



# Results at December 31<sup>st</sup>, 2020

Cattolica Assicurazioni Group

Verona, March 25<sup>th</sup>, 2021

The economic data and assets and liabilities at 31 December 2020 of Lombarda Vita, the sale of which will take place in April 2021 subject to the relevant authorisations, have been reclassified under the relevant "disposal" items pursuant to IFRS 5. For a better reading of operating performance, the tables below include the economic data of Lombarda Vita, fully consolidated until 30 September 2020. In the tables, where the "former IFRS 5" is displayed, the figures for Lombarda Vita have been reclassified under the relevant "disposal" items pursuant to IFRS 5.

# Key consolidated figures

Results at December 31<sup>st</sup>, 2020

| (€ m)                                   | IAS IFRS RESULTS |        |          |
|---|------------------|--------|----------|
|   | FY2019           | FY2020 | Δ%       |
| <b>Total Direct Premiums</b>            | 6,929            | 5,631  | -18.7%   |
| <i>Non-Life Direct Premiums</i>         | 2,157            | 2,104  | -2.5%    |
| <i>Life Direct Premiums<sup>1</sup></i> | 4,772            | 3,527  | -26.1%   |
| <b>Combined ratio<sup>2</sup></b>       | 94.3%            | 86.8%  | -7.5 pps |
| <b>Cons. Shareholders' Equity</b>       | 2,351            | 2,613  | +11.2%   |
| <b>Solvency II Ratio</b>                | 175%             | 187%   | +12 pps  |
| <b>Operating Result</b>                 | 302              | 412    | +36.6%   |
| <b>Consolidated Result</b>              | 103              | 71     | -31.4%   |
| <b>Group's Result</b>                   | 75               | 36     | -51.5%   |
| <b>Adjusted Result</b>                  | 103              | 192    | +85.9%   |
| <b>Operating Return On Equity</b>       | 7.9%             | 11.0%  | +3.1 pps |

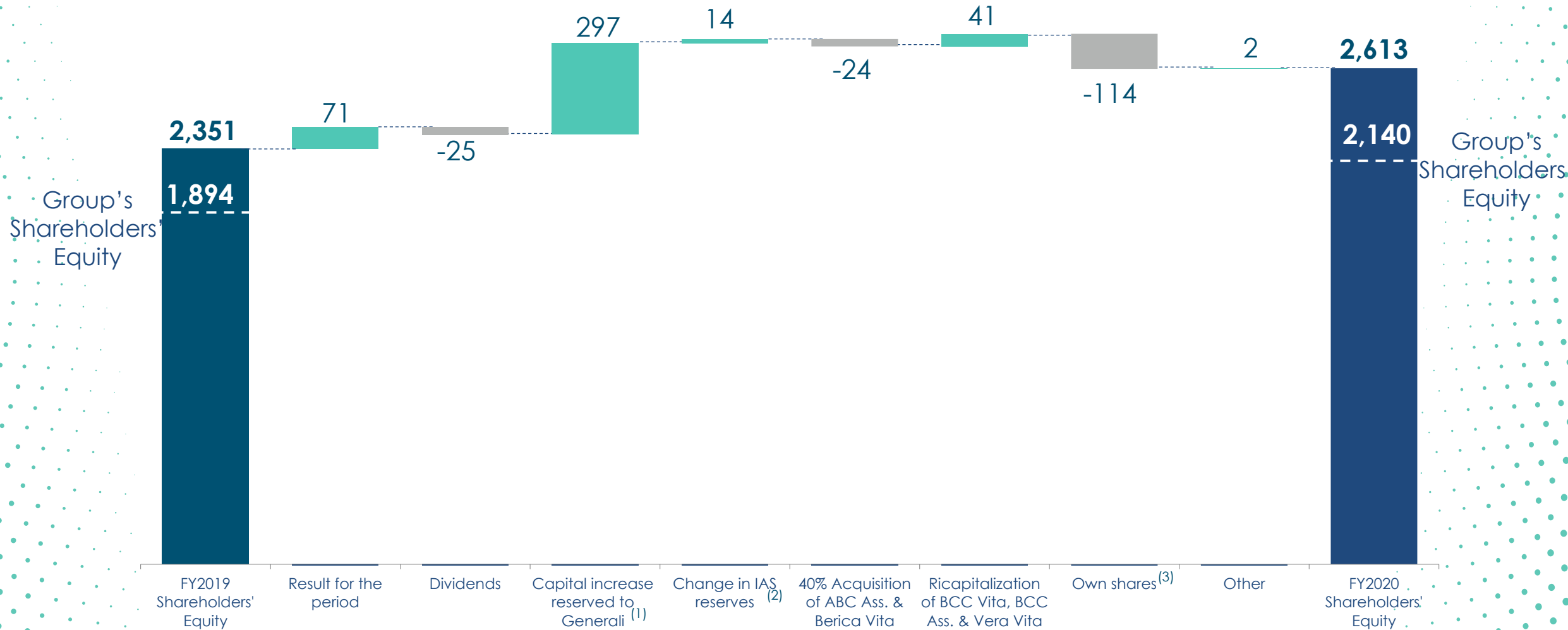
# Income statement by segment of activity

Results at December 31<sup>st</sup>, 2020

| € m  | NON LIFE   |            | LIFE       |            | OTHER      |            | TOTAL      |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
|  | FY2019     | FY2020     | FY2019     | FY2020     | FY2019     | FY2020     | FY2019     | FY2020     |
| Net Premiums   | 1,887      | 1,868      | 4,657      | 3,472      | 0          | 0          | 6,544      | 5,340      |
| Net charges relating to claims   | -1,190     | -1,025     | -5,067     | -3,577     | 0          | 0          | -6,257     | -4,602     |
| Operating expenses   | -561       | -544       | -218       | -168       | 0          | 0          | -779       | -712       |
| Other revenues net of other costs (other technical income and charges)                             | -27        | -53        | -53        | -61        | 0          | 0          | -80        | -114       |
| Income on ordinary gross investments (Class C)   | 94         | 85         | 515        | 465        | -1         | -1         | 608        | 549        |
| Income on ordinary gross investments (Class D)   | 0          | 0          | 366        | 70         | 0          | 0          | 366        | 70         |
| Net income from investments in subsidiaries, associated companies and joint ventures               | 0          | 4          | 0          | -4         | 0          | 0          | 0          | 0          |
| Commissions income net of commissions expense  | 0          | 0          | -1         | -2         | 0          | 0          | -1         | -2         |
| Operating expenses relating to investments   | -10        | -10        | -38        | -39        | -3         | -3         | -51        | -52        |
| <b>RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS</b>                                       | <b>193</b> | <b>325</b> | <b>161</b> | <b>156</b> | <b>-4</b>  | <b>-4</b>  | <b>350</b> | <b>477</b> |
| Other revenues net of other operating costs  | -44        | -49        | -4         | -17        | 0          | 1          | -48        | -65        |
| <b>OPERATING RESULT</b>  | <b>149</b> | <b>276</b> | <b>157</b> | <b>139</b> | <b>-4</b>  | <b>-3</b>  | <b>302</b> | <b>412</b> |
| Realised and valuation income  | 2          | -1         | 7          | -3         | -8         | -9         | 1          | -13        |
| Interests on subordinated debt   | -25        | -23        | -6         | -8         | 0          | 0          | -31        | -31        |
| Non-operating net income from investments in subsidiaries, associated companies and joint ventures | 3          | -9         | -1         | -4         | 0          | 0          | 2          | -13        |
| Other revenues net of other non-operating costs  | -24        | -28        | -61        | -152       | 0          | -1         | -85        | -181       |
| <b>PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR</b>  | <b>105</b> | <b>215</b> | <b>96</b>  | <b>-28</b> | <b>-12</b> | <b>-13</b> | <b>189</b> | <b>174</b> |
| Taxation   | -48        | -91        | -41        | -32        | 3          | 3          | -86        | -120       |
| <b>NET PROFIT (LOSS) FOR THE PERIOD</b>  | <b>57</b>  | <b>124</b> | <b>55</b>  | <b>-60</b> | <b>-9</b>  | <b>-10</b> | <b>103</b> | <b>54</b>  |
| <b>PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>17</b>  | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>17</b>  |
| <b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>   | <b>57</b>  | <b>124</b> | <b>55</b>  | <b>-43</b> | <b>-9</b>  | <b>-10</b> | <b>103</b> | <b>71</b>  |
| of which pertaining to the Group   | 55         | 120        | 29         | -74        | -9         | -10        | 75         | 36         |
| of which pertaining to minority interests  | 2          | 4          | 26         | 31         | 0          | 0          | 28         | 35         |
| <b>ADJUSTED RESULT</b>   | <b>58</b>  | <b>133</b> | <b>54</b>  | <b>69</b>  | <b>-9</b>  | <b>-10</b> | <b>103</b> | <b>192</b> |

# Consolidated Shareholders' Equity

Results at December 31<sup>st</sup>, 2020



(1) Net of total capital increase expenses equal to 3 m.

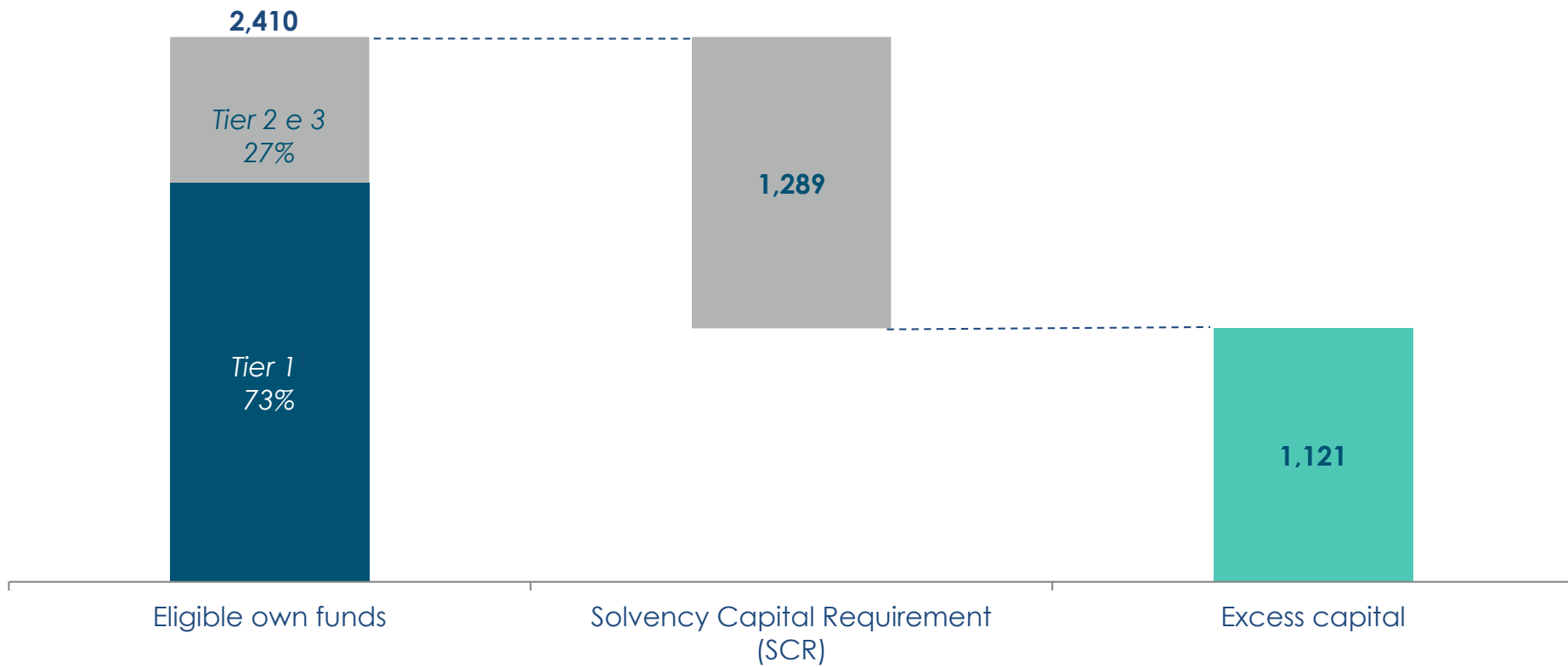
(2) Including the changes of the AFS reserve (net of shadow accounting and taxation) and of other profits and losses recognized directly in equity.

(3) Of which 113 m for the purchase of shares deriving from the exercise of the withdrawal right.

# Group's Solvency II ratio

Results at December 31<sup>st</sup>, 2020

**Solvency II Ratio 187%  
as at 31 December 2020**



(1) Tier 1 "unrestricted" eligible own funds (share capital and capital buffers) equal to about 73% of total own eligible funds.

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- **Non-Life Business Performance**
- **Life Business Performance**
- **Investments**

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

## Workforce protection and Business continuity

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

- **Workforce protection.** The entire company population has been kept safe by the introduction of **100% smartworking since 24 February**. The activities necessary for a safe return to the operational sites were carried out, both to the executive offices (in September with a maximum of 25% of staff present at the sites) and to the agencies. Due to the new peak in the infection recorded since the beginning of October, the Group considered it appropriate to return to full smart working mode. **Ensuring the continuity of internal processes.** The **communication plan** goes on both internally and externally in order to guarantee a clear, up-to-date and continuous flow of information, to reassure stakeholders and provide widespread information about the initiatives undertaken
- **Business continuity.** A new **“Pay by Link”** remote payment system has been introduced to facilitate the relationship between customers and agents. All professionals have been given the instructions they need to proceed with settlements remotely to ensure that work, including appraisals, continues after lockdown. All the necessary safeguards and tools have been deployed to ensure **continuity of the business agenda**, including meetings with boards and the Corporate Agent Group, and to provide agency training via digital learning sessions.



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

## Implementation of measures

- **Ongoing monitoring of the impacts of the emergency in the short term, and simulations of the effects in the medium-long term**, have been put in place. The Group's liquidity situation is constantly analysed and stress tests carried out. There is weekly reporting on the main business KPIs.
- The following **customer care** solutions have been adopted:
  - During the lockdown period the following measure have been taken: **extension of third-party liability motor insurance payment deadlines**, tariff flexibility has been increased, particularly in **Motor TPL downwards**, options have been offered for the **suspension of Motor TPL policies, and the extension of payment deadlines has also been extended to Non-Motor policies**. These measures ceased as from July 31.
  - A new emergency procedure **for distance selling** (Motor insurance) has been introduced for Group customers, involving telephone consultancy, documentation by email and Pay by Link payments.
  - A new procedure **for distance selling of Life products**.
  - Introduction of a **voucher** for Motor TPL customers which entitles them to a **discount equal to one month of their current premium**, to be used for the renewal of the policy or to buy a new product, and to enrich their coverage also with the guarantee of legal protection (different options depending on the sales channels).
- Finally, on the **solidarity** front, Società Cattolica and Fondazione Cattolica have made **donations** for the acquisition of healthcare and nursing materials totalling **2 million euro**.

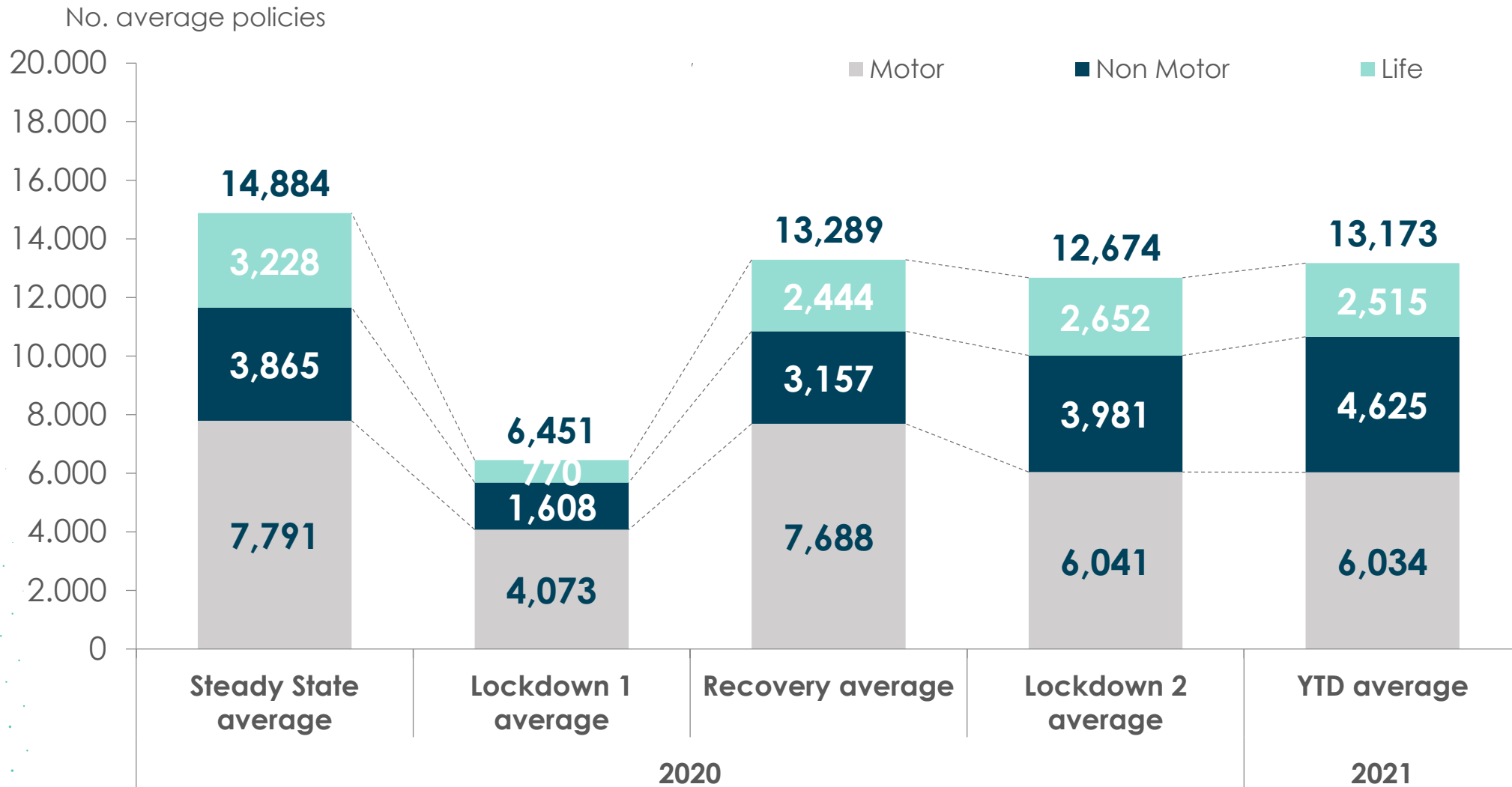
# The Cattolica Group and the 2020 Covid-19 Crisis (3/3)

Overview as at 31 December 2020

1. In 2020 the **Motor TPL division** has seen **a reduction in the frequency of claims to -28%** due to the halting of vehicle circulation as a result of the COVID-19 emergency. After the drastic reduction in circulation during the lockdown in the months of March and April (with peaks of -80%), from July to October there was a trend of growth in frequency, only to reverse the sign again in the last weeks of the year, following the DPCM approved in early November to stem the new wave of the pandemic. **The YoY frequency variation continued to decline also for the first 2 months of 2021, while in March there was a growing trend** in correspondence with the same weeks of 2020, which intercept the first weeks of total lockdown. The commercial action of the voucher, which, for an amount equal to one month of Motor TPL policy, can be used by the customer to obtain a discount on the renewal of the policy, was fully expensed in the 2020 accounting situation
2. As concerns **life insurance**, the impact on premium income was a decline of -26% in 2020 (in the lockdown period, the contraction in the number of new issue contracts reached over -75%). The impact on the technical result of the TCM (With profit) was limited.
3. To date there have been no anomalies due to non-collection or premium cancellations.

# Weekly new business

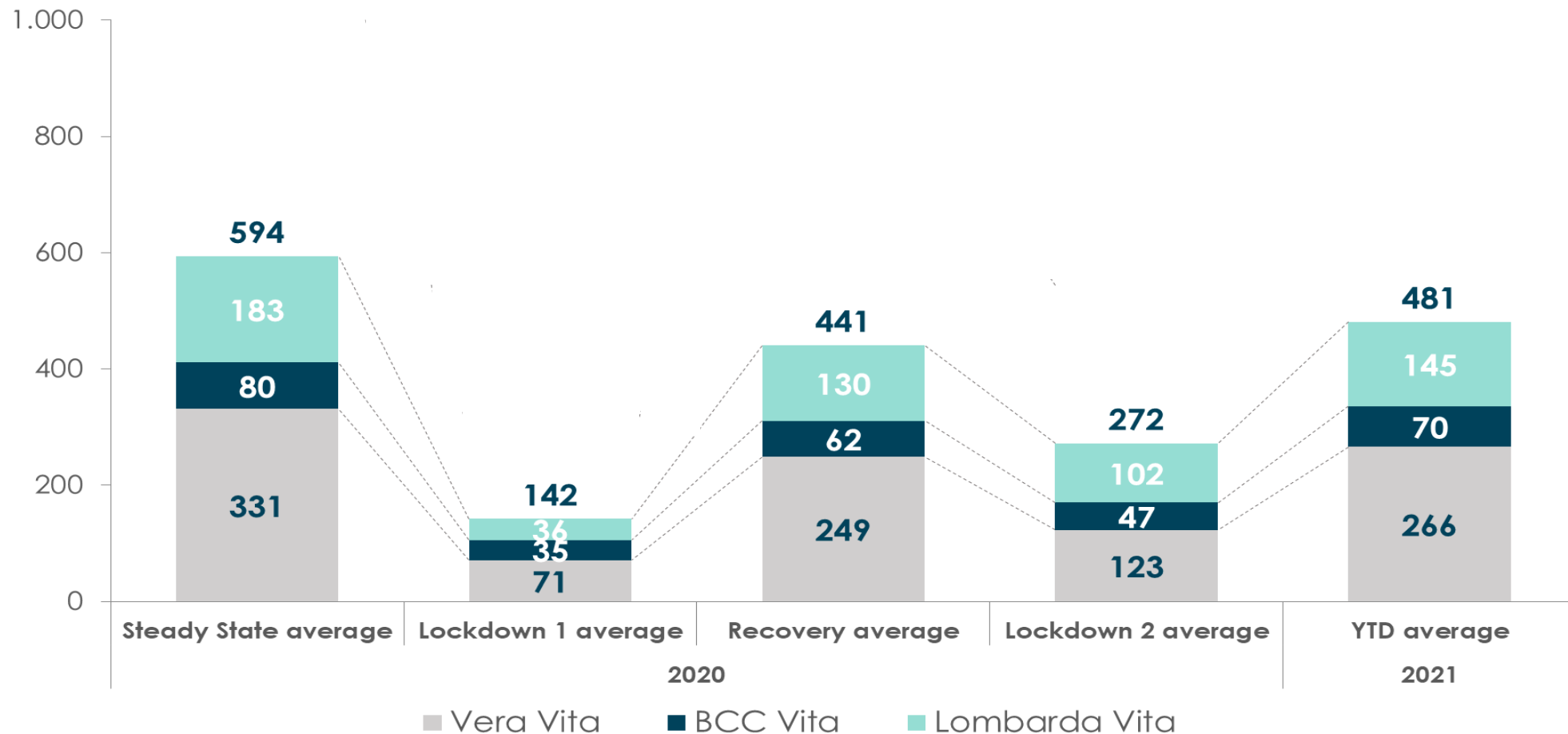
Life and Non Life Business performance (as at 5 March 2021)



# Bancassurance - weekly Life redeptions

(as at 5 March 2021)

No. weekly average redeptions



(1) These are non-accounting data that refer to customer requests and not to operations that are certainly carried out. They could include transactions that were subsequently canceled or lacking complete documentation and not acknowledged by the issuing systems. The redemptions are net of the so-called partial scheduled arrears of Vera Vita with effect 2019 and loaded in 2020.

# Claims – Group's trend

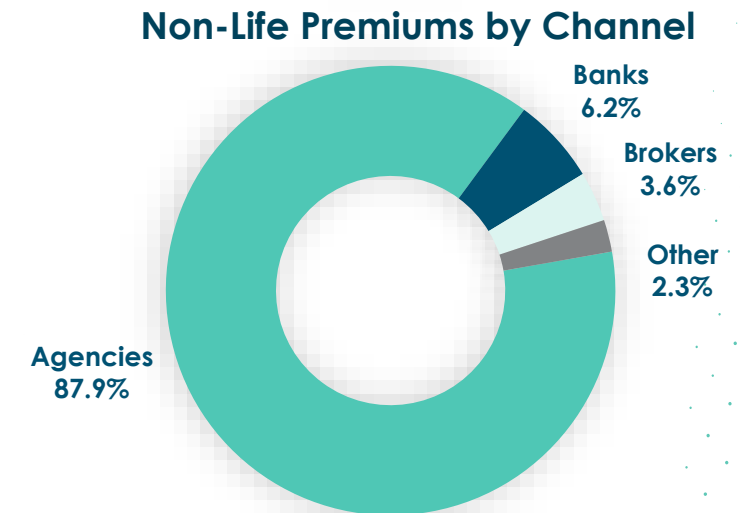
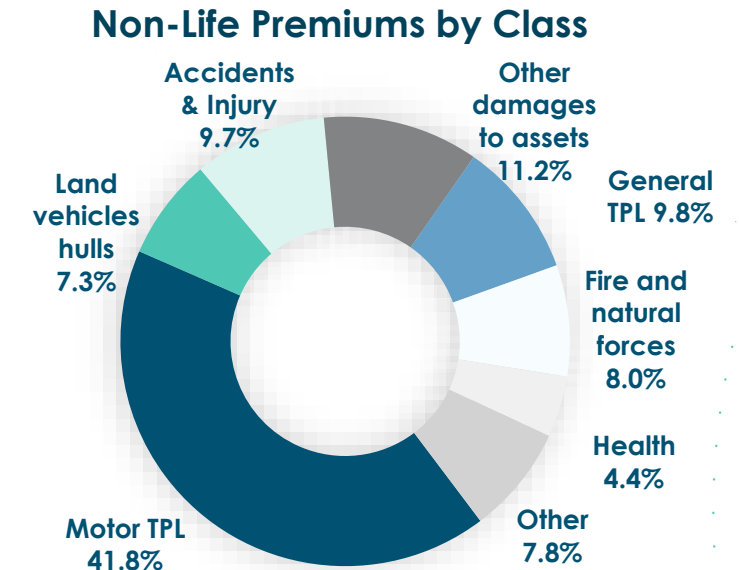
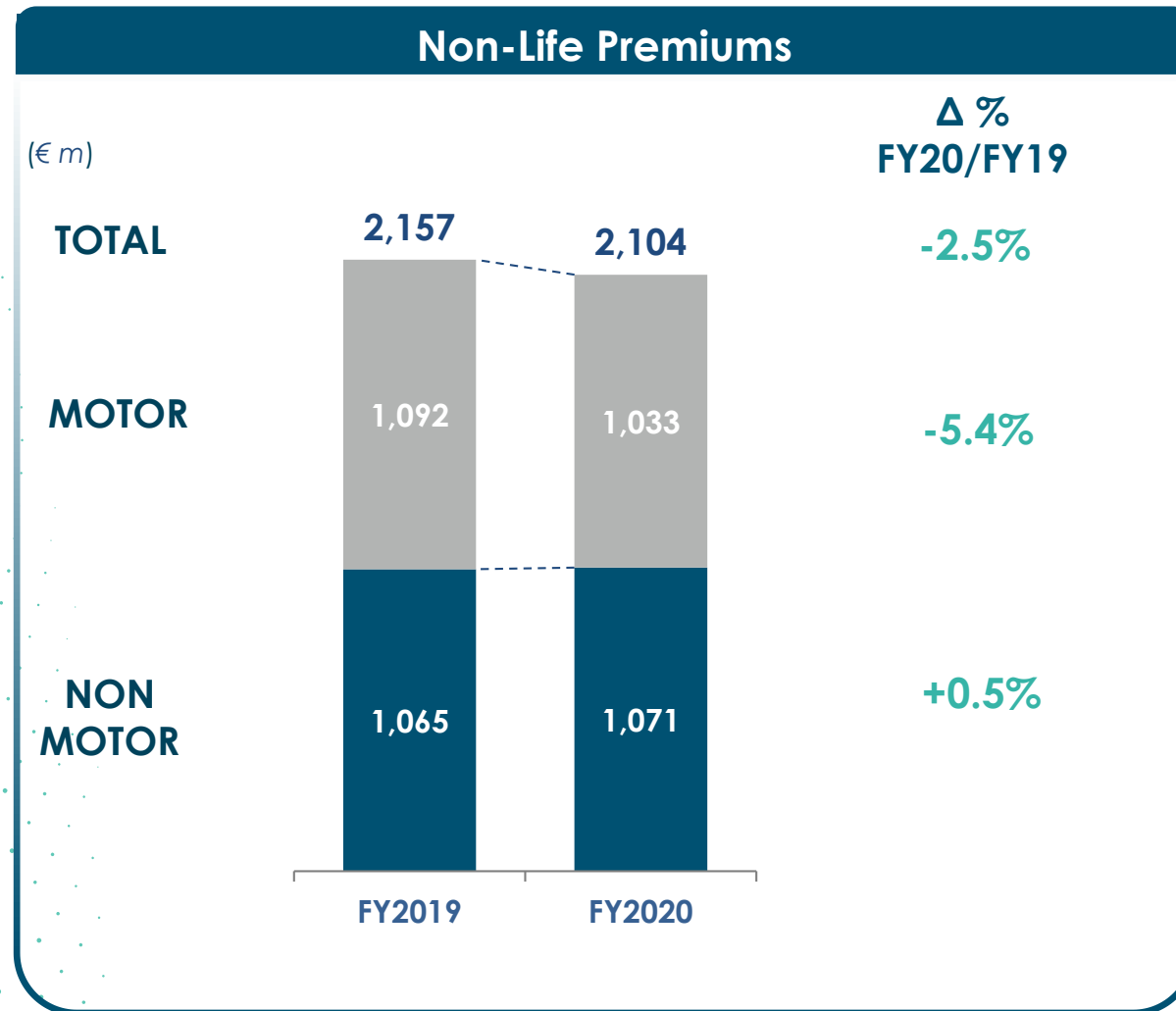
| CLASSES                  | 2020 data  |         |        | Data as at 5 March 2021 |         |        |
|--------------------------|------------|---------|--------|-------------------------|---------|--------|
|                          | FY FIGURES |         |        | YTD FIGURES             |         |        |
|                          | 2019       | 2020    | Δ%     | 2021                    | 2020    | Δ%     |
| Handled Motor TPL claims | 142.238    | 200.810 | -29,2% | 25.491                  | 36.055  | -29,3% |
| All classes              | 662.282    | 844.480 | -21,6% | 84.540                  | 100.290 | -15,7% |

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- **Non-Life Business Performance**
- Life Business Performance
- Investments

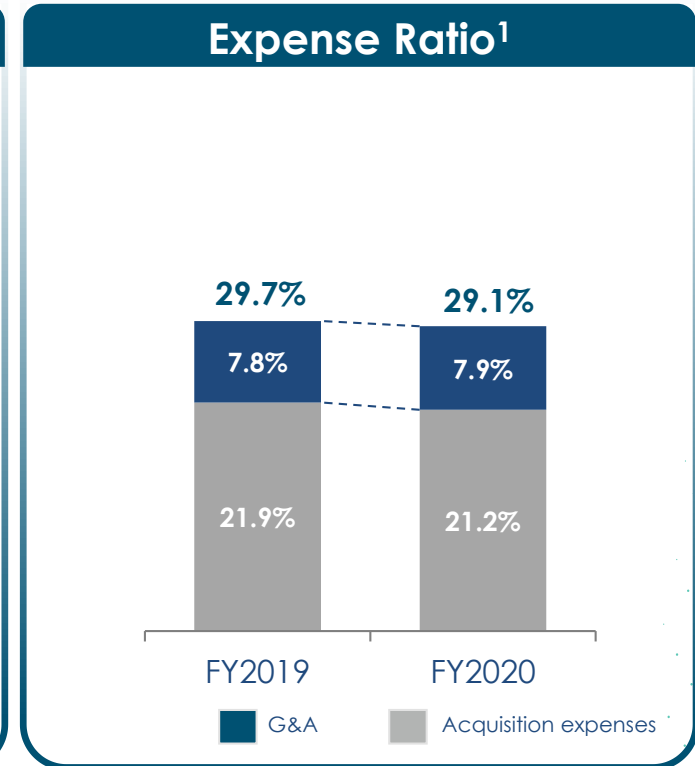
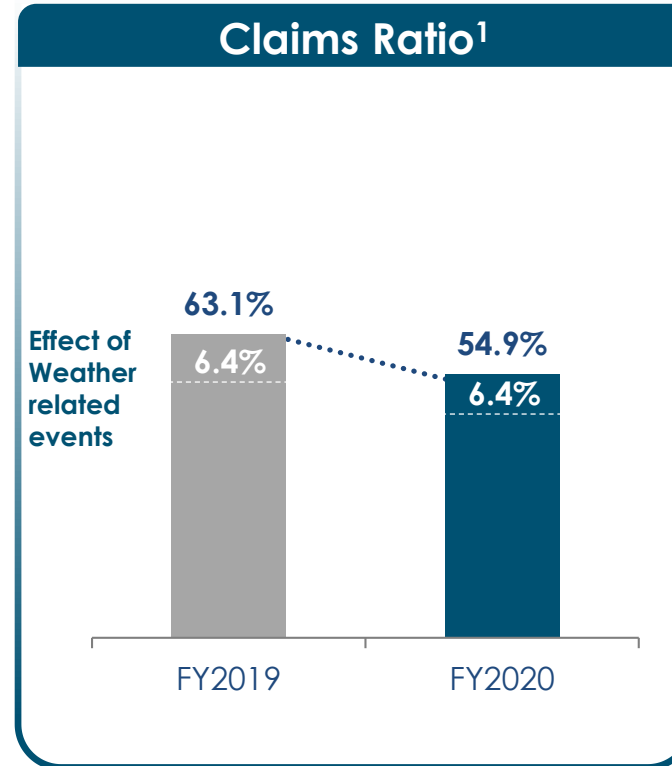
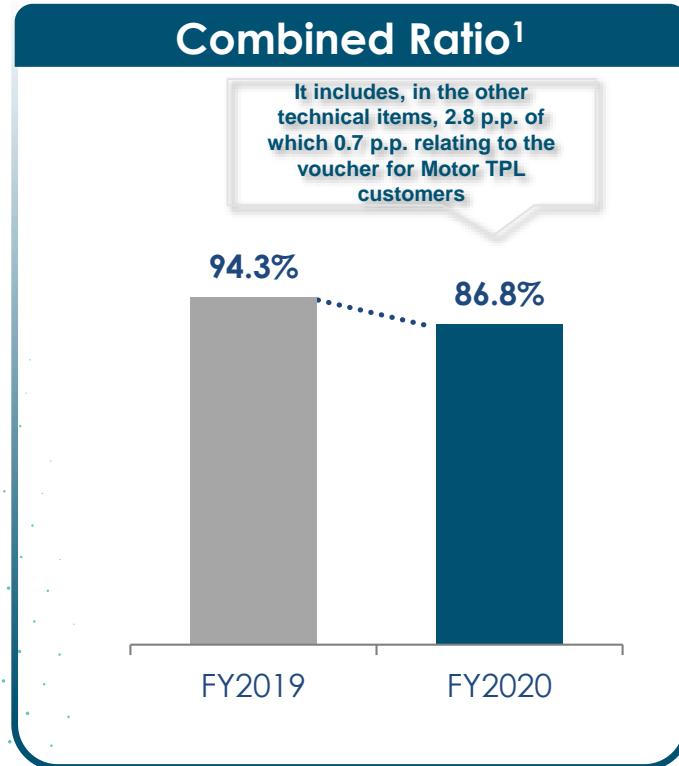
# Non-Life Premiums

## Non-Life Business Performance



# Technical Ratios

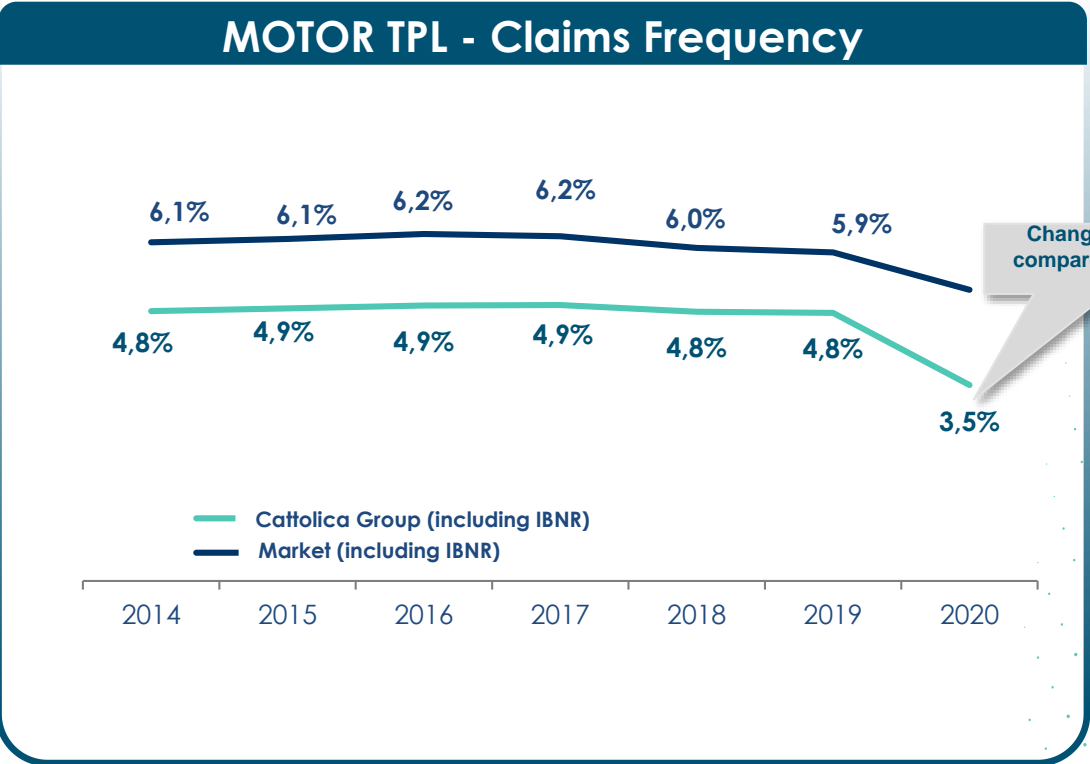
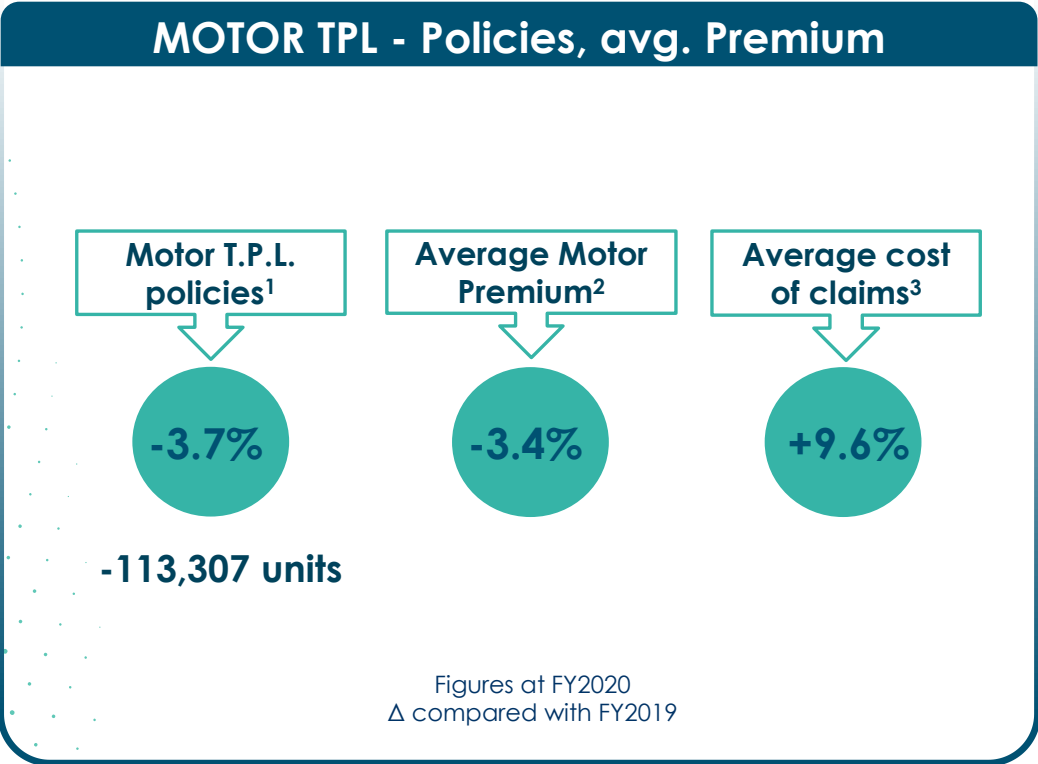
## Non-Life Business Performance





# Technical Ratios

## Non-Life Business Performance

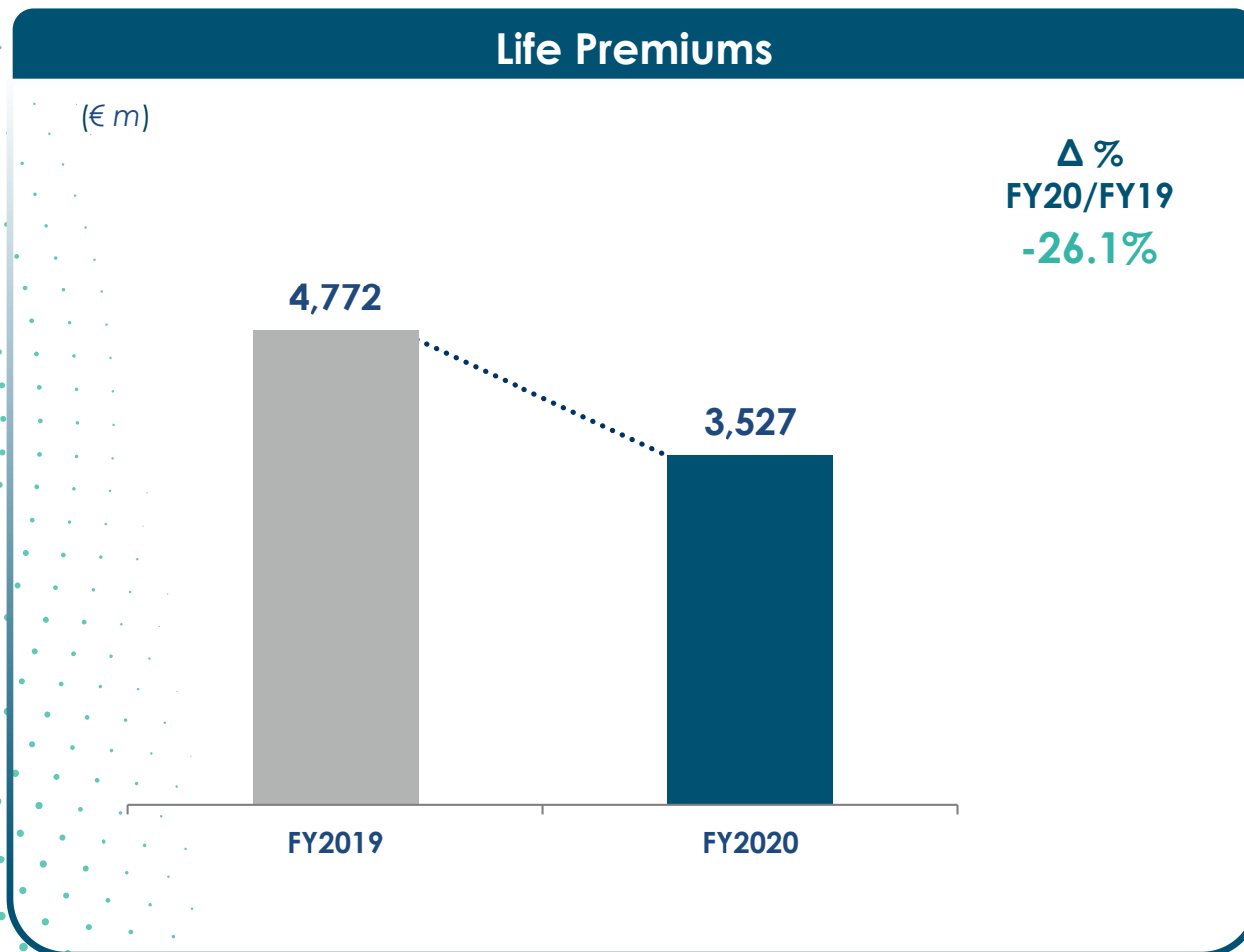


# Indice

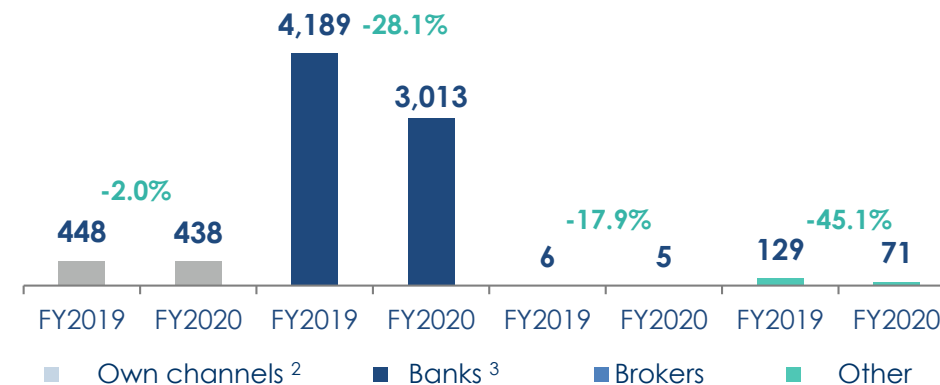
-  **The Cattolica Group and the 2020 Covid-19 Crisis**
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# Life Premiums

## Life Business Performance



### Life Premiums by Channel



### Life Premiums by Class

|                                   | FY2019       |       | FY2020       |       | FY20/FY19     |
|-----------------------------------|--------------|-------|--------------|-------|---------------|
|                                   | € mln        | %     | € mln        | %     | Δ%            |
| Traditional products <sup>1</sup> | 3,233        | 67.7% | 2,641        | 74.9% | -18.3%        |
| Linked products                   | 1,455        | 30.5% | 846          | 24.0% | -41.9%        |
| Pension funds                     | 84           | 1.8%  | 40           | 1.1%  | -51.9%        |
| <b>Total premiums</b>             | <b>4,772</b> |       | <b>3,527</b> |       | <b>-26.1%</b> |

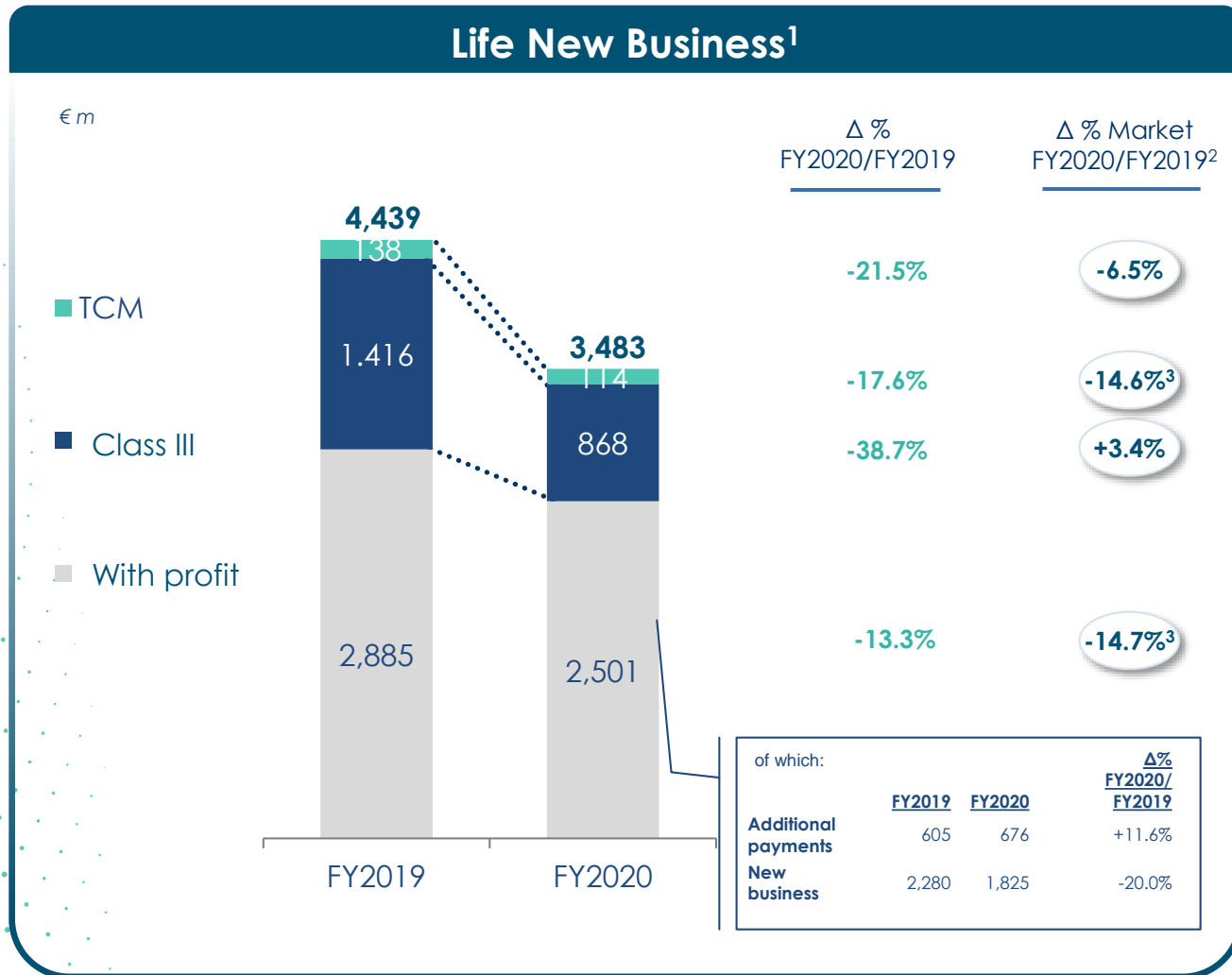
The FY2020 Life Premiums include Lombarda Vita in disposal at IVQ2020



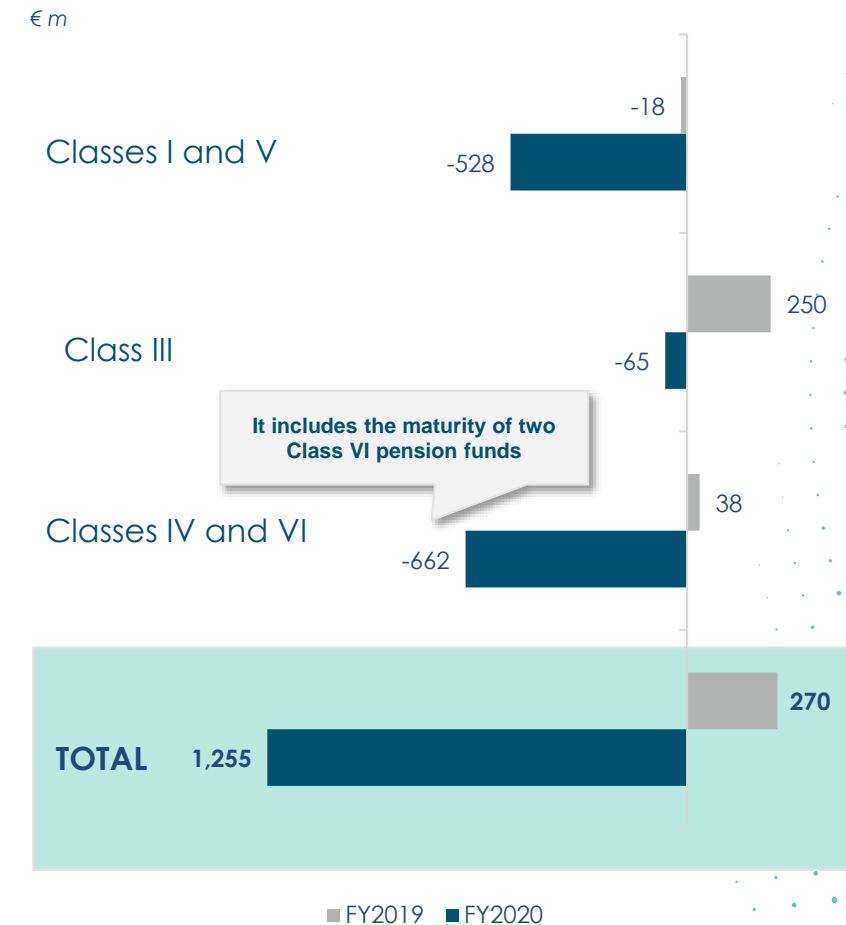
- (1) (1) Classes I, IV and V.
- (2) Agents and sub-agents.
- (3) It includes Financial Advisors.

# Life New Business and Life Net Inflows

## Life Business Performance



### Life Net Inflows by Class



Figures include Lombarda Vita until 31 December 2020.

(1) With profit - Classes I and V

(2) Source: ANIA, Trends Life New Business n°12\_February 2021

(3) Changes calculated on the basis of ANIA monthly statistic on Life new business n°12\_February 2021.

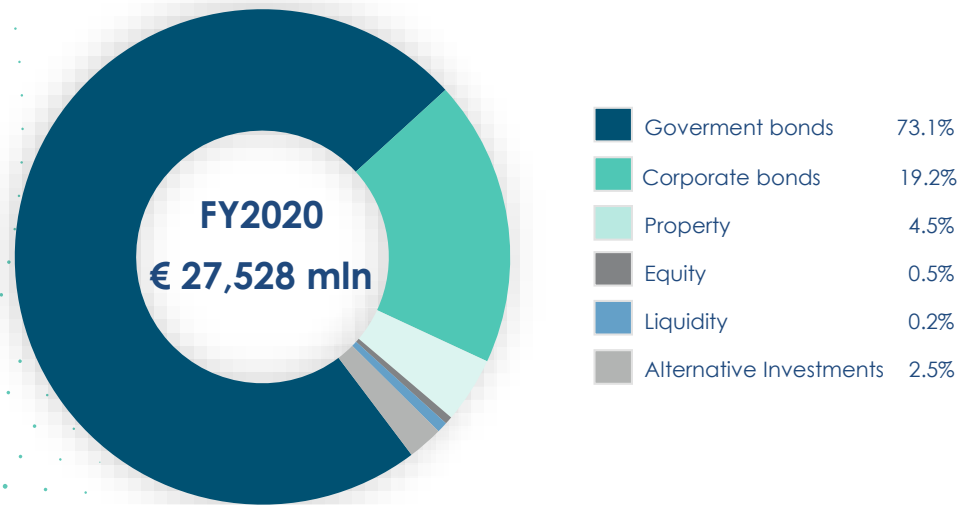
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# Investment Result and Group Asset Allocation

## Investments

### Group Asset allocation

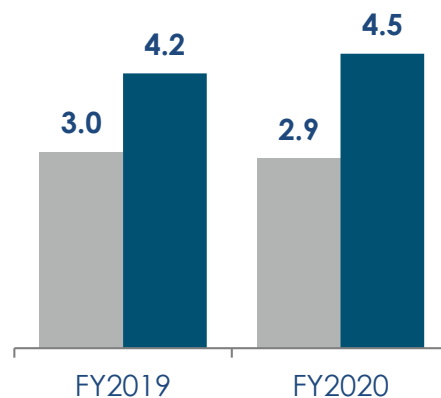


### Investment Result and yield

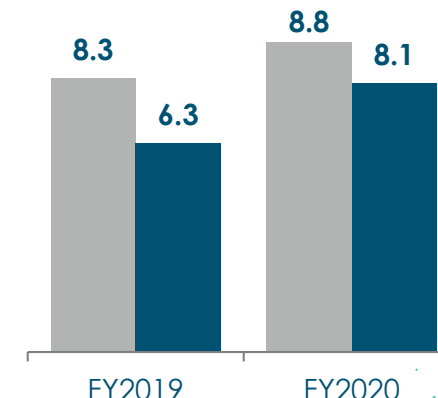
| € m                                      | FY2019    |             |            |             | FY2020    |             |            |             |
|--|-----------|-------------|------------|-------------|-----------|-------------|------------|-------------|
|  | NON LIFE  |             | LIFE       |             | NON LIFE  |             | LIFE       |             |
|  | mln       | yield       | mln        | yield       | mln       | yield       | mln        | yield       |
| Ordinary investment income               | 94        | 2.8%        | 458        | 2.1%        | 85        | 2.5%        | 419        | 1.9%        |
| Net realised and unrealised gains/losses | 2         | 0.0%        | 64         | 0.3%        | -1        | 0.0%        | 97         | 0.5%        |
| <b>TOTAL</b>                             | <b>96</b> | <b>2.8%</b> | <b>522</b> | <b>2.4%</b> | <b>84</b> | <b>2.5%</b> | <b>516</b> | <b>2.4%</b> |

Note: 2020 Life income is calculated considering Lombardia Vita for the whole year

### Non Life Duration



### Life Duration

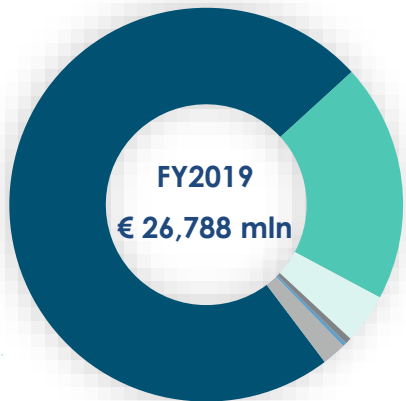


■ Liabilities ■ Assets

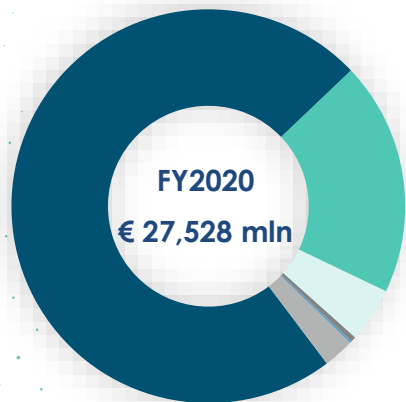
# Group Asset allocation

## Investments

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

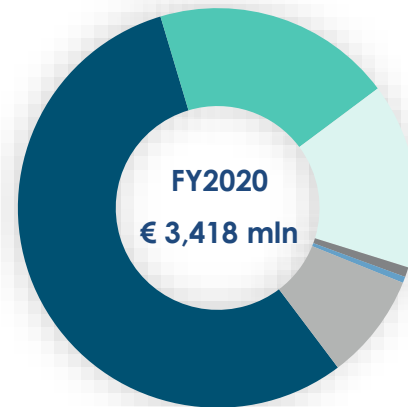


|                         |       |
|-------------------------|-------|
| Government bonds        | 73.5% |
| Corporate bonds         | 19.6% |
| Property                | 4.1%  |
| Equity                  | 0.5%  |
| Liquidity               | 0.3%  |
| Alternative Investments | 2.0%  |



|                         |       |
|-------------------------|-------|
| Government bonds        | 73.1% |
| Corporate bonds         | 19.2% |
| Property                | 4.5%  |
| Equity                  | 0.5%  |
| Liquidity               | 0.2%  |
| Alternative Investments | 2.5%  |

### Non Life Asset allocation



|                         |       |
|-------------------------|-------|
| Government bonds        | 53.4% |
| Corporate bonds         | 20.1% |
| Property                | 15.9% |
| Equity                  | 0.8%  |
| Liquidity               | 0.4%  |
| Alternative Investments | 9.4%  |

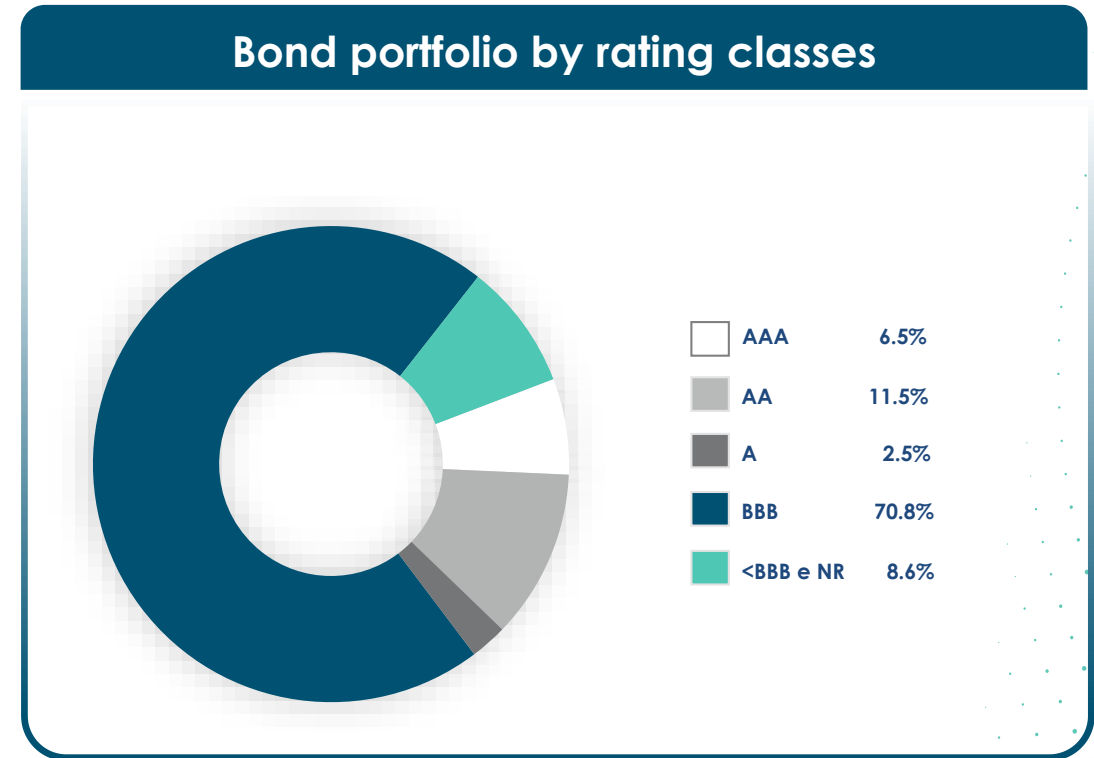
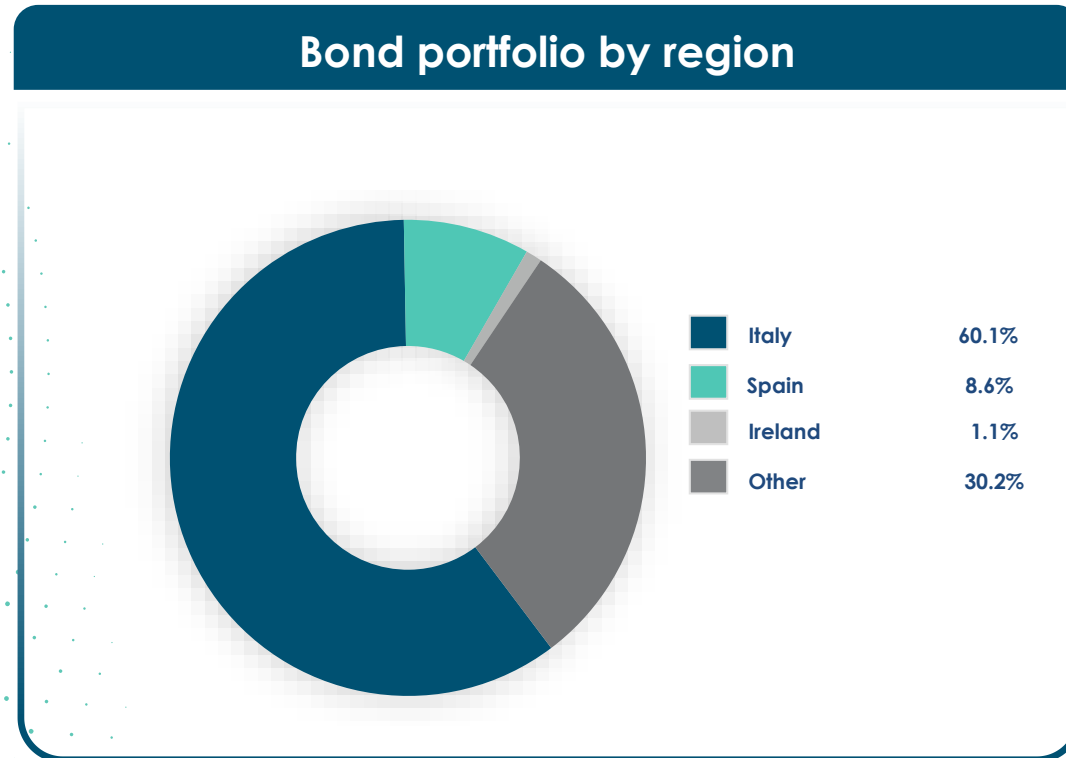
### Life Asset allocation



|                         |       |
|-------------------------|-------|
| Government bonds        | 75.9% |
| Corporate bonds         | 19.0% |
| Property                | 2.9%  |
| Equity                  | 0.4%  |
| Liquidity               | 0.2%  |
| Alternative Investments | 1.6%  |

# Group's bond portfolio by region and rating classes

Investments



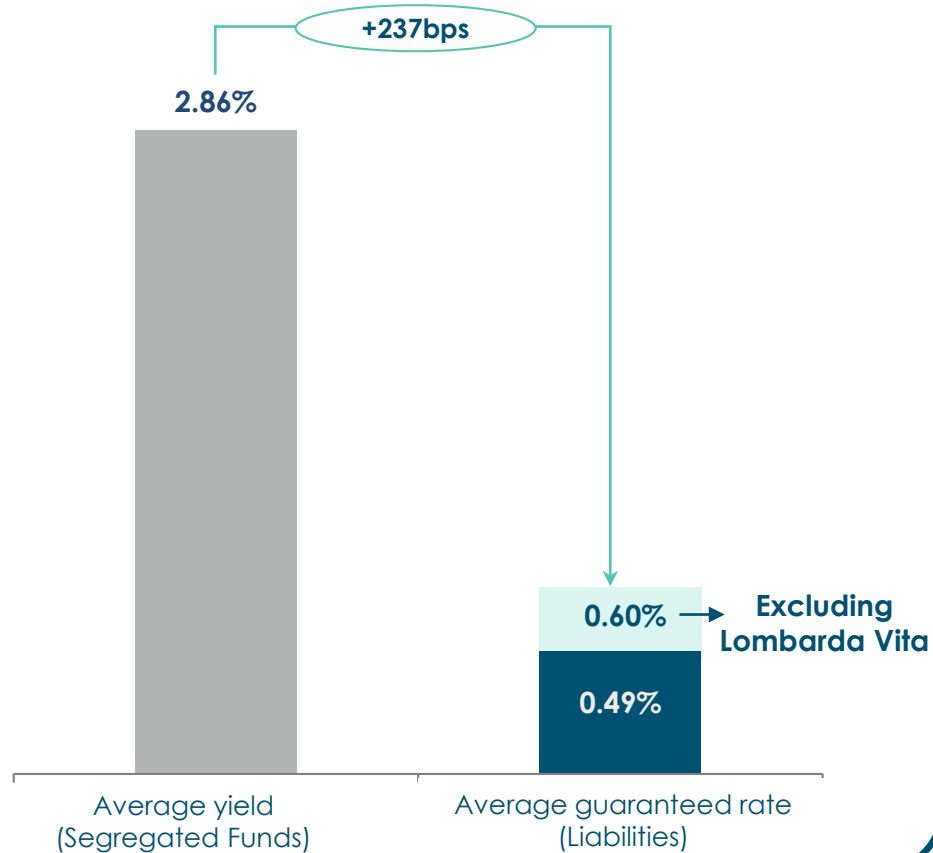
➤ Italian government bonds' exposure as at 31 December 2020 has reached 48,3%



# Financial performance and Minimum Guaranteed

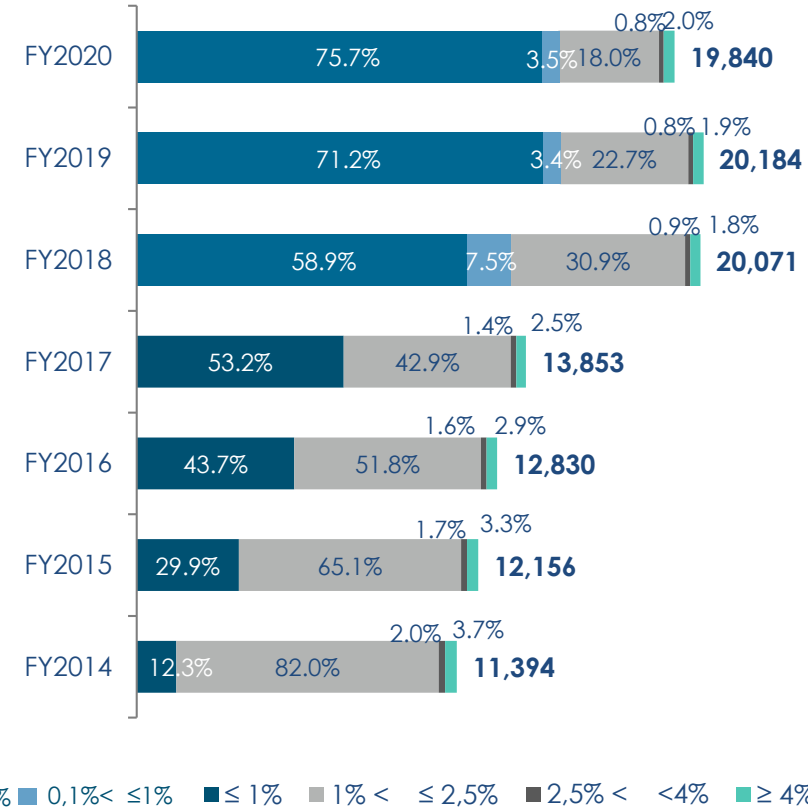
## Investments

### Yield and Minimum Guaranteed – FY2020



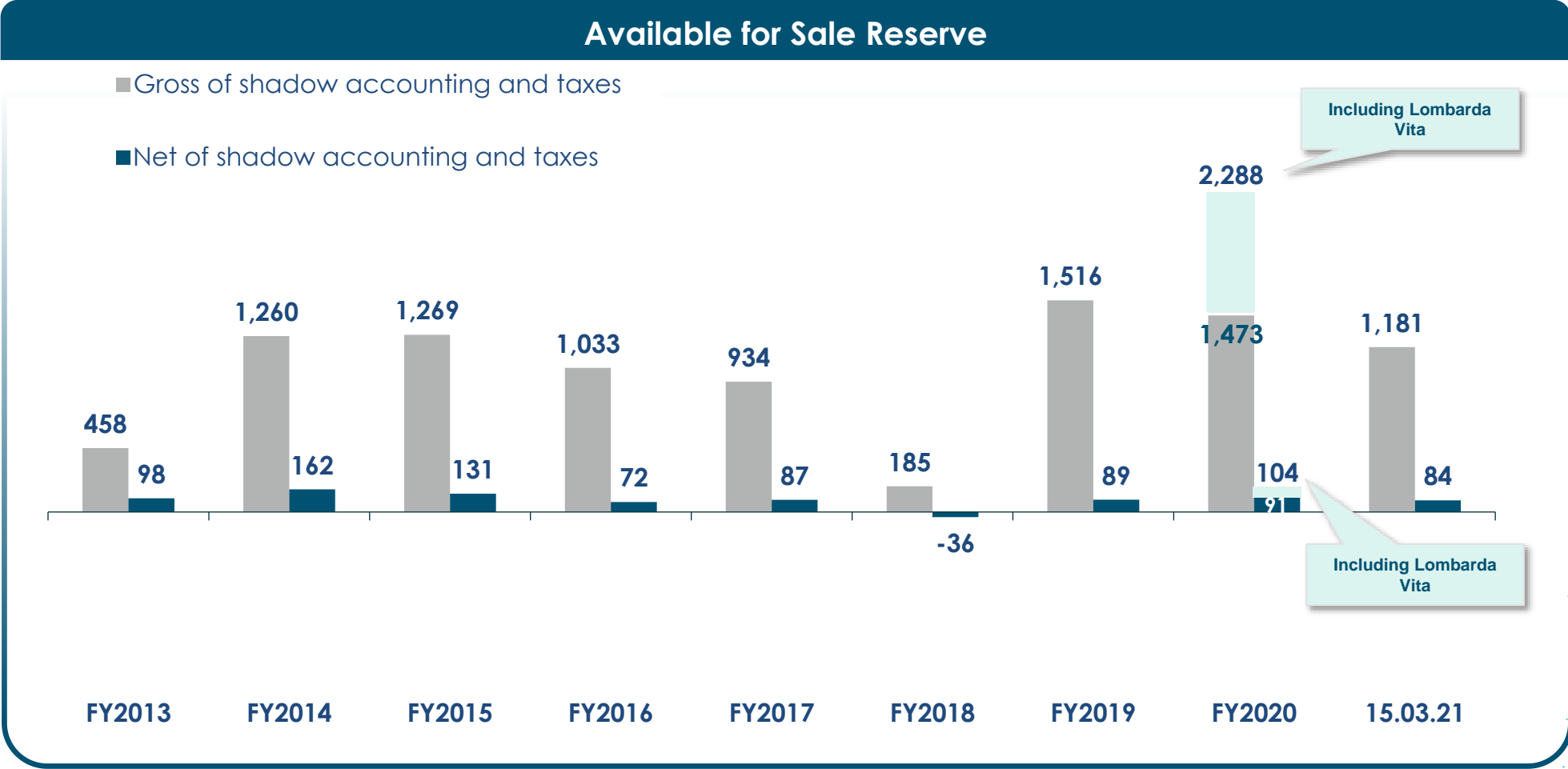
### Technical reserves breakdown by min. guaranteed

Segregated funds  
€ m



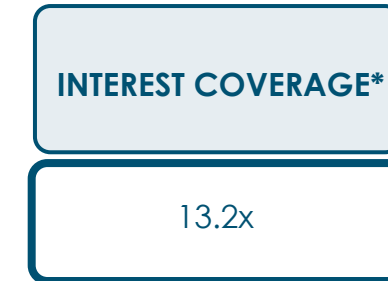
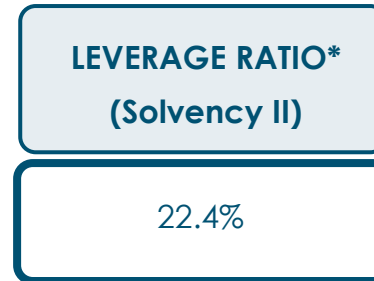
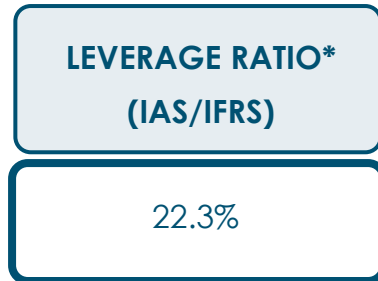
# Trend of the Available for Sale Reserve

## Investments



# Outstanding financial debt

## Investments



\* See formulas on page 31

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

\*\* It is no longer counted in the Own Funds and will be extinguished in 2021, subject to the authorization of IVASS



Subordinated issuances at Group level

(1) Until the end of the tenth year. In case of failure to exercise the call option, the rate becomes floating and is equal to the 3-month Euribor + 619 basis points

(2) Until the end of the tenth year. In the event of failure to exercise the call option, the rate becomes floating and is equal to the Euribor reference rate + 4.455%

# Standard Ethics raised Cattolica's rating to EE- from E+

## ESG issues

Standard Ethics raised Cattolica Assicurazioni's rating to "EE-" from the previous "E+". The attribution of the Long Term Expected Rating "EE+" incorporates, according to Standard Ethics, expectations on the future quality of governance tools and ESG policies.

### ESG issues

Adequate focus on environmental and social aspects and that it has also concerned non-financial reporting, the management of financial assets, commercial aspects

### International Standards

The strategy appeared consistent with the voluntary indications of the UN, the OECD and the European Union. The recent decisions and governance projects are producing and will produce a better alignment with the main international standards

### Governance

Following the decisions derived from the recent project of transforming Cattolica into a joint-stock company and after the capital increase launched in 2020, the issue of Sustainability has also entered the sphere of corporate governance: positive commitments and changes in favour of shareholders' rights, for the qualitative and quantitative composition of the Board of Directors and for the selection of Directors.

# Notes

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

# Ratios and Formulas (1/2)

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

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

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

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

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

# Ratios and Formulas (2/2)

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

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

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

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

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

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