total financial liabilities and it includes the financial liabilities defined and regulated by IAS 39 not included among the financial liabilities at fair value through profit or loss.

Sundry financial liabilities include loans of € 99 million and liabilities recognised by effect of the adoption of IFRS 16 of € 47 million.

The following table provides the features of the subordinated liabilities and loans.

Table 47 - Analysis of other financial liabilities

(€ millions)

Beneficiary company	Type of liability	Amount	Contracting bank	Stipulation date	Maturity	Repayment plan
Società Cattolica di Assicurazione	Subordinated loan	80	UBI	September 2010	Unspecified	Possibility of early repayment as from September 2020. A subordination condition is envisaged with respect to all the unsubordinated creditors including the policyholders
Società Cattolica di Assicurazione	Subordinated loan	103		December 2013	December 2043	The possibilities for optional early repayment are envisaged after 10 years from issue and on each payment date of the subsequent coupon. The securities can be reimbursed in advance and subject to IVASS authorisation, also in the presence of regulatory or tax changes or changes in accounting standards implemented by the rating agencies
Società Cattolica di Assicurazione	Subordinated loan	510		December 2017	December 2047	The possibilities for optional early repayment are envisaged after 10 years from issue and on each payment date of the subsequent coupon. The securities can be reimbursed in advance and subject to IVASS authorisation, also in the presence of regulatory or tax changes or changes in accounting standards implemented by the rating agencies
Vera Vita	Balance due for credit facility	7	Banco BPM	June 2020		
Cattolica Agricola	Loan	3	Banca di Verona	February 2020	September 2020	Single repayment at the maturity date
Cattolica Services	Unsecured loan	20	Banca Popolare di Sondrio	June 2019	June 2022	The loan is repayable in quarterly instalments
Cattolica Services	Loan	10	UBI	June 2019	March 2021	The loan is repayable in quarterly instalments
Cattolica Services	Loan	3	Banca di Verona	July 2019	July 2021	Single repayment at the maturity date
Cattolica Services	Loan	2	UBI	July 2019	March 2021	The loan is repayable in monthly instalments
Cattolica Services	Loan	10	UBI	December 2019	December 2022	The loan is repayable in quarterly instalments
Cattolica Services	Loan	10	Banca Popolare di Sondrio	June 2020	June 2023	Single repayment at the maturity date
Cattolica Services	Loan	4	Banca di Verona	June 2020	June 2022	Single repayment at the maturity date
Fondo Perseide	Financial lease	2	Iccrea Banca Impresa	June 2009	January 2029	The loan is repayable in monthly instalments
Fondo Innovazione Salute	Financial lease	27	UBI, BPER	July 2018	July 2025	Single repayment at the maturity date
Fondo Girolamo	Unsecured loan	1	Banco BPM	December 2019	December 2022	The loan is repayable in quarterly instalments
TOTAL		**792**				

5. PAYABLES

The account group comprises trade payables disciplined by IAS 39, mainly represented by payables deriving from direct insurance transactions, reinsurance payables and other payables.

Table 48 - Payables

(€ millions)	June 30th, 2020	December 31st, 2019	Amount	%
Payables deriving from direct insurance transactions	**136**	**134**	**2**	**1.3**
Insurance brokers	75	86	−11	−13.4
Insurance companies - current accounts	7	7	0	−8.2
Policyholders for guarantee deposits and premiums	52	40	12	30.6
Guarantee funds in favour of policyholders	2	1	1	n.s.
Payables deriving from reinsurance transactions	**47**	**28**	**19**	**66.4**
Insurance and reinsurance companies	47	28	19	66.4
Insurance brokers	0	0	0	n.a.
Other payables	**227**	**248**	**-21**	**-8.7**
For taxes payable by policyholders	36	50	−14	−28.7
Amounts due to social security and welfare institutions	6	5	1	14.2
Sundry payables	185	193	−8	−4.2
Total	**410**	**410**	**0**	**-0.3**

n.s. = not significant

n.a. = not applicable

5.1 Payables deriving from direct insurance transactions

“Payables deriving from direct insurance transactions” mainly comprise the amounts due to insurance brokers and amounts due to policyholders for guarantee deposits and premiums.

In detail, amounts due to insurance brokers take into account the supplementary period-end registrations pertaining to the assessment of the production premiums and the timing mismatch registered in the settlement of the relative commission with the bancassurance channel.

5.2 Payables deriving from reinsurance transactions

“Payables deriving from reinsurance transactions” include the items with debt balances associated with reinsurance.

5.3 Other payables

These include payables for taxes payable by insured parties, amounts due to welfare and social security institutions and other sundry payables.

In detail, the item “sundry payables” included amounts due to suppliers, due to employees and for employee benefits as per revised IAS 19.

Employee benefits pursuant to the revised IAS 19 include employee severance indemnity amounting to € 13 million, seniority bonuses amounting to € 9 million and health bonuses for retired human resources amounting to € 10 million.

The employee severance indemnity is subject to actuarial calculation, which takes into account the future developments of the employment relationship. The future flows of the employee severance indemnity have been discounted back as of the reference date on the basis of

the method expressly requested by paragraph 68 of IAS 19, known as the Projected Unit Credit Method.
The projected benefits, which can be disbursed in the event of death, incapacity, resignation or retirement based on the applicable actuarial bases have been determined for all the employees active as of the date of assessment and distributed uniformly over all the years of service for each employee as from the date of employment until the date the events take place.
With regard to Group companies with at least 50 employees, the employee severance indemnity accrued up to December 31st, 2006 is treated like a defined benefit plan and is therefore subject to actuarial calculation, while the employee severance indemnity allocated as from January 1st, 2007 to a specific Treasury Fund set up with INPS (national social security institute) is treated as a defined contribution plan. For the companies with less than 50 employees, the entire liability has been treated as a defined benefit plan.
The employee severance indemnity represents the effective value of the foreseeable obligation, net of any assets serving the plans, adjusted to reflect any actuarial losses or gains not amortised. The discounting back of the future cash flows is carried out on the basis of the interest rate of high quality corporate securities. The main hypotheses used are: discount rate of 0.7%, inflation rate of 1.5%, revaluation rate of 2.16% (already net of the tax of 17%, in force as from January 1st, 2015), salary increases of 2.9%, mortality based on the most recent ANIA A62 mortality tables broken down by gender and the disability/invalidity, adopted in the INPS model for 2010 projections. For the retirement age of the generic asset, it was assumed that the pension requirements valid for Compulsory General Insurance (AGO, 67 years of age for males and females) were met.
In relation to the resignation frequency, a table has been used in line with the expected value of the resignation rate over the long-term for the Parent Company.

In accordance with revised IAS 19, sensitivity analysis has been carried out on the value of the obligation for defined benefits (DBO) based on changes in the main valuation hypotheses. In detail, the change in the value of the DBO has been gauged consequent to a change in the amount of the discount rate, a change in retirement age, a change in the inflation rate, a change in the mortality table and a change in the frequency of voluntary resignations. In light of these changes, the parameters associated with the figure amended in accordance with the matters indicated in the following table have also been changed, again in observance of the central hypothesis.

Table 49 - Sensitivity test hypotheses

	Central hypothesis	**Hypothesis 1**	**Hypothesis 2**	**Hypothesis 3**	**Hypothesis 4**	**Hypothesis 5**	**Hypothesis 6**	**Hypothesis 7**	**Hypothesis 8**	**Hypothesis 9**	**Hypothesis 10**
		Discount rate +1%	Discount rate -1%	Retirement age + 2 years	Retirement age - 2 years	Inflation rate +1%	Inflation rate -1%	Mortality table increase of 10%	Mortality table decrease of 10%	Resignation frequency increase of 10%	Resignation frequency decrease of 10%
Discount rate	0.70%	1.70%	−0.30%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Retirement age	67	67	67	69	65	67	67	67	67	67	67
Inflation rate	1.50%	1.50%	1.50%	1.50%	1.50%	2.00%	1.00%	1.50%	1.50%	1.50%	1.50%
Salary increase rate	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Employee severance indemnity revaluation rate	2.63%	2.63%	2.63%	2.63%	2.63%	3.00%	2.25%	2.63%	2.63%	2.63%	2.63%
Mortality table	A 62	A 62	A 62	A 62	A 62	A 62	A 62	A 62 +10%	A 62 -10%	A 62	A 62
Voluntary resignation frequency	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.20%	1.80%

The results of the sensitivity test on the value of the leaving indemnity DBO, Premiums and Health Requirement as at June 30th, 2020, are shown in the table below.

Table 50 - Sensitivity test results

(€ millions)	Value of the obligation for defined benefits as at June 30th, 2020	Sensitivity %
Central hypothesis	32.61	
Hypothesis 1	31.32	−4.0%
Hypothesis 2	34.37	5.4%
Hypothesis 3	32.68	0.2%
Hypothesis 4	32.53	−0.2%
Hypothesis 5	33.52	2.8%
Hypothesis 6	30.80	−5.6%
Hypothesis 7	32.16	−1.4%
Hypothesis 8	32.73	0.4%
Hypothesis 9	31.50	−3.4%
Hypothesis 10	33.17	1.7%

Table 51 - Employee severance indemnity, length-of-service bonus and premiums on health contracts

(€ millions)	Employee benefits as per IAS 19R
Balance as at December 31st, 2019	**32**
Interest cost	0
Service cost	1
Change in the demographic actuarial component	0
Change in the rate actuarial component	0
Disbursements and transfers	−1
Business combinations	0
Balance as at June 30th, 2020	**32**

6. OTHER LIABILITY ITEMS

Table 52 - Other liability items

			Changes	
(€ millions)	June 30th, 2020	December 31st, 2019	Amount	%
Liabilities of disposal group held for sale	0	194	−194	−100.0
Deferred tax liabilities	623	671	−48	−7.2
Current tax liabilities	317	264	53	20.4
Other liabilities	170	152	18	11.2
Total	**1,110**	**1,281**	**−171**	**−13.4**

E-MARKET SDIR CERTIFIED

6.1 Liabilities of disposal group held for sale

The change in the item compared to the previous year is attributable to the sale of the investment held in Cattolica Life to Monument Re.

6.2 Deferred tax liabilities

This item comprises the deferred tax liabilities defined and disciplined by IAS 12.

As at 2020, "deferred tax liabilities" included:

- deferred taxes, which have arisen from taxable timing differences due to the deferral of the taxability of positive income elements realised and recorded through profit or loss, which will be settled when the aforementioned revenues are taxed;
- the deferred taxes which have arisen from the temporary misalignment between the principle of economic competence laid down by the international accounting standards and tax legislation, due mainly to the statement in the income statement and under shareholders' equity of the capital gains on valuations recorded respectively on the "financial assets at fair value through profit or loss" and on the "available for sale financial assets".

Deferred tax liabilities were determined according to the IRES and IRAP rates in force.

6.3 Current tax liabilities

This item comprises the current tax liabilities defined and disciplined under IAS 12.
The item essentially comprises the current liability for income taxes for the year, the liability deriving from the tax assessment on the life business mathematical provisions pertaining to the period, liabilities for withholding taxes made, liabilities resulting from taxation on premiums as provided for by Italian Law No. 1216 of October 29th, 1961, and the liabilities for VAT to be paid.

6.4 Other liabilities

The item mainly comprises the deferred fee income associated with contracts not falling with the scope of IFRS 4, accrued expenses and deferred income and sundry liabilities.

Table 53 - Other liabilities

(€ millions)	June 30th, 2020	December 31st, 2019	Changes Amount	Changes %
Deferred income revenue (DIR)	4	7	−3	−33.5
Transitory reinsurance accounts - payable	0	0	0	0
Liaison account	24	70	−46	−65.3
Other liabilities	135	64	71	n.s.
Accrued expenses and deferred income	7	11	−4	−38.9
of which for interest	*3*	*4*	*−1*	*−10.4*
Total	**170**	**152**	**18**	**11.2**

n.s. = not significant

Other liabilities include the liaison account between the life and non-life businesses recognised by the Parent Company and amounting to € 24 million. The amount is recorded for an equal balance under Other assets.

The balances for premiums collected on policies being issued as at June 30th are also included, for € 26 million along with commission on premiums being collected for € 39 million.
Deferred income includes the Parent Company's portion of the extraordinary coupon relating to bonds acquired for the restructuring transactions of the main segregated fund entered into in 2005 and deferred to subsequent years on the basis of the residual duration of the securities.

PART C INCOME STATEMENT

The income statement closed with a consolidated profit of € 28 million (€ 76 million, as at June 30th, 2019); the Group's net profit was € 10 million (€ 61 million as at June 30th, 2019).

INSURANCE BUSINESS

With reference to insurance business, in addition to the matters illustrated below, reference should be made to the table in the interim management report "Reclassified consolidated income statement by business segment". The table below shows the breakdown of the gross premiums written relating to direct and indirect business.

Table 54 - Breakdown of direct and indirect gross premiums written

(€ millions)	Direct business	Indirect business			%
Classes	**Italy**	**Italy**	**Abroad**	**Total business**	**of total**
Accident and injury	98	0	0	98	3.5
Health	48	0	0	48	1.7
Land vehicle hulls	75	0	0	75	2.6
Goods in transit	3	0	0	3	0.1
Fire & natural forces	79	0	10	89	3.1
Other damage to assets	129	0	0	129	4.6
TPL - Land motor vehicles	440	0	1	441	15.5
TPL - General	101	0	0	101	3.6
Credit	0	0	0	0	n.s.
Suretyship	11	0	0	11	0.4
Sundry financial losses	13	0	0	13	0.4
Legal protection	11	0	0	11	0.4
Assistance	26	0	0	26	0.9
Other classes (1)	14	0	0	14	0.5
Total non-life business	**1,048**	**0**	**11**	**1,059**	**37.3**
Class I	1,260	0	0	1,260	44.5
Class III	432	0	0	432	15.2
Class IV	1	0	0	1	n.s.
Class V	42	0	0	42	1.5
Class VI	5	0	0	5	0.2
Total life business	**1,740**	**0**	**0**	**1,740**	**61.4**
Total insurance premiums	**2,788**	**0**	**11**	**2,799**	**98.7**
Class III	9	0	0	9	0.3
Class VI	27	0	0	27	1.0
Total investment contracts	**36**	**0**	**0**	**36**	**1.3**
TOTAL PREMIUMS WRITTEN	**2,824**	**0**	**11**	**2,835**	**100.0**

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

n.s. = not significant

Analysis is presented below relating to the technical insurance items and the insurance operating expenses net of eliminations between sectors.

Table 55 - Insurance business

(€ millions)	June 30th, 2020 Gross balance	June 30th, 2020 Reinsurance amount	June 30th, 2020 Net balance	June 30th, 2019 Gross balance	June 30th, 2019 Reinsurance amount	June 30th, 2019 Net balance
Non-life business						
NET PREMIUMS	**1,043**	**−108**	**935**	**1,053**	**−125**	**928**
a Premiums written	1,059	−110	949	1,097	−137	960
b Change in premium provision	−16	2	−14	−44	12	−32
NET CHARGES RELATING TO CLAIMS	**−539**	**68**	**−471**	**−655**	**73**	**−582**
a Claims paid	−680	74	−606	−702	76	−626
b Change in provision for outstanding claims	130	−6	124	33	−3	30
c Change in recoveries	12	0	12	14	0	14
d Change in other technical provisions	−1	0	−1	0	0	0
Life business						
NET PREMIUMS	**1,740**	**−10**	**1,730**	**2,119**	**−15**	**2,104**
NET CHARGES RELATING TO CLAIMS	**−1,611**	**6**	**−1,.605**	**−2,328**	**7**	**−2,321**
a Claims paid	−2,074	7	−2,067	−2,235	7	−2,228
b Change in provision for outstanding claims	−189	0	−189	−162	3	−159
c Change in mathematical provisions	429	−1	428	313	−3	310
d Change in technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	168	0	168	−310	0	−310
e Change in other technical provisions	55	0	55	66	0	66

Table 56 - Analysis of insurance operating expenses

(€ millions)	Non-life business June 30th, 2020	Non-life business June 30th, 2019	Life business June 30th, 2020	Life business June 30th, 2019
Commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers	−206	−200	−55	−75
Acquisition commissions	*−182*	*−180*	*−39*	*−60*
Other acquisition expenses	*−42*	*−43*	*−12*	*−13*
Change in deferred acquisition costs	*0*	*0*	*−1*	*−1*
Collection commissions	*−7*	*−9*	*−5*	*−4*
Commissions and profit-sharing received from re-insurers	*25*	*32*	*2*	*3*
Operating expenses relating to investments	−4	−5	−21	−19
Other administrative expenses	−72	−72	−26	−34
Total	**−282**	**−277**	**−102**	**−128**

In addition to the matters observed in the above table, operating expenses relating to the investments, recorded during the period, comprise general expenses and expenses for employees relating to the management of investment property and equity investments. In the life business, commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers, include acquisition costs relating to insurance contracts and investment contracts with discretionary participation features.

FINANCIAL OPERATIONS

The table, which follows, discloses the income and charges deriving from financial operations as presented in the income statement for the first half-year.

Table 57 - Financial operations

(€ millions)	June 30th, 2020	June 30th, 2019	Changes Amount	%
Net income from financial instruments at fair value through profit or loss	**−164**	**208**	**−372**	**n.s.**
Income from investments in subsidiaries, associated companies and joint ventures	3	3	0	**−18.7**
Charges from investments in subsidiaries, associated companies and joint ventures	−18	0	−18	**n.a.**
Result deriving from equity investments in subsidiaries, associated companies and joint ventures	**−15**	**3**	**−18**	**n.s.**
Income from other financial instruments and investment property	444	399	45	**11.6**
Charges from other financial instruments and investment property	−176	−126	−50	**−39.3**
Result deriving from other financial instruments and investment property	**268**	**273**	**−5**	**−1.4**

n.s. = not significant

Table 58 - Financial and investment income and charges (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ millions)	Interest	Other income	Other charges	Realised gains	Realised losses	Total realised income and charges	Valuation gains		Valuation losses		Total unrealised income and charges	Total income and charges June 30th, 2020	Total income and charges June 30th, 2020
							Valuation capital gains	Value Write-back	Valuation capital losses	Write-down			
Result of investments	**242**	**53**	**−33**	**137**	**−137**	**262**	**48**	**0**	**−187**	**−27**	**−166**	**96**	**563**
a Deriving from investment property	0	30	−1	0	0	29	0	0	−9	−5	−14	15	19
b Deriving from investments in subsidiaries, associated companies and joint ventures	0	3	−13	0	0	−10	0	0	0	−5	−5	−15	3
c Deriving from held to maturity investments	5	0	0	0	0	5	0	0	0	0	0	5	5
d Deriving from loans and receivables	22	0	0	0	0	22	0	0	0	0	0	22	23
e Deriving from available for sale financial assets	205	15	−1	115	−74	260	0	0	−1	−17	−18	242	241
f Deriving from financial assets held for trading	0	0	0	2	−2	0	3	0	−5	0	−2	−2	1
g Deriving from financial assets at fair value through profit or loss	10	5	−18	20	−61	−44	45	0	−172	0	−127	−171	271
Result of sundry receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**
Result of cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Result of financial liabilities	**−16**	**0**	**0**	**0**	**0**	**−16**	**0**	**0**	**9**	**0**	**9**	**−7**	**−80**
a Deriving from financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b Deriving from financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0	9	0	9	9	−64
c Deriving from other financial liabilities	−16	0	0	0	0	−16	0	0	0	0	0	−16	−16
Result of payables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**226**	**53**	**−33**	**137**	**−137**	**246**	**48**	**0**	**−178**	**−27**	**−157**	**89**	**484**

The interest of the other financial liabilities includes costs of € 1 million relating to the interest expense recognised by effect of the adoption of IFRS 16.

Commissions income

Commissions income mainly comprises the commission relating to investment contracts issued by the Group's insurance companies (DIR); specifically, the item includes the explicit and implicit premium loading encumbering the investment contracts issued.

Commissions expense

The item comprises the acquisition costs associated with investment contracts (DAC) recorded during the period.

OTHER REVENUES AND OTHER COSTS

Other revenues

The item amounts to € 69 million, of which € 38 million is in other net technical income associated with insurance contracts.
Other revenues amount to € 31 million, of which € 13 million relating to recoveries from provisions for risks and charges and € 3 million relating to withdrawals from the write-down allowance.

Other costs

The item, which amounts to € 268 million, comprises other net technical charges associated with insurance contracts for € 131 million and other charges for € 137 million, mainly represented by amortisation on intangible assets for € 46 million, provisions for risks and charges for € 4 million and loan adjustments totalling € 8 million.
This item also includes the amount relating to the write-down of the goodwill of the Vera Vita CGU, as described in detail in Part C "Balance Sheet Assets" of these notes to the accounts, to which reference should be made.

INCOME TAXES

This item records current taxes (IRES - company earnings tax and IRAP - regional business tax), deferred taxes of individual Group companies recorded in observance of accounting standard No. 25 on income taxes and deferred taxes, which have arisen from the temporary misalignment between accrual-basis accounting as laid down by the international accounting standards (IAS 12) and tax legislation.

STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income amounted to € −18 million, of which € −34 million pertaining to the Group and € 16 million pertaining to minority interests.
The analysis of other components in the statement of comprehensive income pursuant to ISVAP Regulation No. 7 dated July 13th, 2007, is presented below. The balances are stated net of income taxes, which is in any event indicated in the specific column.

Table 59 - Analysis of the statement of other comprehensive income - net amounts (ISVAP Regulation No. 7 dated July 13th, 2007)

	Charges		Adjustments from reclassification to income statement		Other changes		Total changes		Taxation		Balance	
(€ millions)	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019	June 30th, 2020	December 31st, 2019
Other income components net of income taxes without reclassification in the income statement	**0**	**0**			**0**	**0**	**0**	**0**	**0**	**0**	**−2**	**−2**
Provisions deriving from changes in the shareholders' equity of investee companies	0	0			0	0	0	0	0	0	0	0
Intangible assets revaluation reserve	0	0			0	0	0	0	0	0	0	0
Tangible assets revaluation reserve	0	0			0	0	0	0	0	0	0	0
Income and charges relating to non-current assets or disposal group held for sale	0	0			0	0	0	0	0	0	0	0
Actuarial gains and losses and adjustments related to	0	0			0	0	0	0	0	0	−2	−2
Other items	0	0			0	0	0	0	0	0	0	0
Other income components net of income taxes with reclassification in the income statement	**34**	**72**	**−80**	**13**	**0**	**0**	**−46**	**85**	**−21**	**38**	**41**	**87**
Reserve for net exchange differences	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale financial assets	36	76	−80	13	0	0	−44	89	−20	40	45	89
Profits or losses on cash flow hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Profits or losses on instruments hedging a net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Provisions deriving from changes in the shareholders' equity of investee companies	−2	−4	0	0	0	0	−2	−4	−1	−2	−4	−2
Income and charges relating to non-current assets or disposal group held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OF THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**34**	**72**	**−80**	**13**	**0**	**0**	**−46**	**85**	**−21**	**38**	**39**	**85**

OTHER IVASS TABLES

Pursuant to ISVAP Regulation No. 7 dated July 13th, 2007, the income statement by sector of activities, the analysis of the technical insurance items and the analysis of the insurance operating expenses, gross of eliminations within sectors, are presented as follows.

Table 60 - Income statement by sector of activities (ISVAP Regulation No. 7 dated July 13th, 2007)

	Non-life business		Life business		Other		Eliminations between sectors		Total	
(€ millions)	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019
1.1 Net premiums	936	930	1,731	2,105	0	0	−2	−3	2,665	3,032
1.1.1 Gross premiums written	1,089	1,078	1,741	2,120	0	0	−47	−26	2,783	3,172
1.1.2 Ceded premiums	−153	−148	−10	−15	0	0	45	23	−118	−140
1.2 Commissions income	0	0	1	3	0	0	0	0	1	3
1.3 Income and charges from financial instruments at fair value through profit or loss	−1	−1	−163	209	0	0	0	0	−164	208
1.4 Income from investments in subsidiaries, associated companies and joint ventures	34	28	4	6	0	0	−35	−31	3	3
1.5 Income from other financial instruments and investment property	67	75	399	342	1	1	−23	−19	444	399
1.6 Other revenues	106	96	68	75	5	6	−110	−101	69	76
1 TOTAL REVENUES AND INCOME	**1,142**	**1,128**	**2,040**	**2,740**	**6**	**7**	**−170**	**−154**	**3,018**	**3,721**
2.1 Net charges relating to claims	−492	−604	−1,618	−2,325	0	0	34	26	−2,076	−2,903
2.1.1 Amounts paid and change in technical provisions	−583	−690	−1,624	−2,332	0	0	57	39	−2,150	−2,983
2.1.2 Reinsurance amount	91	86	6	7	0	0	−23	−13	74	80
2.2 Commissions expense	0	0	−1	−3	0	0	0	0	−1	−3
2.3 Charges from investments in subsidiaries, associated companies and joint ventures	−1	0	−4	0	0	0	−13	0	−18	0
2.4 Charges from other financial instruments and investment property	−29	−27	−143	−98	−4	−1	0	0	−176	−126
2.5 Operating expenses	−333	−323	−124	−147	−2	−3	74	66	−385	−407
2.6 Other costs	−128	−69	−70	−84	−6	−5	−64	−3	−268	−161
2 TOTAL COSTS AND CHARGES	**−983**	**−1,023**	**−1,960**	**−2,657**	**−12**	**−9**	**31**	**89**	**−2,924**	**−3,600**
PROFIT (LOSS) FOR THE PERIOD BEFORE INCOME TAXES	**159**	**105**	**80**	**83**	**−6**	**−2**	**−139**	**−65**	**94**	**121**

Table 61 - Analysis of technical insurance items (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ millions)		June 30th, 2020	June 30th, 2019
Non-life business			
NET PREMIUMS		**936**	**930**
a	Premiums written	950	961
b	Change in premium provision	−14	−31
NET CHARGES RELATING TO CLAIMS		**−492**	**−604**
a	Claims paid	−627	−648
b	Change in provision for outstanding claims	124	30
c	Change in recoveries	12	14
d	Change in other technical provisions	−1	0
Life business			
NET PREMIUMS		**1,731**	**2,105**
NET CHARGES RELATING TO CLAIMS		**−1.618**	**−2.325**
a	Claims paid	−2.070	−2.230
b	Change in provision for outstanding claims	−189	−159
c	Change in mathematical provisions	428	310
d	Change in technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	168	−310
e	Change in other technical provisions	45	64

Table 62 - Analysis of insurance operating expenses (ISVAP Regulation No. 7 dated July 13th, 2007)

	Non-life business		**Life business**	
(€ millions)	June 30th, 2020	June 30th, 2019	June 30th, 2020	June 30th, 2019
Gross commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers	−216	−208	−57	−77
Operating expenses relating to investments	−6	−6	−28	−26
Other administrative expenses	−111	−109	−39	−44
Total	**−333**	**−323**	**−124**	**−147**

NOTES TO THE ACCOUNTS

Part D – Other information

PART D
OTHER INFORMATION

Group headcount

Group employees calculated as per FTE, amounted to 1,729 (1,717 as at December 31st, 2019).

Atypical and unusual transactions and non-recurrent significant events and operations

With reference to non-recurrent significant events and transactions and positions or transactions deriving from atypical and/or unusual operations, reference should be made to the section "Other information" in the Interim Management Report.

Earnings for shares in circulation

With reference to earnings per share in circulation, reference should be made to the section "Significant events and other information" in the Interim Management Report.

Information on risks

With regard to the disclosure required by IFRS 13 concerning outstanding risks, reference should be made to the section "Risk management" in the Interim Management Report.

Transactions with related parties

As already disclosed in the Interim Management Report, pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010, and subsequent amendments and additions, as from January 1st, 2011 the "Procedure for the management of transactions with related parties" approved by the Board of Directors and last updated by resolution dated December 19th, 2019, applies to the situations envisaged by the regulations.

With regard to transactions with related parties, without prejudice to the approval procedures described in the Parent Company's Corporate Governance on the website www.cattolica.it, shareholders are hereby informed that, for reporting purposes, a procedure has been set up for detecting outstanding transactions, via the prior acquisition of the necessary information to identify related parties in relation to international accounting standard IAS 24 and subsequent extrapolation of the transactions relating to the same.

The following table shows the equity transactions and relationships resulting from the aforementioned related party transactions as at June 30th, 2020.

The balance presented in the "Joint ventures, associated companies and their subsidiaries" column represents investments in joint ventures, over which the Group exercises significant influence: these include the real estate investment fund "Mercury", the real estate fund "HCampus", Ima Italia Assistance, its subsidiary Ima Servizi and H-Farm.

The "Other related parties" column includes all the relationships with the directors, the statutory auditors as well as the General Managers and the executives with strategic responsibilities of the Parent Company and related parties.

Table 63 - Transactions with related parties

Statement of financial position transactions (€ millions)	**Joint Ventures, associated companies and their subsidiaries**	**Other related parties**	**Total June 30th, 2020**
Assets			
Equity investments	137	0	137
Loans granted	0	0	0
Subordinated bonds	0	0	0
Unsubordinated bonds	0	0	0
Provisions	0	0	0
Derivatives	0	0	0
Other receivables	1	0	1
Current account transactions	0	0	0
Total	**138**	**0**	**138**
Liabilities			
Loans received	0	0	0
Other payables	1	1	2
Total	**1**	**1**	**2**

Economic transactions and relationships (€ millions)	**Joint Ventures, associated companies and their subsidiaries**	**Other related parties**	**Total June 30th, 2020**
Revenues and income			
Premiums	0	0	0
Financial income	0	0	0
Capital gains for financial disposals	0	0	0
Other revenues	0	0	0
Total	**0**	**0**	**0**
Costs and charges			
Claims	0	0	0
Financial charges	0	0	0
Capital losses for financial disposals	0	0	0
Commissions	0	0	0
Other costs	1	4	5
Total	**1**	**4**	**5**

E-MARKET SDIR CERTIFIED

ADDITIONAL INFORMATION

Information about the deferred adoption of IFRS 9 "Financial Instruments"

The Cattolica Insurance Group, to meet the requirements of paragraph 20 D of IFRS 4 in terms of predominance of the insurance business, opted for the temporary exemption from IFRS 9.

In particular, in accordance with the aforementioned paragraph, an insurance Company or an insurance group performs an activity prevalently connected with the insurance activity, if and only if:

a) the book value of the liabilities deriving from agreements covered by IFRS 4 (including deposit components or embedded derivatives separated from insurance agreements), is significant with respect to the total book value of all its liabilities and
b) the percentage of the total book value of its liabilities connected with the insurance activity, with respect to the total book value of all its liabilities is:

   i. greater than 90% or
   ii. equal to or lower than 90%, but greater than 80%, and the insurer does not exercise a significant activity lacking any connection with the insurance activity.

This assessment is required to be carried out on the basis of the book values on the ending date of the year immediately preceding April 1st, 2016, or on a subsequent ending date if, after that date, a significant change has occurred in the activity of the Company.

The standard requires the performance of this test at the level of each individual entity belonging to the insurance Group because although some of them can benefit from the temporary exemption at the consolidated level, they shall apply IFRS 9 in their own individual financial statements if they prepare or are required to prepare IAS / IFRS financial statements.

The Cattolica Group does not present the aforementioned case in its own consolidation scope.

Please refer to the comments provided in the 2019 consolidated financial statements in relation to the positive results of the checks of the requirements carried out by the Group.

In compliance with paragraph 39E of IFRS 4, the following table indicates the fair value as at June 30th, 2020 and the amount of the fair value change for the period, separately for the following two groups of assets:

a) Group 1: financial assets with contractual terms that prescribe, at determined dates, cash flows represented solely by payments of the principal and interest on the amount of the principal to be repaid;
b) Group 2: financial assets with contractual terms that do not prescribe, at determined dates, cash flows represented solely by payments of principal and interest on the amount of the principal to be repaid.

Table 64 – Change in the fair value of the financial instruments in the scope of application of IFRS 9

(€ millions)

	Group 1		Group 2	
Categories of financial instruments	**Fair Value**	**Fair value change**	**Fair Value**	**Fair value change**
Held to maturity investments	228	25	0	0
Loans and receivables - Debt securities	828	89	484	53
Available for sale financial assets	22,229	−36	1,059	−47
Debt securities	*22,229*	*−36*	*199*	*−13*
Equities	*0*	*0*	*102*	*−14*
Units of mutual investment funds	*0*	*0*	*759*	*−21*
Total	**23,285**	**78**	**1,543**	**6**

As at June 30th, 2020, the financial statements include financial assets at fair value through profit or loss amounting to € 6,062 million with a negative fair value change of € 129 million.

The following table shows the exposure to the credit risk pertaining to the financial assets with contractual terms that prescribe, at determined dates, cash flows represented solely by payments of the principal and interest on the amount of the principal to be repaid (Group 1):

Table 65 – Book value and fair value by rating class of the debt securities that include Group 1 cash flows

(€ millions)

Rating	Book Value	Fair Value
AAA	902	902
AA	2,143	2,143
A	1,222	1,210
BBB	17,102	17,127
BB	1,107	1,109
B	94	94
CCC	13	13
N.R.	588	687
Total	**23,171**	**23,285**

The following table shows, in relation to the financial assets per the previous table, which do not have a low credit risk on the date of the financial statements, the fair value and the accounting value in application of IAS 39 at the end date of the financial statements.

Table 66 – Group 1 financial instruments that do not have a low credit risk and have no rating

(€ millions)

Financial instruments	Book value	Fair Value
Loans and receivables	515	614
Held to maturity investments	3	4
Available for sale financial assets	1,284	1,285

As at June 30th, 2020, with regard to the risk profile, the instruments of group 1 are broken down as follows: financial instruments with BBB rating account for 73.81% of the group total, those with rating equal to or lower than BB or lacking rating total approximately 7.78%, those with rating equal to or higher than A amount to 18.41%.

The undersigned declare that this statement is true and consistent with the underlying accounting records.

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI (**)

____________________ (**)

____________________ (**)

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

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

Attestation to the condensed interim consolidated financial statements pursuant to Article 154 bis, paragraph 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, Carlo Ferraresi, in his capacity as Managing Director, and Atanasio Pantarrotas, in his capacity as Manager in charge of preparing the financial reports of Cattolica Assicurazioni Società Cooperativa, 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 condensed interim consolidated financial statements as at June 30th, 2020.

2. The adequacy of the administrative and accounting procedures in place for preparing the condensed interim consolidated financial statements as at June 30th, 2020, has been assessed through a process established by Cattolica Assicurazioni Società Cooperativa on the basis of the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission), an internationally-accepted reference framework.

3. It is also certified that:

3.1 The condensed interim consolidated financial statements as at June 30th, 2020:

a) are prepared in accordance with applicable international accounting standards recognized in the European Union under the EC Regulation No. 1606/2002 of the European Parliament and of the Council dated July 19th, 2002, with the provisions of the Italian Civil Code, of Italian Legislative Decree No. 38 dated February 28th, 2005, of Italian Legislative Decree No. 209 dated September 7th, 2005 and subsequent amendments and with applicable provisions, regulations and circular letters issued by IVASS;

b) are consistent with the entries in the accounting books and records;

c) are suitable to provide a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer and of the consolidated companies.

3.2 The interim management report includes a reliable analysis of the references to the significant events that occurred in the first six months of the financial year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim management report also includes a reliable analysis of the disclosure on significant related party transactions.

Verona, Italy
September 10th, 2020

Carlo Ferraresi	Atanasio Pantarrotas
Managing Director	Manager in charge of preparing the Company's financial reports

INDEPENDENT AUDITORS' REPORT

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Società Cattolica di Assicurazione - Società Cooperativa

Introduction

We have reviewed the half-yearly condensed consolidated financial statements of Società Cattolica di Assicurazione - Società Cooperativa and subsidiaries (the "Cattolica Assicurazioni Group"), which comprise the statement of financial position as of June 30, 2020, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the six month period then ended, and the related notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of the Cattolica Assicurazioni Group as at June 30, 2020 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Paiola
Partner

Milan, Italy
September 14, 2020

This report has been translated into the English language solely for the convenience of international readers.

GRUPPO CATTOLICA ASSICURAZIONI

CATTOLICA ASSICURAZIONI DAL 1896

abc ASSICURA

BCC Assicurazioni

CATTRe

TUA ASSICURAZIONI

VERA Assicurazioni

BCC Vita

BERICA VITA

LombardaVita

VERA Financial

VERA Protezione

VERA Vita

GRUPPO
CATTOLICA
ASSICURAZIONI