2020

CONSOLIDATED FINANCIAL STATEMENTS

GRUPPO
CATTOLICA
ASSICURAZIONI

Ready for life

THE POWER OF OPENNESS

Nature teaches us the POWER of openness: every day we open our eyes to the world and open ourselves culturally and mentally to the new.

Opening up means trusting, and Cattolica has always been a landmark of trust. This year, more than ever, we have been there for our customers and stakeholders, supporting and encouraging them. It's the reason why we choose the iconic ANGEL of Cattolica, spreading its wings even further to embrace and provide active support, as the image of the new line of institutional communication. A texture of subtle waves conveys the energy of this support.

Cattolica regards also the future as marked by openness. Our history and expertise nudge us to trust ourselves and embrace change to amplify our strength.

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

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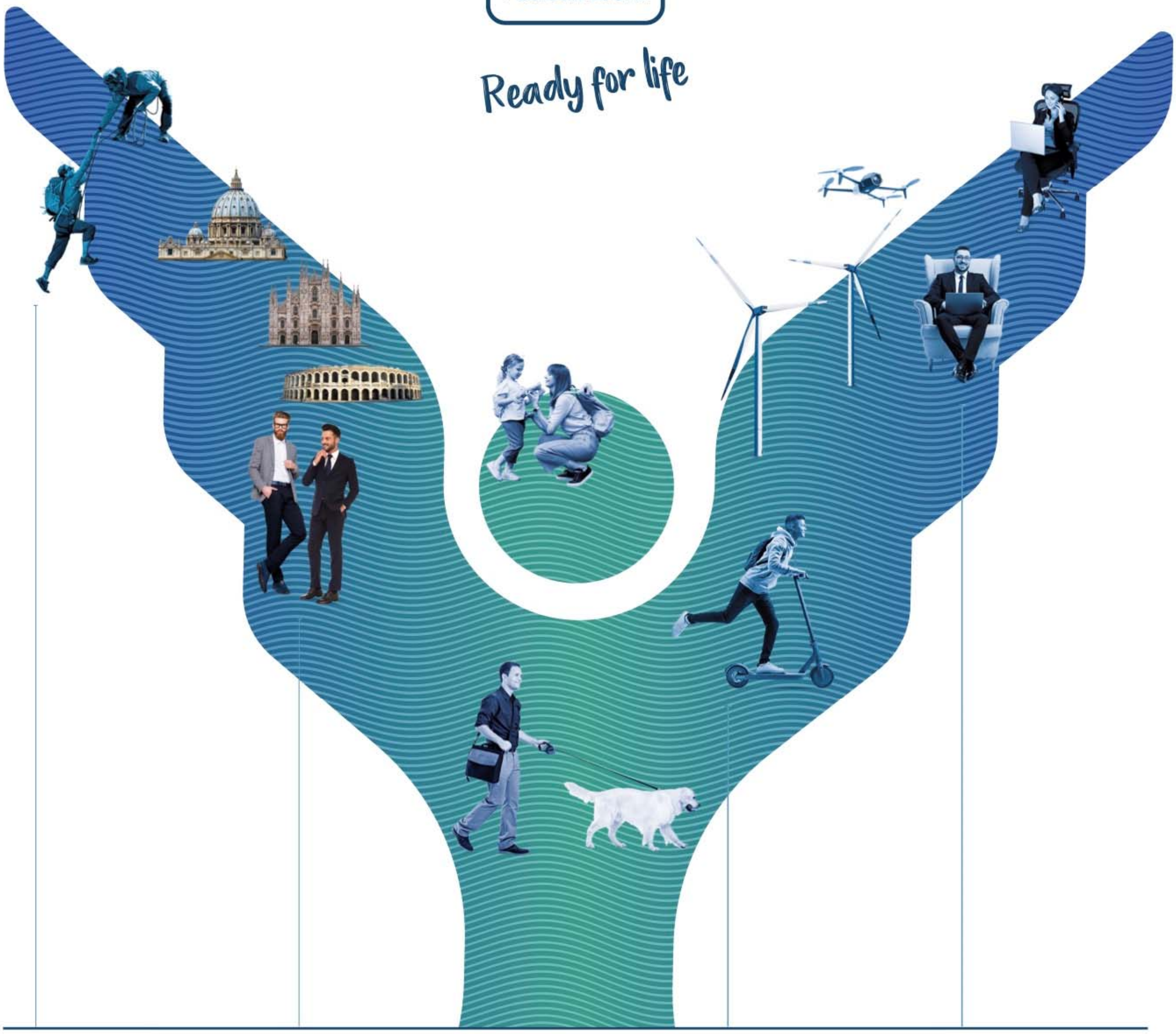

REPORT ON 2021 REMUNERATION POLICY AND ON COMPENSATION PAID IN 2020

CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT AND FINANCIAL STATEMENTS

SUSTAINABILITY REPORT

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

2020

CONSOLIDATED FINANCIAL STATEMENTS

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 24TH, 2021

LETTER FROM THE CHAIRMAN

2020 was a very difficult year for the global economy; unexpectedly, despite every medical, scientific and technological advance, the world was unable to prevent and halt the pandemic, showing through its interconnectedness how fragile the economy can be. The characteristic that makes ideas, goods and people thrive, fuelling growth and progress, has been really transformed into a weakness.

In this context, Cattolica Assicurazioni confirmed that it is a strong, resilient Group, capable of remaining on the market in a competitive manner, facing all challenges in a constantly evolving scenario and creating positive results. The 2020 results, collected here, are a concrete testimony to this.

The Board of Directors approved the 2020 financial statements, expressing particular appreciation for the activities carried out by the management and for the strength and creation of value, which Cattolica has once again provided for its Members, Shareholders, employees, agents and all stakeholders.

2020 will be remembered for the two historic Meetings at which the Shareholders voted, firstly, largely in favour of the capital increase and, secondly, for the transformation, deferred until April 1st, 2021, of the Company into a Public Limited Company. A historic decision for our Group, whose legal form, also due to the interventions of the Authority and the market context, had little choice but to evolve.

Furthermore, over the last 20 years, Cattolica has always updated its governance model to make it effective and more suited to the times, including opening up in recent years to Capital Shareholders. However, we have never lost sight of the objective of creating value for the sustainable growth of our Company.

The recent transformation of Cattolica from a co-operative to a Public Limited Company is therefore a fundamental step for the future of our Group: in fact, these important decisions were essential to give life to the agreement with Generali, helping the Company avoid the risk of hostile operations, perhaps carried out at a discount with consequent detriment to all Shareholders and to the economic system.

The partnership with Generali is industrial and strategic in nature, and is based on principles that enhance the value of our Company, our people and our agents, thus maintaining strong roots in the territory and constituting a new phase in the history of our company.

Our strategic decisions, amply supported by the two 2020 Shareholders' Meetings, were made precisely to safeguard Cattolica's history and interests. History and tradition that we will continue to pass on with the work of the Cattolica Foundation, which, reinforced and protected by agreements with Generali, will continue its commitment in the communities and towards those most in need in the years to come.

The Company has thus confirmed its position as healthy and profitable, capable of fulfilling its social role and fulfilling its mission to protect people and businesses.

Today we enter a new era for Cattolica, with the blank pages of a book yet to be written. We know that the challenges of business involve people and therefore the ability to listen and a willingness to engage in dialogue are the foundations for dealing with decisions, even the most difficult ones, transparently, professionally and responsibly; always in the interest and to the benefit of our Shareholders and all stakeholders.

Thank you all.

Paolo Bedoni
Chairman

LETTER FROM THE MANAGING DIRECTOR

2020 was a watershed year for Cattolica Assicurazioni. We have achieved positive results, in a very challenging context, a clear sign that the process of profound transformation initiated in these difficult months has transformed the company into an entity increasingly capable of creating value and facing constantly evolving and challenging market contexts.

Without a doubt, 2020 has been out of the ordinary: the pandemic has affected everyone, with no exceptions. Our priority during the emergency was to protect the health and safety of our people, which we did by managing very high levels of complexity financially and operationally, while always putting customers and their needs at the centre, with state-of-the-art solutions for individuals and businesses.

I can say I am proud of the determination with which Cattolica reacted to these circumstances, safeguarding its business activities and effectively tackling one of the hardest periods ever faced in its history. Looking back, we can say without fear of contradiction that we emerged stronger and more resilient from this scenario.

With the same spirit that distinguished us in critical situations that we faced and overcame in the past, we did not limit ourselves to dealing with the emergency, but instead we looked to the future with the aim of becoming stronger. In fact, it is no coincidence that, in such a challenging year, the operating result for 2020 was the best in the history of our Company and that the main objectives of the Plan were achieved, and in many cases bettered.

The Group's adjusted profit showed also significant growth, amounting to € 192 million and up 85.9% compared to 2019.

Today, Cattolica has a more effective organisational structure, which is consistent with the evolved market scenario, and has also adopted a new governance model, based on the awareness of its distinctive features: the ability to manage complexity in challenging contexts, the excellence of our Agency Network, a granite DNA of values and the constant commitment of passionate men and women.

The partnership with Generali, signed in 2020, will make us increasingly flexible and adaptable to the constantly changing and evolving contexts that will inevitably characterise the times to come. We will continue to get stronger thanks to synergies in the industrial and commercial spheres, which, already last year, were beginning to provide us with positive results.

All this was possible thanks to managerial actions and appropriate corrections during the year that ensured full operations, mitigating the negative effects of the crisis and laying the foundations for growth in the medium-long term. This has all been accompanied by a continuous and constant effort by all the Group's employees, who have never failed in their commitment and professionalism.

The 2020 Financial Statements are Cattolica's last as a Cooperative company. Since April 1st, 2021, the Group has been transformed into a Public Limited Company. A thin, invisible line that, once crossed, will not change our values and our ability to create value for all stakeholders.

Carlo Ferraresi
Managing Director

E-MARKET SDIR CERTIFIED

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GROUP HIGHLIGHTS

Total premiums written

4,705

€ million (-15.7%)

Operating result

412

€ million (+36.6%)

Operating ROE

11%

(+3.1 pp)

Consolidated profit

71

€ million (-31.4%)

Solvency II Ratio

187%

(+12 pp)

Our People

1,796

(+1%)

751 **(+3.4%)**
WOMEN

1,045 **(-0.7%)**
MEN

Our Customers [1]

3,438,511

(-3.3%)

1 The number of customers does not include Vera brand companies.
2 Excluding branches of the UBI Banca Group.

NON-LIFE SEGMENT

Gross premiums written - direct non-life business
2,104
€ million (-2.5%)

Operating result
276
€ million (+85.6%)

Combined ratio of retained business
86.8%
(-7.5 pp)

LIFE SEGMENT

Gross premiums written - direct life business
2,580
€ million (-24.3%)

Operating result
139
€ million (-11.2%)

Our Distributors

1,851 (-1.9%)
AGENTS

1,360 (-2.5%)
AGENCIES

5,577 [2] (-8.2%)
BRANCHES

Life / Non-life
insurance companies

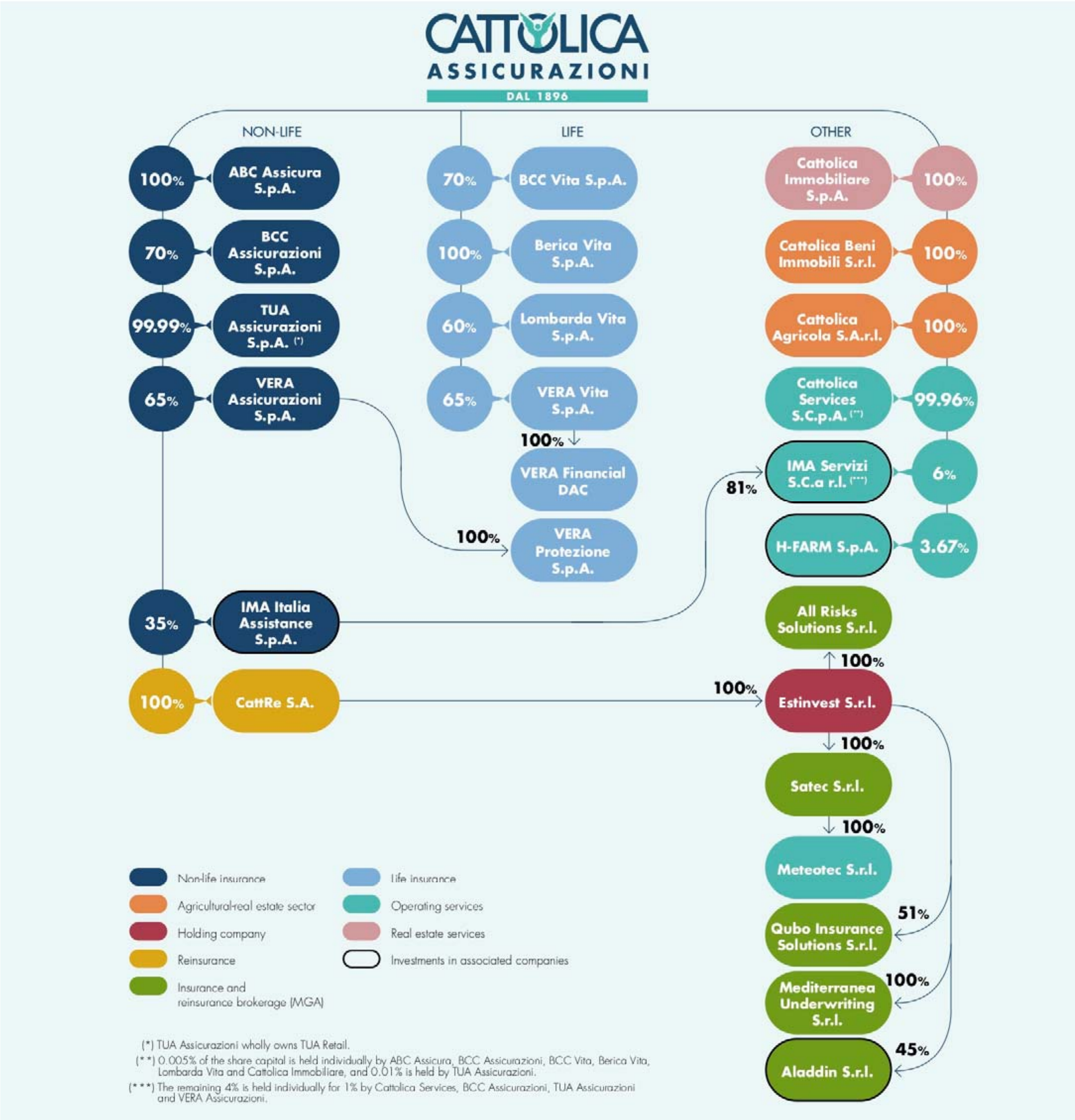
12

Non-insurance
companies

10

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.

(***) The remaining 4% is held individually for 1% by Cattolica Services, BCC Assicurazioni, TUA Assicurazioni and VERA Assicurazioni.

As at December 31st, 2020

2020 SIGNIFICANT EVENTS

2020 SIGNIFICANT EVENTS

FEBRUARY

On February 20th, Cattolica completed the **purchase of 40% of ABC Assicura S.p.A.** from Banca Popolare di Vicenza in compulsory administrative liquidation. Following the acquisition, Cattolica holds 100% of the share capital of ABC Assicura.

MAY

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".

JUNE

»

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 Monument Re reinsurance group.

On June 24th, the Company and **Assicurazioni Generali S.p.A.** signed an agreement that provided 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 business and Reinsurance, with ad hoc implementation agreements;

(ii) a project to strengthen Cattolica's share 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 Assicurazioni Generali for € 300 million, which was resolved together with a further tranche to be offered as an option to all shareholders and which Assicurazioni Generali will have the right to subscribe pro-rata.

The commitment to the subscription of the share capital increase tranche reserved for Assicurazioni Generali was subject, among other things, to the Cattolica transformation into a public limited company, which was submitted and approved by the Extraordinary Shareholders' Meeting held on July 31st, 2020.

The Agreement provided for:

- the transformation of Cattolica into a public limited company with effect from April 1st, 2021;
- the adoption, in the pre-transformation phase, of reinforced statutory rights of Assicurazioni Generali 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 Assicurazioni Generali.

On June 27th, Cattolica Assicurazioni's **Extraordinary and Ordinary Shareholders' Meeting was held,** which approved all the items on the agenda and the **delegation** of powers to the Board of Directors **for the capital increase**.

E-MARKET SDIR CERTIFIED

2020 SIGNIFICANT EVENTS

JULY

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.

On July 31st, also following the Agreement entered into with Generali, Cattolica Assicurazioni's **Shareholders' Meeting** was held,which in extraordinary session, approved the amendments to the articles of association, the **transformation into a public limited company** as from April 1st, 2021, and the consequent adoption of a new text of the articles of association.

AUGUST

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 exercised also 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, offered as an option to all shareholders.

SEPTEMBER

On September 9th, IVASS approved amendments to the articles of association resolved by the Shareholders' Meeting on July 31st including the text of the articles of association of the public limited company, which came into force on April 1st, 2021.

OCTOBER

On October 5th and 6th, the Implementing Agreements were signed, as provided for in the Framework Agreement between **Cattolica and Assicurazioni Generali** signed on June 24th, 2020, concerning the **industrial and commercial synergies** between the relevant groups, and a further condition precedent envisaged by the execution of the Framework Agreement has thus occurred.

On October 23rd, Assicurazioni Generali **subscribed its reserved capital increase** of Cattolica Assicurazioni for a total amount of € 300 million, approved by Cattolica Assicurazioni's Board of Directors on August 4th, 2020, in exercise of the proxy granted following the Shareholders' Meeting resolution dated June 27th, 2020. As a result of this transaction, Generali held an equity investment equal to 23.67% in the share capital of Cattolica. The share capital increase reserved for Generali led to the issue of 54,054,054 Cattolica shares at an issue price per share of € 5.55, of which € 2.55 by way of share premium, for a nominal share capital increase of € 162,162,162.00.

DECEMBER

On December 15th, **Banco BPM** formally communicated to the Parent Company the **exercise of the purchase option** of the equity investments held by the same in Vera Vita S.p.A. and Vera Assicurazioni S.p.A., equal to 65% of the share capital (the two companies hold 100% of Vera Financial DAC and Vera Protezione S.p.A. respectively). The purchase option was requested by Banco BPM in relation to the alleged change of control of Cattolica, pursuant to Article 2359 of the Italian Civil Code, as a supposed consequence of the corporate and industrial transaction with Assicurazioni Generali, communicated to the market on June 25th, 2020. Cattolica contested the exercise of the option, deeming Banco BPM's position to be groundless, since it was not confirmed by any provision either of law or of the contract, as attested by authoritative independent legal opinions and by the guidelines expressed by the Supervisory Authorities, in particular, with the authorisation issued by IVASS for Assicurazioni Generali's entry into the Company's share capital.

On December 23rd, Cattolica signed a binding framework agreement with **UBI Banca** concerning the **early termination**, with respect to the envisaged expiry date of June 30th, 2021, **of the life bancassurance agreements** existing between the parties, via the exercise by the bank of its option to purchase the 60% equity investment held by Cattolica in **Lombarda Vita**. The price paid to Cattolica was expected to range between approximately € 290 million and € 300 million depending on Lombarda Vita's 2020 IAS/IFRS results. The transaction was completed in April 2021 at a price of € 219.8 million. As part of this transaction, the parties have agreed to proceed in 2021, subject to obtaining the necessary authorisations, with the repayment of the loan currently outstanding between UBI Banca and Cattolica, amounting to € 80 million.

On December 30th, the Company announced that it **had acquired 20,720,350 own shares**, resulting from the withdrawal exercised at the time of the resolution approving the transformation and which were not subject to option and/or pre-emption by its shareholders. The payment of the liquidation value, amounting to € 5.47 per share, to each shareholder who exercised the right of withdrawal, as well as the transfer of the shares allocated under the option offer in favour of the shareholders who exercised their option rights, were made through the respective intermediaries on the same date of December 30th, 2020. Consequently, Cattolica held a total of 28,045,201 own shares, representing 12.3% of the Company's share capital, while there were 200,302,779 shares in circulation, representing 87.7% of the share capital.

REFERENCE SCENARIO

E-MARKET SDIR CERTIFIED

REFERENCE SCENARIO

MACROECONOMIC SCENARIO

2020 can be defined as one of the most dramatic years in contemporary times, due to the rapid spread of the Covid-19 virus, which has impacted all areas of the planet with varying intensity, causing a cross-cutting lock-down of social and economic activities, as well as originating a global health emergency.

The optimism that 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, faded rapidly in February with the news of the spread of the Covid-19 epidemic, which soon became a pandemic. 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 of the planet. The intervention of the Central Banks was decisive in mitigating the repercussions of the lock-down and the general closure imposed by governments to stem the spread of the virus, while the fiscal measures had different effects due to the intensity and, above all, the timeliness with which they were adopted in various countries. Analysts expect world GDP to contract by 3.5% in 2020 (IMF projections January 2021).

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. In the second quarter, US GDP declined by 9% compared to the same period of 2019, after +0.3% in the first quarter, interrupting an expansion that had been ongoing since the 2008 crisis. The rebound in the third quarter limited the year-on-year decline to -2.8% and the overall annual result is on track to be, by latest estimates, around -3.5%. Unemployment, which before the pandemic was below 4% at its lowest level in 50 years, rose to 14.8% in April and then fell to 7.8% in September, settling at 6.7% at the end of the year. In addition to the normal unemployment benefits, claims for which peaked at almost 7 million at the start of the lock-down, the government added promptly 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, adding $ 3 trillion to 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 higher than expected rebound in the middle of the year and new negative aspects in the third and fourth quarters. The confidence index for services, the sector most vulnerable to the economic freeze, after sinking to 12 in April, rebounded to 54.7 in July and then fell back to 48 in September, below the expansion threshold, and ended the year at 46.4. The manufacturing index declined more modestly to 33.4 in April and with the rebound in the third quarter, it went beyond the expansion threshold and well above pre-pandemic levels. While the European Central Bank has provided a determined response to market volatility and widening spreads, increasing its assets by 1,700 billion between March and September and further expanding its purchase programme at the December meeting, the European institutions' reaction in terms of fiscal stimulus was 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 also at sustaining growth in the medium to long term, convergence between the various EU countries was achieved in July, but there is still uncertainty about the timing of implementation of the new system. The lock-down, earlier than in the US, led to a decline in GDP already in the first quarter (-3.2% year-on-year), with the second quarter falling further to -14.7% and a rebound in the third quarter to -4.3%. The unemployment rate, which remained stable in the first quarter, rose to 8.6% in the third quarter.

Italy has suffered a serious impact from Covid-19, from a humanitarian rather than an economic point of view. Infections and mortality rate have been particularly high in our country and have led the government to close earlier and more rigidly than in most other EU countries. GDP contracted by 5.6% in the first and 18% in the second quarter. The third quarter was down 5% compared to the same period of the previous year, with an overall figure for 2020 of around -9%. Some tax measures have been issued to support SMEs and the self-employed people directly involved in the closures. The unemployment rate in the first half-year even fell to 8.5%, but the employment rate also fell, due to a sharp increase in inactive people. Unemployment rose to 9.7% in the third quarter and will peak around mid-2021 at over 10%.

As in other Asian countries, the first wave of infection in April was followed by another in August in Japan. The government implemented a partial lock-down in major cities but this did not prevent a collapse in consumption and a drop in GDP of 10.3% in the second quarter and 5.7% in the third quarter. Japanese growth was also affected by the contraction in global trade, with exports more than halved in the second quarter. China, where the virus originated in the early days of the year, through a strict policy of stopping activities and the movement of people, accompanied by fiscal and monetary support, was able to quickly restore most economic sectors. The decline in GDP was limited to the first quarter and was fully recovered in the following two quarters. The rebound continued in the last quarter, with the preliminary overall figure for 2020 showing growth of 2.3%, well far from the numbers China was used to, but still in positive territory.

Bond markets

2020 was characterised by a generalised fall in both nominal and real government rates of the main issuers, above all the USA, while returns on corporate bonds remained substantially stable for issuers with the best credit quality, while they rose for those of lower quality. These changes were not linear as there were phases of high volatility in the first half of the year.

In particular, in Italy the first two months of 2020 were characterised by regional elections with a strong potential impact on the stability of the Conte government. The failure of Lega to win in Emilia-Romagna, with the remaining regions being divided up almost evenly between opposing coalitions, has reduced the political risk that was looming over the market. This is why there has been a substantial narrowing in the spread across all curve nodes. In fact, in January and February, the ten-year BTP reached 0.9%, the lowest level ever, after having opened the year in the 1.4% area.

In March, the Italian curve and those of Spain and Portugal experienced a marked rise in returns with a consequent increase in the spread against the relative nodes of the German curve. Issuers such as France and Belgium also underwent a similar movement as markets were concerned about the ability and willingness of institutions, especially the European Central Bank, to deal with the current crisis.

Specifically, the Italian ten-year spread reached 270 basis points after opening the year with 150 basis points. The Italian curve was the most affected in Europe, also due to the greater spread of the virus in the spring months. The German curve experienced a significant reduction in rates as a result of a classic "flight to quality" mechanism, i.e. the massive purchase of the issues investors consider to be the safest. Similarly, US rates declined across all maturities of the curve. In particular, in March, the ten-year rate reached new record lows in the 0.5% area, also thanks to the announcement of extraordinary measures by the American Central Bank.

Spreads on corporate issues moved at the same pace. Companies with lower credit rating, so-called high yield bonds, suffered the greatest impact. There were also numerous downgrades by rating agencies.

In general, the crisis has affected the sectors in different ways. Cyclical sectors, related to consumption, tourism, travel, have been heavily impacted by lock-downs and infection containment policies. In contrast, defensive sectors, such as consumer staples, telecoms and utilities, showed strong resilience in the spring months.

To cope with this unexpected pandemic there has been a twofold effort by institutions. In addition to the ECB's monetary policy, which has clarified its policy to support markets and the economy, there has been a fiscal boost from the European Community.
The former launched an extraordinary purchase programme, the "Pandemic Emergency Purchase Programme" amounting to € 1,850 billion to ensure stability in the financial markets. The latter approved a set of EU-wide fiscal stimuli aimed at accelerating the recovery path from 2021 onwards.
These two moves have had a strong positive impact on bond markets since late spring, bringing confidence to the markets with a consequent reduction in volatility.

In the United States, the Federal Reserve acted in parallel with the ECB. It offered support both in the financial market, through securities purchases, and in the credit market, offering soft loans and many other opportunities to stabilise the economy. The U.S. government acted also to support the economic system in stages from the spring through December, offering subsidies to businesses, consumers and providing tax deferrals and tax benefits.
Thanks to these manoeuvres and to the slowdown in infections during the summer months, Italian rates expressed the best performance on the continent. Up to the end of the year, spreads on all maturities continued to narrow against the German curve. The ten-year BTP reached the 0.5% area and the spread was 110 basis points. Despite the resurgence of the virus in the autumn months, rates were fairly stagnant and volatility remained at lows. In general, the European peripheral sector, Spain, Italy and Portugal, and the semi-core sector, such as France, moved with a similar dynamic in the second, third and fourth quarters of 2020. On the other hand, the core European countries (Germany, the Netherlands, Austria and Luxembourg) and the United States, which had expressed strong shrinkage in the early months of the pandemic, returned to higher levels than those recorded at the beginning of the year.

The trend in corporate issues was the same. Support from ECB purchases and renewed positive market sentiment caused credit spreads to narrow, returning them almost to the levels of the beginning of the year. This change affected both the investment grade segment, which is more attractive in a situation of economic contraction, and the high yield segment.

The year saw also a widespread flattening of government curves. In particular, the domestic curve benefited most from purchases by both the ECB and institutional investors and is the curve that flattened the most.

Stock markets

The start of the year for global stock markets saw the positive trend that had characterised the previous year continues. The relaxing of the US-China tariff tensions, together with a more accommodating central bank policy, 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 lock-down had particularly a negative impact on transport, travel and leisure 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. The abundant liquidity from which, especially in the USA, households benefited, largely spilled over onto the stock exchanges, with a contraction in consumption, due both to an increase in the propensity to save and to the objective difficulty of making purchases due to the restrictions imposed on commercial activities.

As a result, in spite of the heavy downward revision of 2020 profit estimates by 20%, stock markets recovered to pre-Covid levels and, in many cases, even reached historical highs. The mismatch between stock price developments and corporate fundamentals caused prospective multiple price/earnings to expand by more than 20% compared to the already historically expensive levels prior to the pandemic. The expansion showed a halt only in the third quarter, and then accelerated at the end of the year, although the figures for the second wave of the pandemic, in most European and American countries, exceeded the levels of the first, both in terms of infections and deaths.

Global stock markets posted collectively a gain of about 15% during 2020. In detail, among the main European stock exchanges, the German DAX stood out, with a performance of +3.5% before dividends. Further back were the FTSE MIB at -3.3%, the French CAC40 at -4.2% and the Spanish IBEX at -12.7%.
The performance in the United States was decidedly better, where the stock markets closed at all-time highs, with the S&P 500 gaining 18.4%, the Nasdaq, driven by the big technology companies, which retail investors in particular flocked to, up 45.1% and the Dow Jones, containing more traditional stocks, "only" up 9.7%. The Japanese Nikkey index recorded a performance of +18.2% while the emerging countries MSCI index closed at +18.5%, with Shanghai at +29.9% and Hong Kong at -0.2%.

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.
In 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 weakened initially to 1.15 and then quickly reversed course, touching the lows of the last 3 years, below 1.07. In May, after the announcement of the European Union's Recovery Fund proposal, the euro returned to strengthen until early September, when the second wave of the pandemic brought investors back to focus on the U.S. currency as a safe haven asset. In the last quarter, the approval of the first vaccines, with the consequent renewed confidence for a global recovery, weakened the dollar again, which closed the year at 1.22 against the euro.
The dollar experienced a similar movement also against the yen, characterised by sudden volatility in March, with the exchange rate falling from 112 to 102 and then rising again to 112. Subsequently, the dollar weakened gradually against the Japanese currency, ending the year at 103, down 5% from a year earlier.

Real estate market

The volume of investments in "commercial real estate" in Italy closes at € 8.8 billion, down 29% compared to 2019 (an all-time record year with over € 12 billion in investments), but in line with 2018 (CBRE S.p.A. data).

The Covid-19 pandemic caused a slowdown accompanied by a slippage in the investment timeline, mainly due to the extremely harsh restrictive measures put in place during lock-down periods. The health emergency and subsequent interventions have accelerated the spread of e-commerce and trends such as smart-working and remote-working: this has led to uncertainty about the evolution of market trends in certain asset classes. Generally speaking, interest was concentrated on core products in prime locations, while there were very few value-added transactions. The share of foreign investors has decreased to 58% compared to an average of 69% in the last 5 years: this figure does not indicate a lower interest in the Italian market, but probably a more prudent and cautious attitude due to the situation of uncertainty caused by the pandemic.

The habits of Italian investors, on the other hand, remained mostly unchanged, showing greater confidence in the local market in spite of the uncertainties of the period, slightly exceeding the volume invested in 2019 and included the completion of important transactions, such as the purchase of Palazzo delle Poste, the historic trophy asset in Piazza Cordusio in Milan, by a club deal of investors coordinated by Mediobanca.

The Offices asset class, despite a somewhat slower last quarter, maintains its predominant position with € 3.7 billion in investments, down 26% year-on-year. Once again Milan was the main protagonist, with € 2.3 billion, while Rome recorded € 820 million. The ratio of foreign to domestic investors in this segment is stable.

Excellent performance of the Logistics sector, which with € 1.4 billion in investments, with 100% foreign investors, is confirmed as the most resilient asset class in 2020 and exceeds the volume recorded in 2019.

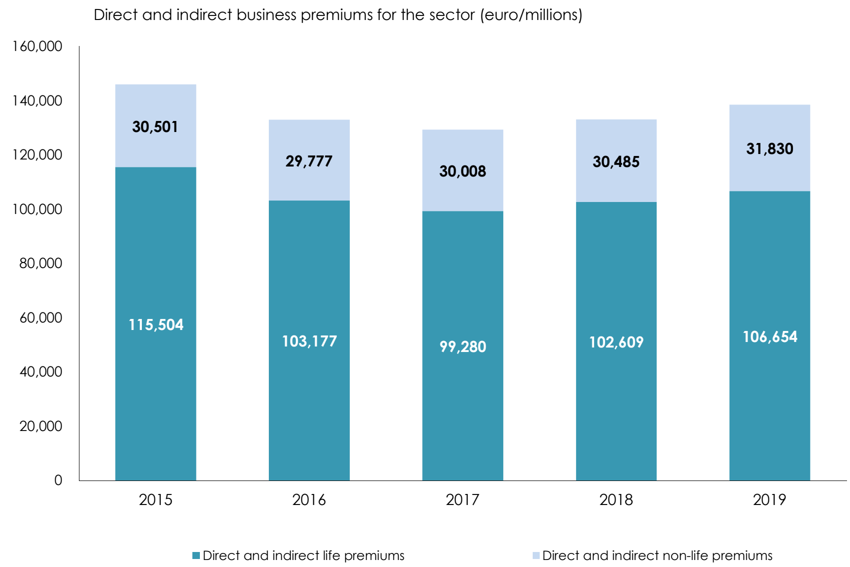
The Retail sector recorded investments of € 1.4 billion, down 29% compared to 2019; in this case, the domestic component was very strong. During the year there were no significant transactions related to shopping centres (with a total of € 299 million in investments). Leading the volumes were the transactions related to large-scale retail and super core High Street (with a total of € 345 million), mostly through mixed-use properties.

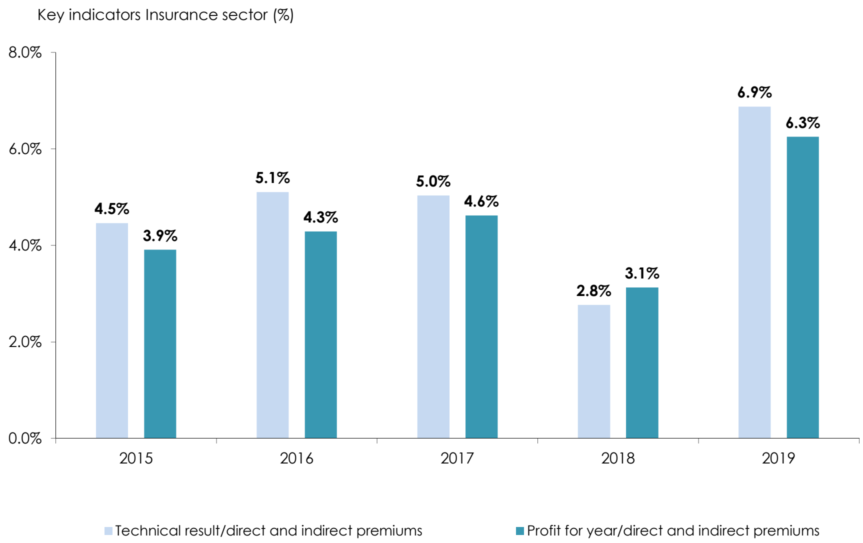
The Hotels sector collected just over € 1 billion in investments, in line with the average of the last 10 years and down 68% compared to 2019, a year in which, however, the asset class had set an all-time record for investment volumes, variety of deals, size of portfolios transacted and the emergence of new players. Despite the harsh penalisation due to the strong restrictive measures and the drop in tourism and hotel performance in the order of 80-90%, interest in the sector remains high, both for quality structures (trophy assets) and for highly value-added and opportunistic operations.

Interest in the Residential sector is growing, reaching € 580 million in investments. The lack of product in Italy leads investors to focus on developments, especially in large urban transformation areas. 2020 saw the first major portfolio transaction in the Multifamily segment, a sign that Italian residential market has very high potential and is starting to attract significant foreign capital.

INSURANCE INDUSTRY

The graphs below show certain summary figures published by ANIA[1] for the insurance industry for the period 2015-2019.





[1] Source ANIA - L'assicurazione italiana 2019-2020, publication dated July 2020.

The situation for insurance in Italy[2] at the beginning of 2020 was that of a sector that was still growing, with ample opportunities for development in the non-motor non-life products sector, a business characterised by a large 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.

Premiums written in 2019 had exceeded € 140 billion, up 3.7% year-on-year: +3.9% in life business and +3.2% in non-life business.
The growth trend[3], confirmed in the first two months of this year, turned sharply negative when the pandemic broke out. In the lock-down quarter (March to May), life premiums decreased by 35% compared to 2019. In June, with the end of the exceptional measures, there was an initial reversal of the trend, which was followed by further consolidation in July and August, when premiums written returned to the levels of the same months in 2019. In this context, it is noteworthy that net premiums remained in positive territory in the first half of the year as well, albeit at levels well below those of the same period in 2019 (-15%).
Also in non-life business, the decrease in premiums was very significant in the lock-down months (-9% compared to the corresponding period in 2019). The reduction was more marked in TPL Motor (-11.5%). With the reopening, non-motor non-life premiums have moved closer to 2019 levels: in the first eight months of the year, the decrease was 1.7%. In the same period, TPL motor premiums decreased by more than 5% and, to the same extent, the average premium per vehicle decreased. This trend reflected the companies' decision to make it easier for policyholders who had not used their vehicles during the lock-down. In fact, the claims frequency had dropped significantly in the closing months, and then gradually rose again in the summer months towards 2019 values.

Since last March, the effects of the Covid-19 pandemic have been violently affecting the economies of all countries.
According to IMF forecasts, the GDP of advanced countries could fall by more than 6% in 2020, as a result of a very sharp fall in the first half of the year, followed by a recovery in the second half; by 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 Monetary Fund's forecasts are even more negative for the euro area and, in particular, for Italy, where the Government estimates also a drop in GDP of 8% and an increase in the ratio of public debt to GDP to over 150%.

From the point of view of insurance business, a delicate aspect, with significant new issues, involves the liquidity management. The exceptional volatility of the financial markets has direct effects resulting, on the one hand, from the higher margins required for transactions on the derivatives markets and, on the other hand, from the possible increase in redemptions for linked life products, when part of the assets invested are illiquid.
However, it is the indirect effects that are of most concern. These include, first and foremost, a sharp decline in new business. For example, according to the most recent estimates, new production of individual life insurance policies in March 2020 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 drop in the volume of business, insurance companies are called upon, despite the undoubted operational difficulties caused by the emergency, to meet their commitments on time and to offer support and liquidity to agents and customers.
At the moment, the Italian insurance industry has proven to be fully capable of handling these critical issues, but the possibility that an intensification of the global recession could lead to an increase in life insurance policy redemptions should not be overlooked. For these reasons, realistic and comprehensive liquidity planning is required for companies, with a focus on 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 redemptions activities.

In a longer term perspective, the pandemic may also radically change the challenges facing the insurance industry: an initial example is evident from the observation that a wide use of digital connection modes 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 significantly.

A second aspect relates to offering more protection to older people in a context of "lower for longer" interest rates. Low or even negative interest rates call into question established business models, essentially based on the stable and guaranteed valuation of insurance savings, and make it necessary to adapt the offer, both by reshaping the guarantees and in terms of new product options.

[2] Source ANIA – Le Assicurazioni italiane e le sfide del nuovo decennio. The Impacts of the Covid-19 Pandemic.
[3] Source ANIA - Relazione del Presidente dell'Ania (Report of the President of ANIA), Meeting of October 19th, 2020.

On the first front, policyholders' interest in guarantee structures that can adapt over time to macroeconomic conditions, while maintaining the distinctive character of traditional insurance products, should be verified.
On the product innovation side, both whole life insurance and annuity products could be supplemented with long-term care coverage and/or medical expenses.
Finally, a third aspect concerns the development of products to cover the risk of epidemics. The experience of Covid-19 shows that some events, such as compensation for business interruption resulting from a pandemic, are almost "uninsurable" because of the extreme difficulty in 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 geographic size of the risk pool, and how to engage the financial markets by issuing 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 if lessons can be learned from the schemes already in operation for managing natural disasters.

On the basis of the market figures for gross premiums written as at September 30th, 2020, of Italian companies and non-EU representative agencies, (Ania Trends, No. 10, December 2020) total life and non-life business premiums were down 6%, non-life business was down 2.7% and the life business down 7%. Non-life business fell by 4.6% in the motor classes and by 0.8% in the non-motor classes.

MANAGEMENT REPORT

Total premiums written

4,705 € mln

MANAGEMENT REPORT

THE GROUP IN 2020

The year that ended 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 continue to be the guidelines through which the Group has approached the Covid-19 emergency situation from the very beginning paying close attention to its employees, customers, agents and the entire community.

Despite the interruption of production activities in recent months, as well as the likely sharp drop in the main macroeconomic indicators, expected at least for this year, and which will have an impact on the evolution of Group funding, as well as on the entire market, the pathway traced by the Plan and its guidelines appear more than up-to-date and provide for, among other things, a greater focus on risks with a strong social relevance, 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 in addition to the more "core" businesses, mainly in terms of prevention and assistance.

In this scenario, following the letter received from IVASS in May, in which the Supervisory Authority noted the need for Cattolica to take capitalisation measures through the full use of the proxy proposed to the Extraordinary Shareholders' Meeting called for June 26th/27th, 2020, equal to a share capital increase of € 500 million, and with the approval of the share capital increase on August 4th, 2020, on October 23rd, Assicurazioni Generali subscribed to Cattolica's share capital increase reserved for it for a total amount of € 300 million. As a result of this transaction, Generali holds an equity investment equal to 23.67% in Cattolica.

The partnership defined on June 24th with the Generali Group, which takes the form, among other things, of industrial and commercial agreements in four strategic areas of which two with strong growth prospects such as Health business and Internet of Things, further reinforces the current strategic orientation in the direction of the social relevance of the offer and digital service innovation.

The share capital increase was finalised following a series of events affecting our Group, described below.
In the month of July, the Parent Company responded to the aforementioned letter of May 27th, by providing a response to IVASS to the various requests made by the Institution 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.

On July 31st, Cattolica Assicurazioni's Shareholders' Meeting was held, which 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.
IVASS, with a measure received on September 9th, approved the amendments to the Articles of Association resolved by the Shareholders' Meeting on July 31st, 2020 and also approved the text of the Articles of Association of the Public Limited Company, which will come into force on April 1st, 2021.
On October 23rd, following the outcome of the checks on the withdrawal declarations received (the right of withdrawal was exercised for 20,621,205 ordinary Cattolica shares, for a total value of € 112,797,991.35 calculated at the liquidation value of € 5.47 per share), the shares subject to withdrawal were offered as options, pursuant to Article 2437-quater of the Italian Civil Code, to all Cattolica shareholders holding Cattolica shares for which the right of withdrawal has not been exercised.

On November 30th, the Parent Company indicated that at the end of the offer period, adherence to the offer amounted to 50,101 shares, of which 41,182 were under option and 8,919 were requested in pre-emption.

On December 4th, the Board of Directors, having acknowledged the outcome of the option offer, resolved, with a view to a speedy resolution of the withdrawal procedure, to proceed directly with the repayment through purchase of the shares held by the shareholders who legitimately exercised their right of withdrawal. On December 30th, the Parent Company announced that it had acquired 20,720,350 own shares, including late ones, resulting from the withdrawal exercised at the time of the resolution approving the transformation and which were not subject to option and/or pre-emption by its shareholders. Consequently, Cattolica holds a total of 28,045,201 own shares, representing 12.3% of the Company's share capital, while there are 200,302,779 shares in circulation, representing 87.7% of the share capital.

On December 15th, Banco BPM notified formally Cattolica of the exercise of the option to purchase the equity investments held by the latter in the companies Vera Vita

S.p.A. and Vera Assicurazioni S.p.A., equal to 65% of the share capital. The two companies hold 100% of Vera Financial DAC and Vera Protezione S.p.A. respectively. The purchase option was exercised by Banco BPM in relation to the alleged change of control of Cattolica, pursuant to Article 2359 of the Italian Civil Code, as a supposed consequence of the corporate and industrial transaction with Assicurazioni Generali, communicated to the market on June 25th, 2020. Cattolica contested the exercise of the option, deeming Banco BPM's position to be groundless, since it was not confirmed by any provision either of law or of the contract, as attested by authoritative independent legal opinions and by the guidelines expressed by the Supervisory Authorities, in particular, with the authorisation issued by IVASS for Assicurazioni Generali's entry into Cattolica's share capital. On March 5th, 2021, Banco BPM and Cattolica Assicurazioni announced that they had reached an agreement by which their respective differences were overcome and the terms and methods for adjusting and continuing the partnership in the bancassurance sector and the related exit rights were defined, thus combining their respective interests and taking into account the changed economic context. The agreement reached between Banco BPM and Cattolica envisages, in exchange for Banco BPM's waiver of the call already exercised, recognition for Banco BPM of an early exit right from the partnership, the original duration of which was fixed until 2033, which can be exercised in the period between 1.1.23 and 6.30.23, possibly postponed by the Bank from six months to six months for three times up to 12.31.24.

On December 23rd, Cattolica signed a binding framework agreement with UBI Banca concerning the early termination, with respect to the envisaged expiry date of June 30th, 2021, of the life bancassurance agreements existing between the parties, via the exercise by the bank of its option to purchase the 60% equity investment held by Cattolica in Lombarda Vita. The price paid to Cattolica is expected to range between approximately € 290 million and € 300 million depending on Lombarda Vita's 2020 IAS/IFRS results.

On January 8th, 2021, IVASS notified Cattolica of the results of the inspection activity commenced in December 2019, and delivered the related inspection report, with unfavourable findings and the commencement of sanctioning proceedings against the Parent Company. Following this, on March 5th, 2021, the Board of Directors approved the findings communication, including the Plan, in relation to the note from IVASS, in which the latter formulated requests and provided indications to the Company regarding the adoption of certain measures and a remedial plan to overcome the elements of sensitivity found in the context of the aforementioned inspections.
The content of the communication is divided into the following areas of intervention:
• Replacement of members of the administrative body;
• Review of remuneration policy;
• Liquidity contributions to non-insurance subsidiaries and to the "Fondo H-Campus" (H-Campus Fund);
• Sale of own shares;
• Completion of capital strengthening;
• Strengthening of corporate governance and other measures envisaged by the Plan.

On February 11th, 2021, with reference to the approved capital increase, the Board of Directors, noting the corporate obligations reflected in the content of the prospectus, resolved, after informing the Supervisory Authorities in advance, to postpone until July 31st, 2021, the final deadline for execution of the second tranche of the capital increase for the remaining € 200 million.

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The Cattolica Group closed the year with a strongly improved operating result[4]: the low claims ratio during the period, with the consequent increase in technical profitability led to a result of € 411.7 million (+36.6%). Operating income without Lombarda Vita amounted to € 352 million, a change of +60.1% compared to the end of 2019 without Lombarda Vita (€ 220 million).

In the non-life business, the operating result is € 276.2 million (+85.6%), in the life business it amounts to € 139.3 million (-11.2%).

Consolidated profit amounted to € 70.6 million (-31.4%): adjusted profit[5] was € 192.2 million, up 85.9% compared to 2019, despite various write-downs, already recorded largely in the first half of the year, on investment property (€ -19.3 million), equity investments (€ -5.6 million) and AFS shares and funds (€ -11.5 million). Group net profit[6] amounted to € 36.4 million (-51.5%), a decrease

[4] 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.
[5] It is defined as the measure of Group profit less the amortisation of VOBA (value of business acquired, net of related tax effects and for the portion pertaining to the Group) and goodwill impairment, which have an impact on Group profit but do not affect the Solvency position.
[6] Net of minority interests.

compared to the previous year due also to the impairment loss on goodwill related to the acquisition of Vera Vita, Vera Assicurazioni and Vera Protezione (€ -138 million net effect). Overall, the write-downs had an impact of approximately € 174 million on the Group's net profit.

It should be noted, with reference to the consolidated figures, that the income statement figures as at December 31st, 2019 and 2020 and the assets and liabilities as at December 31st, 2020 of Lombarda Vita, the sale of which will be carried out, having obtained the relevant authorisations, in April 2021, have been reclassified in the appropriate "held for sale" items pursuant to IFRS 5.

In order to provide a better understanding of operating performance, the following income statement figures include the line-by-line consolidation of Lombarda Vita up to September 30th, 2020. The choice of deconsolidation starting in the fourth quarter of 2020, with regard to premiums and operating income was made to maintain a good degree of comparison with both the 2019 financial year and the target for the year communicated also to the market, taking into account that the negotiation and signing of the agreement took place during the fourth quarter of 2020.

Comments on the same figures reclassified pursuant to IFRS 5 follow.

Total premiums written for direct and indirect business - life and non-life - came to € 5,652.8 million (-18.6%): with Lombarda Vita classified as held for sale as per IFRS 5, premiums written amounted to € 4,705.1 million (-15.7%).

Premiums written for direct non-life business amounted to € 2,103.5 million (-2.5%). The Non-Motor segment contributed € 1,070.5 million to the result, with premiums in line with 2019 (+0.5%). Premiums in the Motor segment amounted to € 1,033 million, down 5.4% mainly due to the drop in premiums written during the lock-down phase and the effect of initiatives in favour of policyholders, including the voucher[7]. The TPL motor policies portfolio Motor was down by about 113,000 transactions at December 31st, a decrease that occurred mainly in the first four months of the year.

The combined ratio fell from 94.3% to 86.8% (-7.5 percentage points) mainly thanks to the sharp drop in frequency due to lower vehicle traffic and despite the provisions made to cover the voucher for Motor customers (corresponding to 0.7 percentage points, visible in the other technical items) and weather events, which had an impact of 6.4% of net premiums, a level well above the historical averages, albeit in line with the previous year.

The claims ratio of retained business is down to 54.9% (-8.2 percentage points), while the expense ratio is 29.1%, down 0.6 percentage points.; the G&A expense ratio was 7.9% (+0.1 percentage points). It should be noted that the claims ratio includes the amount of Covid-19 claims reported (mainly related to business interruption and other sundry financial losses).

In the Life business, direct premiums written decreased by 26.1% to € 3,527.3 million: with Lombarda Vita classified as held for sale as per IFRS 5, premiums written amounted to € 2,579.6 million (down 24.3%). Despite a decidedly unfavourable financial market environment, the decline in unit-linked production is broadly in line with the general decline, maintaining a 24% 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 0.49% (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[8] amounted to € 440.4 million (-16.7%), down due to impairment losses and a general decline in interest rates. This result with Lombarda Vita classified as held for sale as per IFRS 5 amounted to € 298.3 million(-14.5%).

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

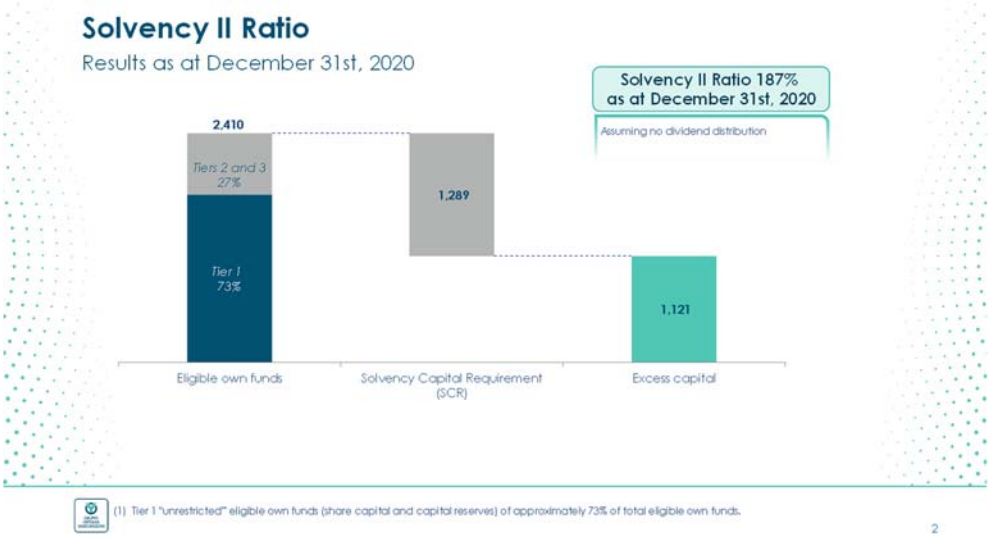
As at December 31st, investments - including properties classified in the tangible assets and cash and cash equivalents item - amounted to € 24,456 million(-26.8%). Gross technical provisions for non-life business amounted to € 3,496.1 million (-5.6%). Provisions for life business, inclusive of financial liabilities, without the contribution of Lombarda Vita, amounted to € 19,123.7 million(-31.7%).

Consolidated shareholders' equity amounted to € 2,613.3 million (+11.2%). Group shareholders' equity amounted to € 2,140.2 million (+13%). The increase in shareholders' equity is attributable to the subscription, on October 23rd, by Assicurazioni Generali of the share capital increase reserved to it for a total amount of € 300 million, net of the effect of the purchase of 20.7 million own shares resulting from the withdrawal at a value of € 113 million. The share capital increase reserved for Generali led to the issue of 54,054,054 Cattolica shares at an issue price per share of €

[7] 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.

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

5.55, of which € 2.55 by way of share premium, for a nominal share capital increase of € 162,162,162.
The Group's Solvency II ratio is equal to 187% (calculated according to the Standard Formula using Group Specific Parameters (GSP) authorised by the Supervisory Body). The ratio improved significantly compared to the previous quarter (161%), also thanks to the capital increase subscribed by Generali last October (€ 300 million) and despite the share repurchase following the exercise of withdrawal (€ 113 million). This indicator is calculated by still including Lombarda Vita in the Solvency Capital Requirement, but excluding from own funds the amount of the subordinated loan of € 80 million subscribed by UBI, which will probably be repaid in 2021. Considering the deconsolidation of Lombarda Vita, which will take place in the second quarter of 2021, it is estimated that the Group's Solvency Ratio could further improve by approximately 8 percentage points compared to the figure as at December 31st, 2020.



KEY INDICATORS OF CATTOLICA GROUP BUSINESS PERFORMANCE

According to the international accounting standards, the tables below show (compared with those as at 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.

As already reported, the income statement figures as at December 31st, 2019 and 2020 and the assets and liabilities as at December 31st, 2020 of Lombarda Vita, the sale of which will be carried out, having obtained the relevant authorisations, in April 2021, have been reclassified in the appropriate "held for sale" items pursuant to IFRS 5.
For a better understanding of operating performance, the tables below include the income statement figures of Lombarda Vita consolidated on a line-by-line basis up to September 30th, 2020.
In the income statement and statement of financial position tables, the figures for Lombarda Vita have been reclassified to "held for sale" items as per IFRS 5.

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).

E-MARKET SDIR CERTIFIED

Table 1 - Key economic indicators

(€ thousands)	2020	2019	Changes Amount	%
Total premiums written	**5,652,789**	**6,944,434**	**-1,291,645**	**-18.6**
of which				
Gross premiums written	**5,615,948**	**6,857,965**	**-1,242,017**	**-18.1**
Direct business - non-life	2,103,497	2,156,914	-53,417	-2.5
Direct business - life	3,490,416	4,685,223	-1,194,807	-25.5
Indirect business - non-life	21,997	15,801	6,196	39.2
Indirect business - life	38	27	11	38.6
of which				
Investment contracts	**36,841**	**86,469**	**-49,628**	**-57.4**
Operating result	**411,721**	**301,512**	**110,209**	**36.6**
Consolidated net profit for the year	**70,635**	**103,026**	**-32,391**	**-31.4**
Group net profit for the year	**36,433**	**75,140**	**-38,707**	**-51.5**

Table 2 - Key economic indicators pursuant to IFRS 5

(€ thousands)	2020	2019	Changes Amount	%
Total premiums written	**4,705,084**	**5,578,874**	**-873,790**	**-15.7**
of which				
Gross premiums written	**4,677,604**	**5,507,779**	**-830,175**	**-15.1**
Direct business - non-life	2,103,497	2,156,914	-53,417	-2.5
Direct business - life	2,552,072	3,335,037	-782,965	-23.5
Indirect business - non-life	21,997	15,801	6,196	39.2
Indirect business - life	38	27	11	38.6
of which				
Investment contracts	**27,480**	**71,095**	**-43,615**	**-61.3**
Consolidated net profit for the year	**70,635**	**103,026**	**-32,391**	**-31.4**
Group net profit for the year	**36,433**	**75,140**	**-38,707**	**-51.5**

Table 3 - Key equity indicators pursuant to IFRS5

(€ thousands)	2020	2019	Changes Amount	%
Investments	**24,455,975**	**33,401,509**	**-8,945,534**	**-26.8**
Assets of disposal group held for sale	**9,362,508**	**197,164**	**9,165,344**	**n.s.**
Technical provisions net of reinsurance amount	**22,114,287**	**30,272,836**	**-8,158,549**	**-27.0**
Financial liabilities relating to investment contracts	**352,437**	**1,494,280**	**-1,141,843**	**-76.4**
Liabilities of disposal group held for sale	**9,132,268**	**193,783**	**8,938,485**	**n.s.**
Consolidated shareholders' equity	**2,613,284**	**2,351,011**	**262,273**	**11.2**

n.s. = not significant

Table 4 - Headcount and sales network

(number)	2020		2019	Changes Amount	%
Total headcount	**1,796**	*	1,778	18	1.0%
Full time equivalent headcount	**1,746**	*	1,717	29	1.7%
Direct network:					
Agencies	**1,360**		1,395	-35	-2.5%
Partner networks:					
Bank branches	**5,960**	**	6,075	-115	-1.9%
Financial advisors	**706**		737	-31	-4.2%

* includes 10 employees of Lombarda Vita.

** includes 383 branches of the UBI Banca Group.

Table 5 - Reclassified consolidated statement of financial position pursuant to IFRS 5

(€ thousands)	2020	2019	Changes Amount	Changes %	*Items from obligatory statements (*)*
Assets					
Investment Property	974,683	850,449	124,234	14.6	*4.1*
Property	201,314	210,291	-8,977	-4.3	*2.1*
Investments in subsidiaries, associated companies and joint ventures	174,094	159,846	14,248	8.9	*4.2*
Loans and receivables	1,193,915	1,072,157	121,758	11.4	*4.4*
Held to maturity investments	183,607	212,129	-28,522	-13.4	*4.3*
Available for sale financial assets	17,147,346	23,823,347	-6,676,001	-28.0	*4.5*
Financial assets at fair value through profit or loss	4,220,672	6,604,905	-2,384,233	-36.1	*4.6*
Cash and cash equivalents	360,344	468,385	-108,041	-23.1	*7*
Total Investments	**24,455,975**	**33,401,509**	**-8,945,534**	**-26.8**	
Intangible assets	705,094	880,981	-175,887	-20.0	*1*
Technical provisions - reinsurance amount	580,280	618,776	-38,496	-6.2	*3*
Sundry receivables, other tangible assets and other asset items	11,429,185	2,439,307	8,989,878	n.s.	*(**)*
of which assets of a disposal group held for sale	*9,362,508*	*197,164*	*9,165,344*	*n.s.*	*6.1*
TOTAL ASSETS	**37,170,534**	**37,340,573**	**-170,039**	**-0.5**	
Shareholders' equity and liabilities					
Group capital and reserves	2,103,742	1,818,491	285,251	15.7	
Group profit (loss) for the year	36,433	75,140	-38,707	-51.5	*1.1.9*
Shareholders' equity pertaining to the Group	***2,140,175***	***1,893,631***	***246,544***	***13.0***	*1.1*
Capital and reserves pertaining to minority interests	438,907	429,494	9,413	2.2	
Profit(loss) for the year pertaining to minority interests	34,202	27,886	6,316	22.6	*1.2.3*
Shareholders' equity pertaining to minority interests	***473,109***	***457,380***	***15,729***	***3.4***	*1.2*
Total Capital and reserves	**2,613,284**	**2,351,011**	**262,273**	**11.2**	*1*
Premium provision	892,123	880,196	11,927	1.4	
Provision for outstanding claims	2,603,994	2,824,012	-220,018	-7.8	
Gross technical provisions - non-life	**3,496,117**	**3,704,208**	**-208,091**	**-5.6**	*3*
Gross technical provisions - life	**18,771,296**	**26,508,471**	**-7,737,175**	**-29.2**	*3*
Other gross non-life technical provisions	3,126	2,789	337	12.1	*3*
Other gross life technical provisions	424,028	676,144	-252,116	-37.3	*3*
Financial liabilities	1,262,691	2,344,915	-1,082,224	-46.2	*4*
of which deposits from policyholders	*352,437*	*1,494,280*	*-1,141,843*	*-76.4*	
Allowances, payables and other liability items	10,599,992	1,753,035	8,846,957	n.s.	*(***)*
of which liabilities of a disposal group held for sale	*9,132,268*	*193,783*	*8,938,485*	n.s.	*6.1*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**37,170,534**	**37,340,573**	**-170,039**	**-0.5**	

n.s. = not significant

(*) 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 6 - Reclassified consolidated income statement pursuant to IFRS 5

(€ thousands)	2020	2019	Changes Amount	%	*Items from obligatory statements (*)*
Net premiums	4,405,251	5,205,632	-800,381	-15.4	*1.1*
Net charges relating to claims	-3,618,466	-4,735,354	1,116,888	23.6	*2.1*
Operating expenses	-697,192	-758,077	60,885	8.0	
of which commission and other acquisition costs	-497,242	-550,975	53,733	9.8	*2.5.1*
of which other administrative expenses	-199,950	-207,102	7,152	3.5	*2.5.3*
Other revenues net of other costs (other technical income and charges)	-92,658	-56,416	-36,242	-64.2	*1.6 - 2.6*
Net income from financial instruments at fair value through profit or loss	65,782	241,745	-175,963	-72.8	*1.3*
Result from class D financial operations (**)	69,209	248,332	-179,123	-72.1	
Net income from investments in subsidiaries, associated companies and joint ventures	-13,053	2,182	-15,235	n.s.	*1.4 - 2.3*
Net income from other financial instruments and investment property	362,383	391,861	-29,478	-7.5	*1.5 - 2.4*
of which net interest	260,384	280,417	-20,033	-7.1	*1.5.1 - 2.4.1*
of which other income net of other charges	79,458	85,482	-6,024	-7.0	*1.5.2 - 2.4.2*
of which net profits realised	71,372	59,736	11,636	19.5	*1.5.3 - 2.4.3*
of which net valuation profits on financial assets	-48,831	-33,774	-15,057	-44.6	*1.5.4 - 2.4.4*
Commissions income net of commissions expense	-1,825	144	-1,969	n.s.	*1.2 - 2.2*
Operating expenses relating to investments (***)	-48,245	-46,150	-2,095	-4.5	*2.5.2*
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**361,977**	**245,567**	**116,410**	**47.4**	
Other revenues net of other costs (excluding other technical income and charges included under insurance business)	-249,145	-133,151	-115,994	-87.1	*1.6 - 2.6*
PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR	**112,832**	**112,416**	**416**	**0.4**	
Taxation	-103,126	-65,463	-37,663	-57.5	*3*
NET PROFIT (LOSS) FOR THE YEAR	**9,706**	**46,953**	**-37,247**	**-79.3**	
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**60,929**	**56,073**	**4,856**	**8.7**	***4***
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**70,635**	**103,026**	**-32,391**	**-31.4**	
Profit(loss) for the year pertaining to minority interests	34,202	27,886	6,316	22.6	
PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP	**36,433**	**75,140**	**-38,707**	**-51.5**	

(*) 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 € 1.505 million and other revenues amounting to € 2.445 million.

(***) Includes operating expenses relating to class D investments amounting to € 1.505 million.

n.s. = not significant

Table 7 - Reclassified consolidated income statement by business segment

	NON-LIFE		LIFE		OTHER		TOTAL	
(€ thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net premiums	1,867,707	1,887,566	3,471,921	4,656,602	0	0	5,339,628	6,544,168
Net charges relating to claims	-1,025,066	-1,190,155	-3,576,794	-5,066,874	0	0	-4,601,860	-6,257,029
Operating expenses	-544,503	-561,282	-167,958	-216,911	-88	-84	-712,549	-778,277
of which commission and other acquisition costs	-396,283	-413,375	-115,156	-156,391	0	0	-511,439	-569,766
of which other administrative expenses	-148,220	-147,907	-52,802	-60,520	-88	-84	-201,110	-208,511
Other revenues net of other costs (other technical income and charges)	-52,489	-27,913	-61,394	-52,567	0	0	-113,883	-80,480
Net income from financial instruments at fair value through profit or loss	-1,265	-582	67,629	366,620	-3	4	66,361	366,042
Result from class D financial operations (*)	0	0	70,562	372,684	0	0	70,562	372,684
Net income from investments in subsidiaries, associated companies and joint ventures	-4,764	3,406	-8,289	-1,224	0	0	-13,053	2,182
Net income from other financial instruments and investment property	61,683	70,552	457,440	515,488	-9,545	-8,689	509,578	577,351
Commissions income net of commissions expense	0	0	-2,447	-1,106	0	0	-2,447	-1,106
Operating expenses relating to investments (**)	-10,079	-10,001	-38,891	-38,251	-2,973	-2,579	-51,943	-50,831
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**291,224**	**171,591**	**141,217**	**161,777**	**-12,609**	**-11,348**	**419,832**	**322,020**
Other revenues net of other costs (excluding other technical income and charges included under insurance business)	-75,943	-66,503	-169,608	-65,295	-605	-1,267	-246,156	-133,065
PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR	**215,281**	**105,088**	**-28,391**	**96,482**	**-13,214**	**-12,615**	**173,676**	**188,955**
Taxation	-90,874	-47,118	-32,265	-41,496	3,038	2,685	-120,101	-85,929
NET PROFIT (LOSS) FOR THE YEAR	**124,407**	**57,970**	**-60,656**	**54,986**	**-10,176**	**-9,930**	**53,575**	**103,026**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**0**	**17,060**	**0**	**0**	**0**	**17,060**	**0**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**124,407**	**57,970**	**-43,596**	**54,986**	**-10,176**	**-9,930**	**70,635**	**103,026**
Profit(loss) for the year pertaining to minority interests	3,870	2,297	30,332	25,589	0	0	34,202	27,886
PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP	**120,537**	**55,673**	**-73,928**	**29,397**	**-10,176**	**-9,930**	**36,433**	**75,140**

(*) Includes the class D profits recognised in the operating expenses relating to investments amounting to € 1.505 million and other revenues amounting to € 2.515 million.

(**) Includes operating expenses relating to class D investments amounting to € 1.505 million.

Table 8 - Reclassified consolidated income statement by business segment pursuant to IFRS 5

	NON-LIFE		LIFE		OTHER		TOTAL	
(€ thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net premiums	1,867,707	1,887,566	2,537,544	3,318,066	0	0	4,405,251	5,205,632
Net charges relating to claims	-1,025,066	-1,190,155	-2,593,400	-3,545,199	0	0	-3,618,466	-4,735,354
Operating expenses	-544,503	-561,282	-152,601	-196,711	-88	-84	-697,192	-758,077
of which commission and other acquisition costs	-396,283	-413,375	-100,959	-137,600	0	0	-497,242	-550,975
of which other administrative expenses	-148,220	-147,907	-51,642	-59,111	-88	-84	-199,950	-207,102
Other revenues net of other costs (other technical income and charges)	-52,489	-27,913	-40,169	-28,503	0	0	-92,658	-56,416
Net income from financial instruments at fair value through profit or loss	-1,265	-582	67,050	242,323	-3	4	65,782	241,745
Result from class D financial operations (*)	0	0	69,209	248,332	0	0	69,209	248,332
Net income from investments in subsidiaries, associated companies and joint ventures	-4,764	3,406	-8,289	-1,224	0	0	-13,053	2,182
Net income from other financial instruments and investment property	61,683	70,552	310,245	329,998	-9,545	-8,689	362,383	391,861
Commissions income net of commissions expense	0	0	-1,825	144	0	0	-1,825	144
Operating expenses relating to investments (**)	-10,079	-10,001	-35,193	-33,570	-2,973	-2,579	-48,245	-46,150
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**291,224**	**171,591**	**83,362**	**85,324**	**-12,609**	**-11,348**	**361,977**	**245,567**
Other revenues net of other costs (excluding other technical income and charges included under insurance business)	-75,943	-66,503	-172,597	-65,381	-605	-1,267	-249,145	-133,151
PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR	**215,281**	**105,088**	**-89,235**	**19,943**	**-13,214**	**-12,615**	**112,832**	**112,416**
Taxation	-90,874	-47,118	-15,290	-21,030	3,038	2,685	-103,126	-65,463
NET PROFIT (LOSS) FOR THE YEAR	**124,407**	**57,970**	**-104,525**	**-1,087**	**-10,176**	**-9,930**	**9,706**	**46,953**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**0**	**60,929**	**56,073**	**0**	**0**	**60,929**	**56,073**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**124,407**	**57,970**	**-43,596**	**54,986**	**-10,176**	**-9,930**	**70,635**	**103,026**
Profit(loss) for the year pertaining to minority interests	3,870	2,297	30,332	25,589	0	0	34,202	27,886
PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP	**120,537**	**55,673**	**-73,928**	**29,397**	**-10,176**	**-9,930**	**36,433**	**75,140**

(*) Includes the class D profits recognised in the operating expenses relating to investments amounting to € 1.505 million and other revenues amounting to € 2.445 million.

(**) Includes operating expenses relating to class D investments amounting to € 1.505 million.

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Table 9 - Operating result by business segment

	NON-LIFE		LIFE		OTHER		TOTAL	
(€ thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net premiums	1,867,707	1,887,566	3,471,921	4,656,602	0	0	5,339,628	6,544,168
Net charges relating to claims	-1,025,066	-1,190,155	-3,576,794	-5,066,874	0	0	-4,601,860	-6,257,029
Operating expenses	-544,503	-561,282	-167,958	-216,911	-88	-84	-712,549	-778,277
of which commission and other acquisition costs	*-396,283*	*-413,375*	*-115,156*	*-156,391*	*0*	*0*	*-511,439*	*-569,766*
of which other administrative expenses	*-148,220*	*-147,907*	*-52,802*	*-60,520*	*-88*	*-84*	*-201,110*	*-208,511*
Other revenues net of other costs (other technical income and charges)	-52,489	-27,913	-61,394	-52,567	0	0	-113,883	-80,480
Income from gross ordinary investments	84,780	93,570	535,791	880,612	-483	-942	620,088	973,240
Net income from investments in subsidiaries, associated companies and joint ventures	3,870	0	-4,386	0	0	0	-516	0
Commissions income net of commissions expense	0	0	-2,447	-1,106	0	0	-2,447	-1,106
Operating expenses relating to investments (*)	-10,079	-10,001	-38,891	-38,251	-2,973	-2,579	-51,943	-50,831
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**324,220**	**191,785**	**155,842**	**161,505**	**-3,544**	**-3,605**	**476,518**	**349,685**
Other revenues net of other operating costs	-47,972	-42,964	-16,553	-4,619	-272	-590	-64,797	-48,173
OPERATING RESULT	**276,248**	**148,821**	**139,289**	**156,886**	**-3,816**	**-4,195**	**411,721**	**301,512**
Realised and valuation gains	-811	1,104	-3,155	7,146	-9,065	-7,743	-13,031	507
Subordinated interest	-23,551	-24,704	-7,567	-5,650	0	0	-31,118	-30,354
Net income from investments in non-operating subsidiaries, associated companies and joint ventures	-8,634	3,406	-3,903	-1,224	0	0	-12,537	2,182
Other revenues net of other non-operating costs	-27,971	-23,539	-153,055	-60,676	-333	-677	-181,359	-84,892
PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR	**215,281**	**105,088**	**-28,391**	**96,482**	**-13,214**	**-12,615**	**173,676**	**188,955**
Taxation	-90,874	-47,118	-32,265	-41,496	3,038	2,685	-120,101	-85,929
NET PROFIT (LOSS) FOR THE YEAR	**124,407**	**57,970**	**-60,656**	**54,986**	**-10,176**	**-9,930**	**53,575**	**103,026**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**0**	**17,060**	**0**	**0**	**0**	**17,060**	**0**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**124,407**	**57,970**	**-43,596**	**54,986**	**-10,176**	**-9,930**	**70,635**	**103,026**
pertaining to the Group	120,537	55,673	-73,928	29,397	-10,176	-9,930	36,433	75,140
pertaining to minority interests	3,870	2,297	30,332	25,589	0	0	34,202	27,886
ADJUSTED GROUP RESULT (**)	**133,598**	**58,242**	**68,728**	**54,986**	**-10,175**	**-9,930**	**192,151**	**103,298**

(*) Includes operating expenses relating to class D investments amounting to € 1.505 million.

(**) 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.

Table 10 - Key efficiency and profitability indicators

	2020	2019
Non-life ratios for retained business		
Claims ratio (Net charges relating to claims / Net premiums)	54.9%	63.1%
G&A ratio (Other administrative expenses / Net premiums)	7.9%	7.8%
Commission ratio (Acquisition costs / Net premiums)	21.2%	21.9%
Total Expense ratio (Operating expenses / Net premiums)	29.1%	29.7%
Combined ratio (1 - (Technical balance / Net premiums))	86.8%	94.3%
Non-life ratios for direct business		
Claims ratio (Net charges relating to claims / Premiums for the year)	54.5%	63.1%
G&A ratio (Other administrative expenses / Premiums for the year)	7.1%	7.0%
Commission ratio (Acquisition costs / Premiums for the year)	21.6%	22.0%
Total Expense ratio (Operating expenses / Premiums for the year)	28.7%	29.0%
Combined ratio (1 - (Technical balance / Premiums for the year))	85.9%	93.7%
Life ratios		
G&A ratio (Other administrative expenses / Premiums written)	1.5%	1.3%
Commission ratio (Acquisition costs / Premiums written)	3.3%	3.3%
Total Expense ratio (Operating expenses / Premiums written)	4.8%	4.6%
Total ratios		
G&A ratio (Other administrative expenses / Premiums written)	3.6%	3.0%
Operating costs [1] / Premiums written	7.3%	5.3%

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 costs before consolidation adjustments and intercompany eliminations are included

Table 11 - Key efficiency and profitability indicators pursuant to IFRS 5

	2020	2019
Non-life ratios for retained business		
Claims ratio (Net charges relating to claims / Net premiums)	54.9%	63.1%
G&A ratio (Other administrative expenses / Net premiums)	7.9%	7.8%
Commission ratio (Acquisition costs / Net premiums)	21.2%	21.9%
Total Expense ratio (Operating expenses / Net premiums)	29.1%	29.7%
Combined ratio (1 - (Technical balance / Net premiums))	86.8%	94.3%
Non-life ratios for direct business		
Claims ratio (Net charges relating to claims / Premiums for the year)	54.5%	63.1%
G&A ratio (Other administrative expenses / Premiums for the year)	7.1%	7.0%
Commission ratio (Acquisition costs / Premiums for the year)	21.6%	22.0%
Total Expense ratio (Operating expenses / Premiums for the year)	28.7%	29.0%
Combined ratio (1 - (Technical balance / Premiums for the year))	85.9%	93.7%
Life ratios		
G&A ratio (Other administrative expenses / Premiums written)	2.0%	1.7%
Commission ratio (Acquisition costs / Premiums written)	3.9%	4.0%
Total Expense ratio (Operating expenses / Premiums written)	5.9%	5.7%
Total ratios		
G&A ratio (Other administrative expenses / Premiums written)	4.2%	3.7%
Operating costs [1] / Premiums written	7.1%	6.4%

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 costs before consolidation adjustments and intercompany eliminations are included

COVID-19 EMERGENCY MANAGEMENT

The recent economic crisis triggered by the Covid-19 pandemic is bringing about several paradigm shifts for society as a whole, with, in relation to the insurance sector, a strong change in the perception of risk by the population, which seems likely to be an opportunity for the sector in the near future, especially for those who will be able to transform the consolidated business model, redesigning solutions and offering an increasingly personalised shopping experience.

The material impact on the insurance world seems to show a mix of contrasting effects, it being still in the definition and stabilisation phase, given the recent resurgence of the pandemic, but is likely to become clearer in the coming months following the wider distribution of the vaccine.

In the short term, the effects of contingency on the sector's profitability affected mainly financial performance: the reaction of the markets, consistent with a progressive downward revision of prospective growth, materialised especially in the first months following the start of the pandemic, 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. In the industrial operations, there was also a significant decrease in claims reported, especially in the TPL motor class. The beneficial effect on margins was partly offset by claims directly related to the pandemic reported by a number of major domestic players, especially in the business interruption and travel segment.

In the medium to long term, it is reasonable to foresee, on the one hand, a reduction in the disposable income of households and a deterioration in the economic and financial conditions of companies, and on the other, the ability of companies to embrace an offer, including with the help of the insurtech world, which is increasingly innovative and digital, capable of intercepting the needs of customers that the pandemic is making increasingly explicit, with the aim of reducing the current under-insured level of consumers in relation to non-compulsory businesses. The pandemic has also accentuated trends that cannot be overlooked and that, in addition to the digital acceleration of society as a whole, draw the attention of companies to the need to intercept, on the one hand, the growing healthcare expenditure and, on the other hand, the increased liquidity potentially ready to be transformed into protection. On the distribution front, the new relationship model based on omnichannel communication, with the customer at the centre of the relationship between intermediary and company and a plurality of forms of contact, seems to be a point of no return.

Cattolica's strategic guidelines outlined in the 2018-2020 Business Plan were 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. Although the sharp decline in the main macroeconomic indicators is having an impact on the evolution of Group premiums written, as well as on the entire market, the path traced by the Plan and its guidelines appear more than up-to-date and provide for, among other things, a greater focus on risks with a strong social relevance (with a particular focus on catastrophic risks), 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 in addition to the more "core" businesses, mainly in terms of prevention and assistance. The more recent partnership with the Generali Group, which includes, inter alia, industrial and commercial agreements in four strategic areas (asset management, internet of things, health business and reinsurance), two of which have strong growth prospects (health business and internet of things), seems to further reinforce the relevance of this strategic focus in the direction of the social relevance of services and digital service innovation.
Safety and proximity continue to be the guidelines through which the Group has approached the Covid-19 emergency situation from the very beginning paying close attention 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 were 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 ensure health and safety, Cattolica adopted a series of precautionary measures from the last week of February and in advance of most of the industry, activating remote working for almost all its employees and collaborators. The smart working method, a project that the Group had already initiated in 2017, thus guaranteeing the continuity of processes and activities, without negatively affecting company productivity; as early as March, up to 98% of the workforce worked with this method, which guaranteed business continuity while protecting the well-being and safety of Group personnel; In order to promote useful initiatives to protect the psychological-physical well-being of employees, during the most dramatic emergency period, it is also worth mentioning the activation of a listening and psychological support service. The gradual and partial return to traditional workplaces, which began in September, was at the time anticipated both by a structured set of measures of "workforce protection" (including sanitising stations, testing and upgrading facilities, identification and preparation of courses and social distancing processes, purchase of PPE and serological tests on voluntary request) and by a mandatory educational path in order to ensure a return to "full safety". From the beginning of October the Group decided to return to full smart-working due to the new peak of the virus infections.

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 types of intervention, the agency revenue protection network guaranteed each sales outlet 90% of revenue for the two-month period April-May 2020 for the same period of the previous year. In addition, a virtuous mechanism was defined that rewarded, 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. With the start of the second lock-down phase, and thanks to the constant support of reference figures (Digital Coach), the focus on these digital tools put in place was then further strengthened. Of particular note is the result of an internal survey that indicates that 87% of brokers seem to have appreciated the initiatives undertaken overall by the company during the period, claiming that they are fairly satisfied or satisfied with them. Finally, the role of the network in the internal communication flow mentioned above is relevant. 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 relevant measures, starting with mandatory businesses, which have also accompanied customers during the exit from lock-down. Extension of the maturities of non-life policies, facilitation for the suspension of TPL Motor 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 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 transactions during the lock-down 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 lock-down period, new discount systems were introduced in addition to the extension of the payment deadlines for due receipts. With the aim of recompensing customers due to the lack of or reduced circulation during the closing period, with the TPL Motor initiative "Con noi un mese ha 30 giorni di più (With us a month has 30 more days)", 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 could be used for renewal or alternatively by entering into a new Non-Motor policy, thus increasing the level of protection. Since June 17th, the voucher has also been activated for TUA Assicurazioni agencies, and may be used as an alternative, and more recently also in addition, to the renewal discount to purchase the driver's accident guarantee or legal protection at € 1, or to obtain a discount on a new Non-Motor policy, and extended from June also to the bancassurance channel (Vera Assicurazioni and BCC Assicurazioni).

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 entities that have been working to deal with the Coronavirus emergency in recent months.

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.

Several of the trends identified in 2020 and their effects are shown below.

In terms of premiums written, the lock-down phase, which began before mid-March and also 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 -78% 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 (immediately as regards Motor and Retail, with a progressive trend in the other Non-Motor classes and Life business). On the other hand, with regard to bancassurance, the return to pre-Covid standards was more gradual in the Life business, while in Non-life business, new premiums written levels remained lower than in the first weeks of the year. With the second wave of infection that began in the autumn, and the new restrictive measures imposed by the Italian Decrees of the President of the Council of Ministers (DPCMs) that have followed one another particularly since the beginning of November (lock-down 2 phase), the effect on new production has been to determine a new contraction in the Motor sector, in the order of -21%, i.e. of a much lower intensity compared to lock-down 1 phase, while in the other business sectors there have been no new discontinuities compared to the recovery trends that began in the recovery period (between May and October).

Non-life collections slowed down considerably during lock-down 1 phase, but with the recovery of arrears at the reopening, and also thanks to the new remote payment tools, the return to standard levels was soon completed and the year closed without any criticalities.

Alongside the aforementioned contraction in new business, Life business was also characterised by a reduction in redemptions (more than -75% in lock-down 1 phase compared to the first 8 weeks of the year, approximately -54% in lock-down 2 phase); a value, which in the recovery phase saw a more limited contraction of -25% compared to pre-Covid weeks.

In line with the market trend, Cattolica agencies recorded a growth in Motor Vehicle Retention, which has been steadily higher than 2019 levels, since March (+1.3 percentage points in October, with values equal to 86%); a trend favoured, on the one hand, by the intense activity of the sales structure in the area and the use by agencies of a new digital platform (ARENA Project, active from April and then from July throughout the network) that has facilitated them in their customer loyalty activities and the monitoring of their secondary network and, on the other hand, by the Motor voucher initiative mentioned above.

The decline in total claims in the non-life business at the end of the year was -21.6%, particularly in certain key sectors such as motor; on the other hand, claims in the sundry financial losses class increased, due to claims arising from the stopping of activities imposed by the lock-down. The assessment and quantification of the impacts of Covid-19 claims is however subject to wide uncertainty, also because it is linked to future legislation and case law. Cattolica's exposure should, however, be limited on the general TPL class thanks to reinsurance coverage. The bancassurance channel, which is mainly exposed to Credit Protection Insurance (CPI) business, may also be able to recover from reinsurance thanks to the coverage of sundry financial losses.

In the area of Human Resources, lower contingency-related expenses were recorded due to both a decrease in training activities and meetings, and a reduction in travel costs (an item reduced by almost -80% compared to 2019).

With regard to the investment portfolio, 2020 observed the "Gains or losses on available-for-sale financial assets" reserve, net of taxes and shadows, to shareholders' equity, broadly in line with 2019 and a valuation in the income statement in relation to "financial instruments at fair value through profit or loss" of € 71 million in write-backs.

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.

Pandemic-related effects were also noted on the Group's investment property portfolio with net write-downs of € 19 million, and on non-financial assets, such as goodwill related to the acquisition of Vera Vita, Vera Assicurazioni and Vera Protezione, written down with a net effect of € 138 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 has always remained above regulatory minimums and was 187% at the end of 2020 compared to 175% at the end of 2019. Based on an estimate, calculated as at February 28th, 2021, the Group's Solvency II ratio would be approximately 185%. 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 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.

It should be noted that, subsequently:

- on February 6th, 2020, the Board of Directors of the Parent Company approved the Cattolica Group's 2020-22 Rolling Plan and took also note of the initial results on the 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;
- 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;
- on November 10th, the Board of Directors confirmed the Operating Result guidance, already confirmed on May 15th, for 2020 of between € 350 and € 375 million, this in light of the solid business performance seen in the first half-year and the indications of the operating performance seen subsequently.

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

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

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

Starting from the first signs of the recent economic-health crisis, the team's activities have extended strict weekly monitoring, which is still in progress (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 (of processes, activities and also products) and of cultural transformation that involves the entire Group, within the scope of a governance model that will culminate with the transformation into a public limited company next April 2021.

The pillars on which the Plan is based and the main actions taken following its implementation are summarised below, showing an important generation of value 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 heart of the distribution system is the agency network, which, according to the Plan, is growing in terms of average premium portfolio size and profitability. It is within an increasingly synergistic direction that we can frame the October 2018 renewal of the related integration agreement. 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, 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 has proved to be crucial in the current crisis, thanks to which advantages will arise in terms of greater innovation in the service and offer procedures and, in the final analysis, closer partnerships 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 28% at the end of the Plan, 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 57% at the end of 2020, were very positive.
Furthermore, it should be noted - still in the area of growth of the Agency's prospective profitability and increased partnership with the Company - the sharing in 2019 of a new tool called "Quadrifoglio", capable of simulating the agency's economic leverage and its impact in terms of expected profit increase.
It is precisely in this parallel and symbiotic path that the important measures listed in more detail in the specific section and taken in the wake of the pandemic to safeguard agency revenues and make them secure are then framed, albeit accompanied by further measures to reward situations of greater actual productivity through higher commissions. In addition, the focus on measuring agency performance was reduced during the most critical period of the emergency, and the activity of technical portfolio reform was suspended. The rationalisation of the network, which began in the first phase of implementation of the plan, continued during this period of turbulence, making it possible to achieve the objectives set in terms of the average size of the portfolio compared to the market.

A decisive factor in this particular context has been also the recent investment in training, which has led to more competent and digital agents, and which has made it possible in recent months to provide them with a series of tools for working remotely, both in terms of payment methods and interaction logics, just as training has not stopped, continuing with online classrooms and webinars.

However, the distribution model was reinforced also 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 throughout the plan period.

The exclusive partnership with Banco BPM is also important in terms of profitable growth, and represents one of the drivers of the Business Plan by virtue of the expected dimensional leap and the important repercussions in terms of efficiency as well as a significant rebalancing of production towards products with low capital absorption in Life business and non-motor products in Non-life business.
Following the closing in the early months of 2018, control of four joint venture companies was acquired and four joint venture companies were consolidated: Vera Vita, a company specialised in savings and investment products business, particularly multi-class; Vera Financial, located in Ireland and specialised in Class III life policies; Vera Protezione, specialised in TCM (temporary life insurance) policies; and the non-life company Vera Assicurazioni.
The particular "contingency" caused by the recent crisis, which has seen a sharp reduction in the number of contacts at the main national bank branches, has however led to a slowdown in the expected growth.
Following Banco BPM's communication to Cattolica on December 15th, 2020, concerning the exercise of the option to purchase the equity investments held by the latter in the companies Vera Vita S.p.A. and Vera Assicurazioni S.p.A., equal to 65% of the share capital, on March 5th, 2021 the parties defined the terms and conditions of the adjustment and continuation of the existing bancassurance partnership and the related exit rights, also taking into account the changing economic context. The new agreement between Banco BPM and Cattolica envisages also a revision of the production

targets to which under-performance penalties and over-performance premiums are correlated, charged to/favoured by Banco BPM, as distributor. Cattolica was also granted adjustments to the servicing contracts with the investee companies and greater supervision of the product mix.

To all this can be added the contribution of digital innovation, which, through a multi-channel strategy integrated within the networks, can provide customers with a new relationship experience with the company. This is a new relationship model that, in light of the events of recent months, is becoming a pre-requisite for the entire industry to compete in the current market scenario.

In this direction, Cattolica already started to develop new digital touchpoints and services from the early stages of implementation of the Plan, as mentioned, strongly integrated with the physical distribution networks, with the recent crisis therefore only constituting an accelerator of a process and an agenda already well defined. Specifically, the company's first "mobile app" was launched in early 2019. 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 is more accessible were amplified; a customised navigation then allows, 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, is the improvement of the ability to attract new target customers represented by millennial and/or hybrid customers.
Also during 2019, the innovative digital platform "C2 Cattolica Community" was then developed, which has already been extended to the entire network, complementary to the "Mobile App", and that 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.
Furthermore, rapid quotation services have been activated for the main retail products (Motor, Motorcycle, Home, Travel, Life Protection, Pension Planning) and are directly accessible by the customer via the internet or the app.

It is also within this digital/relational perspective that the "Pay by link" solution, already mentioned, was created during the most difficult days of the pandemic in order to allow for the management of remote collections and facilitate the relationship between customer and agent in the particular emergency period.

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 are 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 construction of the data architecture, started already in 2018, and developed with a leading company resulted in the creation of a unique, certified, scalable, cloud-resident digital platform that, by allowing for the integrated management of data, both static and dynamic, enables the creation of an offer that can adapt to the needs of customers when they need it most. This is also with a view to creating a Cattolica ecosystem of services with progressively larger dimensions.
In particular, three of these are the "use-cases", on which we have already focussed and from which we have so far succeeded in extracting value, including through the adoption of machine learning technologies: pricing, anti-fraud and customer value management.
With regard to pricing, it is worth mentioning the application, already in place in the last months of 2018 - by virtue of the simplification of the methods of company data use enabled by the new data platform - of a sophisticated technical calibration rationale for TPL Motor prices proposed for renewal. This "pricing optimisation" logic was already applied in the pre-lockdown phase to about 50% of the motor vehicle portfolio.

The results achieved in the area of anti-fraud activities are also very significant. As mentioned above, they have been helped 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 made it possible to achieve a fraud detection rate, starting from a particularly penalising indicator, in line with market levels.
In addition, in the first half of 2020, again in the area of data analytics, a further project stream was completed on the subject of predictive abandonment rates and Customer Life Time Value, which ultimately aims, through careful and improved clustering, to increasingly adapt the offer to the real needs of the customer.

The offer of new related products is moving in the same direction and in parallel: "Active Auto", the car offer launched during 2018, was its first example.
This offer, devised in particular for millennials and for urban area students, and intended to reward the driving style of the most virtuous customers, provides for a wide range of advanced prevention services and real-time assistance according to the aforementioned ecosystem logic. The "connected" share of new TPL Motor production in relation to the Cattolica's agency channel at the end of the plan was almost 23%, in line with the same value recorded at the end of 2019, with a significant recovery trend in the second half of 2020, after having suffered a significant drop in the first few months of the year following the pandemic and the consequent lock-down.

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

The partnership recently signed with Generali on this issue is expected to provide further impetus to the Group's ecosystem of connected products.

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" (Easy Care Foundation), a qualified entity in the field of innovative social cohesion and welfare models.

Technical excellence

The Business Plan guidelines envisaged a 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.

With regard to the first aspect, of particular significance is the saving obtained from the re-pricing and re-underwriting actions that, after starting in 2018, are considerable and continued successfully in the Business and Agriculture sectors and also extended to Religious Bodies.

In parallel, important simplification activities have been undertaken and 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, as well as a new flexibility system. A significant boost was then provided to the enrichment of the catastrophe offer, which generated an increase in the premium portfolio over the plan period of more than € 12 million, while at the same time contributing significantly to the improvement of the company's overall margins. In fact, during the last few months of 2018, the existing products were updated with the inclusion of such coverage and a policy against natural catastrophes for the whole world of ecclesiastical entities, entered into with the Italian Episcopal Conference. Also in line with expectations was the rebalancing, envisaged among the main Plan guidelines, in favour of Non-Motor in the non-life mix, in line with a trend that continued following the onset of the recent crisis.

In addition, an innovative project was launched to develop 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% owned by Cattolica, 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.
And it is thanks to the technological know-how of MGAs and CattRe that it has been possible, only in the last few months, to launch the first Italian policy dedicated to the world of cryptocurrencies, which in particular covers the risks of CheckSig in the Bitcoin custody service.

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 obtained thanks to a specific activity on trustees but also those deriving from the creation of a new "Claims Control" organisational unit. Other projects aimed at achieving further savings through channelling processes have recently been completed, while further actions to be taken in relation to the impact of legal intervention have 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 its target to reduce average minimum guaranteed rates on traditional reserves, closes 2020 with a value of less than 0.5%.

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 cost control/discipline, which also already started in 2018 through re-engineering and robotics with a programme that started in the Operations Area and 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.

In this context, several of the initiatives put in place following the implementation of the Plan are worth mentioning, many of them enabled by new technologies:

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

In this path to cultural change is positioned the excellent result of the corporate climate survey called "Great Place to Work", with a rise in the confidence index by 5 percentage points in 2019 compared to the previous year's survey, and which was not repeated during 2020, given the remote work contingency linked to the pandemic. Also in these areas, 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. In particular, a number of corporate competitions were launched in the last months of 2019, to be completed in the first quarter of 2020, with the aim of increasing their diffusion and orientation, 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 aforementioned measures adopted by Cattolica in favour of its own resources during the recent emergency period and mainly based on the concepts of proximity and community are to be found, with further particular focus that, following the pandemic, was reoriented from welfare to well-being and specifically on 4 dimensions: physical and emotional sphere, new working environment, environmental sustainability and solidarity, dimensions, which have become areas of intervention, in order to focus on 360° individual well-being.

Lastly, continuing to foster a work environment based on mutual trust, a series of training programmes were launched in the same period with the goal of transforming the Company into a "Life Ready Company", i.e., an increasingly inclusive organisation capable of welcoming and valuing life events that involve employees.

2021-2023 rolling plan

In light of the important results achieved in the 2018-2020 Business Plan, which generated consistent positive impacts on the core business in terms of growth and increased profitability, the strategy of the 2021-2023 rolling plan will be focused on consolidating the strengths acquired in the three-year period, and continuing the projects undertaken that still have room for improvement in the coming years. With the changed economic and financial market context, it will be necessary to focus on the relaunch of life profitability and the efficiency and simplification of operations. The strategic partnership with Generali will make it possible to develop valuable synergies in terms of services offered, asset management efficiency and reinsurance. Finally, the reinforcement of the ESG strategy will be continued and pursued with even greater vigour for a business transformation increasingly oriented towards sustainability.

Consolidation, focus and sustainability are therefore the strategic guidelines for the three-year period 2021-2023.

Consolidation actions will focus in particular on strengthening the value of the agency network and on monitoring Non-life profitability.

The focus on specific initiatives, in addition to the aforementioned synergies with Generali, will be particularly concentrated on Life profitability (through the review of the new offer, targeted in-force management actions, and portfolio optimisation), and on increasing operating efficiency (by focusing on cost optimisation and process simplification and streamlining).

The sustainability of the business will have to be translated into an integration of ESG logic in the core business, the correct mapping of ESG risks, the strengthening of internal governance controls, and the enhancement of the value of the Cattolica Estates.

The integration of the specific elements of discontinuity outlined above with the reinforcement of the strengths acquired thanks to the activities of the business plan concluded in 2020, is the path traced by the Group to ensure the stability of profits over the three-year period.

GUIDELINES OF THE AGREEMENT WITH ASSICURAZIONI GENERALI

On June 24th, 2020, Cattolica Assicurazioni and Assicurazioni Generali S.p.A. ("AG") signed the Framework Agreement ("Agreement"), which concerns a series of agreements between the two companies aimed at the investment of Assicurazioni Generali in Cattolica through the Reserved Share Capital Increase, subscribed and executed by Assicurazioni Generali on October 23rd, 2020, as well as the launch of the Partnership through the signing of several commercial agreements between the two companies (with effects subject to the execution of the Reserved Share Capital Increase). On September 23rd, 2020, the Framework Agreement was the subject of an Amending Agreement by which the parties took note of certain circumstances that occurred in relation to the preparatory activities for the Capital Increase and the Partnership, and amended and/or supplemented certain terms and conditions relating to such preparatory activities. Subsequently, on October 19th, 2020, Cattolica and Assicurazioni Generali waived, each to the extent of its own right, the conditions envisaged by the Framework Agreement, which had not yet been fulfilled and, therefore, on October 23rd, 2020, Assicurazioni Generali subscribed the Reserved Shares.

With reference to the industrial and commercial agreements between Cattolica and the Generali Group, it should be noted that the collaboration between the two groups will involve 4 strategic business areas: asset management, internet of things, health business and reinsurance. Below is a brief summary of the situation regarding the implementing agreements with specific regard to each of the aforementioned areas:

- **Asset management:** on October 6th, 2020, a "Cooperation Agreement" was entered into between Cattolica and Assicurazioni Generali, which will govern the management of a portion of Cattolica's investment portfolio, with the aim of increasing its efficiency, leveraging the skills and expertise of the Generali Group. This cooperation agreement will last until the earlier of (i) the expiry date of 5 years from the date of signature of the agreement and (ii) the date of termination of the Framework Agreement. The "Cooperation Agreement" provides for Cattolica to sign investment portfolio management contracts on behalf of third parties with certain companies, such as Generali Insurance Asset Management SGR S.p.A. (with which a management contract was signed, also on October 6th, 2020). These management contracts govern the discretionary management of Cattolica's asset portfolios pursuant to Article 24 of the Consolidated Law on Finance and in line with the applicable regulatory provisions, such as IVASS Regulation No. 24 dated June 6th, 2016, relating to investments and assets covering technical reserves. Finally, the management contracts will have an indefinite duration, with the right for Cattolica to terminate them with immediate effect and for the operator to give at least 3-month notice;
- **Internet of things:** on October 5th, 2020, Cattolica and Generali Jeniot S.p.A. (Generali Group company) signed a contract pursuant to which (a) Cattolica entrusts Generali Jeniot S.p.A. with the procurement of services connected with the mobility of vehicles for the purpose of determining liability in the event of claims and for tariff purposes, which may also be provided through the provision to policyholders of certain devices produced by third-party companies and (b) Generali Jeniot S.p.A. grants Cattolica a mandate with representation for the non-exclusive distribution of accessory services (optionally, in combination with its own insurance policies, including through its own agency network, or through other intermediaries and distribution partners). As part of the contract, Cattolica undertakes to utilise Generali Jeniot S.p.A. (i) for new production from the date of effectiveness of the contract, without prejudice to the technical timing for the start of operations, which in any case must take place by March 31st, 2021, and (ii) for the existing portfolio of related policies, with a progressive implementation method, which provides that Generali Jeniot S.p.A. shall become the sole provider of telematic services by December 31st, 2023. This contract has a duration of 5 years (from the date of execution of the Reserved Share Capital Increase), with automatic renewal for an equal period, unless terminated by one of the parties with at least 6-month notice. It should be noted that the Cattolica Group has currently further contracts in place with various telematics suppliers, which have been renewed in view of the new scenario, aimed at guaranteeing sales until the activation of the agreements with Generali Jeniot S.p.A., and at managing the continuity of the services for the active contracts until they expire or are converted to Generali Jeniot S.p.A. as envisaged by the aforementioned contract;

- **Health business:** on October 5th, 2020, Cattolica and Generali Welion S.c.a r.l. (Generali Group company) signed a contract for the outsourcing of claims settlement, under which the latter company will perform specific functions and activities relating to the settlement of claims in the accident, injury and health insurance classes in the interest of the Company (it being understood that the Company may decide not to outsource the settlement of individual claims in these classes only in certain residual cases), allowing it to extend to Cattolica's customers, Generali Welion S.c.a r.l. services in the health sector, which are currently not offered by Cattolica. Specifically, the contract provides for Cattolica's commitment to make use of Generali Welion S.c.a r.l. for the purpose of outsourcing all claims settlement activities in the accident, injury and health insurance classes by January 1st, 2022, and it lasts from the date of execution of the Reserved Share Capital Increase until December 31st, 2026 (with the possibility of negotiating a renewal for a further 5 years and providing for subsequent annual tacit renewals at the end of the further 5 years). On October 5th, 2020, Cattolica and Generali Welion S.c.a r.l. signed a contract pursuant to which Cattolica will distribute (optionally, in combination with its own insurance policies) certain services in the health and corporate welfare sector; therefore, Generali Welion S.c.a.r.l. shall grant Cattolica a mandate with representation for the non-exclusive distribution of such services through its own distribution network, as well as the related after-sales assistance. This contract has a duration of 5 years (from the date of execution of the Reserved Share Capital Increase), with automatic renewal for an equal period, unless terminated by one of the parties with at least 6-month notice; after the first renewal and after the expiry of a further 5 years, the contract will continue to be renewed from year to year unless terminated;
- **Reinsurance**: on October 5th-6th, 2020, Cattolica and Generali Italia S.p.A. (company belonging to the Generali Group) signed an agreement governing the terms and conditions of the transfer to Generali Italia S.p.A., by Cattolica or any other company belonging to the Group, of insurance premiums in reinsurance each year, for the entire duration of the agreement; the size and type of the portfolio subject to be transferred will be assessed during due diligence and will be subject (together with the other main terms and conditions of the reinsurance relationship) to one or more reinsurance agreements, which the parties signed by the contractually envisaged deadline of December 31st, 2020. This contract has a duration of 5 years (from the date of execution of the Reserved Share Capital Increase), with automatic renewal for an equal period, unless terminated by one of the parties with at least 6-month notice.
  Within the scope of this agreement, it should be noted that as at the current date, Assicurazioni Generali's participation in all Non-life business reinsurance agreements placed by the Cattolica Group on the reinsurance market is confirmed. The participation share, agreed between the parties, varies depending on the type of agreement and the line of business subscribed.

With the exception of the agreement with Generali Jeniot S.p.A., relating to the Internet of Things, for which the Generali Group company is expected to become Cattolica's sole supplier by December 31st, 2023, and the agreement with Generali Welion S.c.a r.l. relating to the outsourcing of all accident, injury and health claims settlement services by January 1st, 2022, the industrial and commercial agreements described above do not envisage any exclusive obligations in favour of the Generali Group nor any obligation on the part of Cattolica to terminate commercial or industrial contracts with third parties.

It should be noted that the commercial agreements included in the Partnership with Assicurazioni Generali entail a reduced risk of creating prejudice to the Group's current distribution model, as they are geared towards improving the range of services offered to customers. In particular, the distribution networks will be impacted by the commercial agreements in the health business and internet of things, which provide for the distribution by all the Group's networks of the innovative services provided by Generali Welion S.c.a r.l. (in the health sector) and Generali Jeniot S.p.A. (in the internet of things sector), companies belonging to the Generali Group. The range of services covered by the commercial agreements of the Partnership is more extensive and richer than the Cattolica Group's current offer in relation to the areas covered by the agreement and, therefore, it is expected that it will allow an improvement in the current insurance offer relating to telematic services for motor and health classes to the benefit of the commercial action of the networks.

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 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 October 26th, Standard & Poor's confirmed Cattolica's rating at BBB, with an upward revision of the outlook from negative to stable, bringing it into line, in accordance with the Agency's criteria, with that of the sovereign debt of the Republic of Italy, revised on October 23rd, 2020. On this occasion, the Agency has also raised the rating from BB to BB+ for both listed bond issues of the Cattolica Group (downgrade on June 10th, 2020), as the strengthening of the Group's Solvency II ratio and the share capital increase reserved for Generali have significantly reduced the risk of coupon deferral.

On February 8th, 2021, Standard Ethics raised Cattolica Assicurazioni's rating to "EE-" from the previous "E+". In its final report, Standard Ethics states that the path taken in recent years by Cattolica Assicurazioni in the sphere of ESG (Environmental, Social and Governance) issues has been adequately focused on environmental and social aspects and has also concerned non-financial reporting, the management of financial assets and commercial aspects. The strategy, according to the agency, appeared to be consistent with the voluntary indications of the UN, OECD and the European Union and that following the decisions derived from the recent project to transform the company into a public limited company and the capital increase launched in 2020, the issue of Sustainability has also entered the sphere of corporate governance.
The assignment of the Long Term Expected Rating "EE+" incorporates, according to Standard Ethics, expectations about the future quality of governance instruments and ESG policies.

Operating Result

Life Business

139 € mln

Non-life Business

276 € mln

Other

-3 € mln

MANAGEMENT REPORT

E-MARKET SDIR CERTIFIED

BUSINESS PERFORMANCE FOR THE YEAR

A BRIEF OUTLINE OF THE BUSINESS PERFORMANCE

The Group by main financial statements 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 that is involved in both the 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 real estate funds allocated to the non-life portfolio) and the Life business (BCC Vita, Berica Vita, Cattolica Life, Lombarda Vita, Vera Financial, Vera Protezione, Vera Vita, and the closed-end real estate 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 for the year

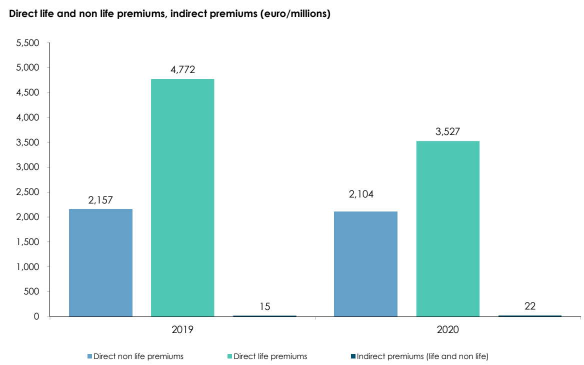
The financial statements closed with a net result of € 70.6 (-31.4%) attributable to the Non-life business for € 124.4 million compared to € 58 million in 2019, the Life business with a loss of € 43.6 million compared to a profit of € 55 million in 2019 and the Other business with a loss of € 10.2 million, in line with 2019.

The Group's net profit amounted to € 36.4 million (-51.5%). This result was impacted by € 174 million of write-downs, of which: in non-life business, € 12 million relating to write-downs on investment property, € 800,000 on equity investments and € 5.9 million on securities classified as AFS and € 10 million relating to goodwill on Vera Assicurazioni; in life business, € 128 million relating to the write-down of goodwill on Vera Vita and Vera Protezione, € 5.6 million on securities classified as AFS, € 4.8 million on equity investments and € 1 million on investment property; in other business, € 6.3 million of write-downs on investment property.

The operating result shows an increase of 36.6% to € 411.7 million.

Premiums

Gross consolidated premiums (which comply with the definition of insurance policy as per IFRS 4) at the end of the accounting period amounted to € 5,615.9 million (-18.1%). Also taking into account investment contracts, total premiums written came to € 5,652.8 million (-18.6%).
With Lombarda Vita classified as held for sale pursuant to IFRS 5, total premiums written amounted to € 4,705.1 million (-15.7%).

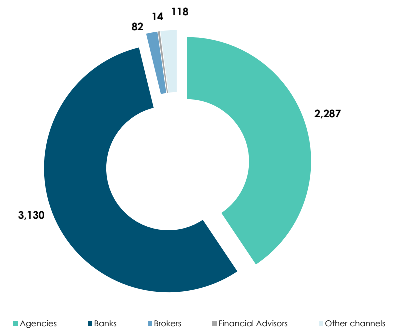


Gross direct non-life premiums totalled € 2,103.5 million (-2.5%) and account for 37.6% of total direct premium business (31.5% as at December 31st, 2019).

Gross direct life premiums totalled € 3,490.4 million (-25.5%): total life premiums written amounted to € 3,527.3 million (-26.1%). Life premiums represented the majority share of total direct business (62.4% compared with 68.5% as at December 31st, 2019).
With Lombarda Vita classified as held for sale under IFRS 5, total life premiums written amounted to € 2,579.6 million (-24.3%).

Direct business premiums written, per distribution channel, is broken down as follows: agencies 40.6%, banks 55.6%, brokers 1.4%, advisors 0.3% and other channels 2.1%.

Direct premiums by channel (euro/millions)



Other administrative expenses

Other administrative expenses amounted to € 201.1 million (-3.5%).

With reference to direct business, the ratio of other non-life administrative expenses to premiums written for the year rose from 7% to 7.1%, while the ratio of other life administrative expenses to life premiums rose from 1.3% to 1.5%. With Lombarda Vita classified as held for sale under IFRS 5, the ratio amounts to 2%.

The Group by segments

Non-life business

Non-life business, as already reported, closed the year with a profit of € 124.4 million compared to € 58 million in 2019. Net non-life premiums amounted to € 1,867.7 million (-1.1%). The combined ratio of direct business was 85.9%, versus 93.7% for 2019. The claims ratio (claim/premium ratio) is equal to 54.5% (63.1%), while the ratio of other administrative expenses rose from 7% to 7.1%. The combined ratio of retained business decreased from 94.3% to 86.8% despite the provision to take account of the voucher for Motor customers, which accounts for 0.7% of premiums written.

Financial operations, which were affected by write-downs before taxes for € 22 million, ended the half-year with a result of € 45.6 million (-28.1%) and were mainly characterised by net income deriving from other financial instruments and investment property for € 61.7 million(-12.6%), with net interest and other net income amounting to € 68.6 million (-6.6%), with net realised gains totalling € 13.2 million (+15.1%) and with net losses from valuation that came to € 20.1 million (-40.2%).

The contribution of financial operations to operating income, i.e. net of interest expense on subordinated loans, realisation and valuation results, amounted to € 74.7 million compared to € 83.6 million last year.

The operating result came to € 276.2 million (+85.6%). The performance of the operating result benefitted mainly by the improvement of combined ratio, due mainly to lower claims rate in the period. The other operating components are substantially in line with last year.

Life business

The life business closed the year with a loss of € 43.6 million compared to a profit of € 55 million in 2019.

Net life premiums amounted to € 3,471.9 million (-25.4%) and financial operations[9] closed with a result of € 407.4 million (-14.5%), affected by impairment losses gross of taxes of € 27 million, with net income from other financial instruments and investment properties of € 457.4 million (-11.3%), of which interest and other net income amounted to € 386.6 million (-16%), net realised gains of € 98.4 million (+48.1%) and net losses from valuation of € 27.6 million compared to € 11.4 million as at December 31st, 2019.

With Lombarda Vita classified as held for sale under IFRS 5, net life premiums amounted to € 2,537.5 million (-23.5%) and financial operations closed with a result of € 265.2 million (-10.6%), affected by impairment losses gross of taxes of € 27 million, with net income from other financial instruments and investment property of € 310.2 million (-6%), including interest and other net income of € 271.1 million (-7.3%), net realised gains of € 58.2 million (+20.5%) and net losses from valuation of € 19.1 million (+77.3%).

The operating result came to € 139.3 million (-11.2%).

Other business

Other business recorded a loss of € 10.2 million at the end of the financial year, in line with the 2019 result, mainly due to the write-down of investment property of € 6.3 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.

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

Investments

Investments amounted to € 24,456 million (-26.8%). Their breakdown and variation compared to 2019 is represented in the following table.

Table 12 - Total investments

(€ thousands)	2020	% of total	2019	% of total	Changes Amount	%
Investment Property	974,683	4.0	850,449	2.6	124,234	14.6
Property	201,314	0.8	210,291	0.6	-8,977	-4.3
Investments in subsidiaries, associated companies and joint ventures	174,094	0.7	159,846	0.5	14,248	8.9
Loans and receivables	1,193,915	4.9	1,072,157	3.2	121,758	11.4
Held to maturity investments	183,607	0.7	212,129	0.6	-28,522	-13.4
Available for sale financial assets	17,147,346	70.1	23,823,347	71.3	-6,676,001	-28.0
Financial assets at fair value through profit or loss	4,220,672	17.3	6,604,905	19.8	-2,384,233	-36.1
Cash and cash equivalents	360,344	1.5	468,385	1.4	-108,041	-23.1
TOTAL	**24,455,975**	**100.0**	**33,401,509**	**100.0**	**-8,945,534**	**-26.8**

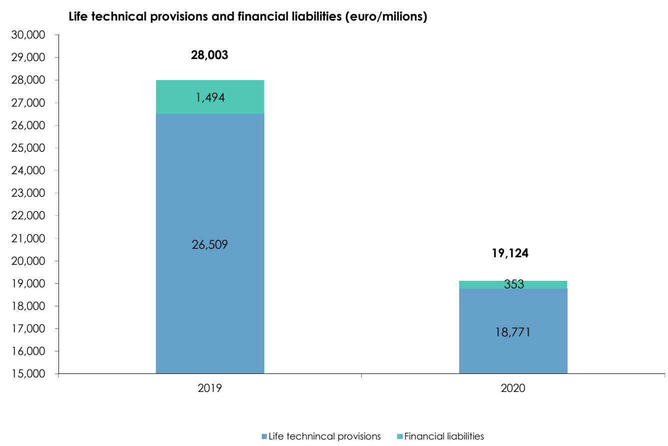
The result of financial operations, with the exclusion of investments whose risk is borne by the policyholders and gross of the tax effects and the change in other financial liabilities, amounted, as already reported, to € 440.4 million (-16.7%), discounting gross tax write-downs of € 58 million. This result with Lombarda Vita classified as held for sale as per IFRS 5 amounted to € 298.3 million(-14.5%).

Technical provisions

Non-life technical provisions (premiums and claims) amounted to € 3,496.1 million (-5.6%).

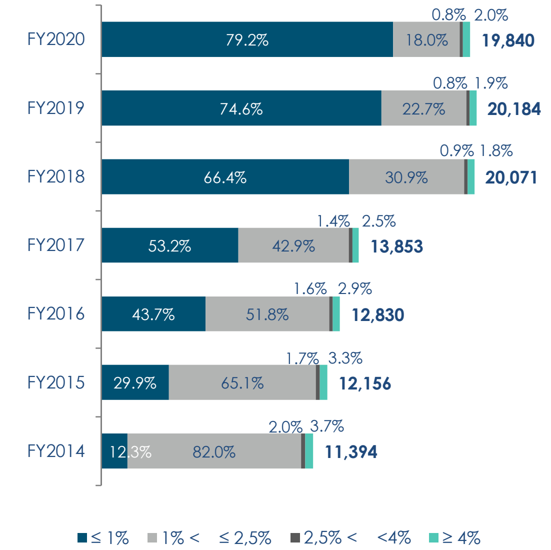
Technical provisions for life business (actuarial provisions inclusive of shadow accounting) amounted to € 18,771.3 million (-29.2%). Also taking into account financial liabilities relating to investment contracts, the technical provisions and deposits relating to life business amounted to € 19,123.7 million (-31.7%).

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. The average guaranteed minimum rate for the Group's stock of provisions at December 31st, 2020, was 0.49% (0.58% FY2019).

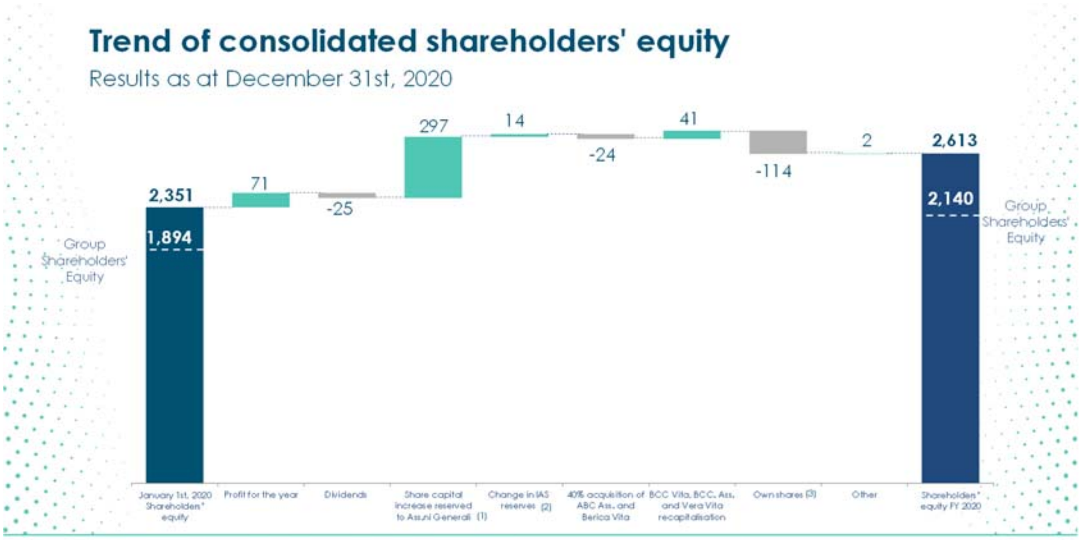
€ mln



Shareholders' equity and its trend

The change in consolidated shareholders' equity since last year is attributable primarily to the share capital increase reserved for Generali of € 300 million, net of the own shares acquired as a result of the withdrawal of € 113 million, the result for the year of € 70.6 million, the effect of the recapitalisations on minority interests of € 41 million, the distribution to third parties of dividends of € 25 million, the change in IAS reserves of € 14 million (inclusive of the change in the AFS reserve and profit/loss recognised directly in shareholders' equity), and the effect of the purchase of 40% of ABC Assicura for € -1 million and 40% of Berica for € -23 million.

Consolidated shareholders' equity amounted to € 2,613.3 million (+11.2%).
The Group shareholders' equity amounts to € 2,140.2 million (+13%) and includes gains on available for sale financial assets amounting to € 78 million (in line with the previous year).
Portions of shareholders' equity pertaining to minority interests amounted to € 473.1 million (+3.4%) and include gains on available for sale financial assets amounting to € 17.9 million (+62.8%).



(1) Excluding expenses for capital increase transaction equal to € 3 million.
(2) Including the change in the AFS reserve (net of shadow accounting and taxes) and other gains and losses recognised directly in shareholders' equity.
(3) Of which € 113 million for purchasing shares for right of withdrawal.

1

INSURANCE BUSINESS AND OTHER SECTORS OF ACTIVITIES

Summary of the activities carried out by the Group companies

As at December 31st, the consolidation scope comprised the insurance Parent Company, eleven insurance companies, a reinsurance company, a holding company, a real estate services company, seven service companies, two companies in the agricultural-real estate sector and six real estate 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 companies

ABC Assicura S.p.A., with headquarters in Verona, share capital of € 8.9 million, is authorised to operate in the 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 December 31st;

BCC Assicurazioni S.p.A., with headquarters in Milan, share capital of € 14.4 million, is authorised to operate in the 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 operate in the reinsurance sector. 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 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 operate in the non-life business. Cattolica holds 65% of the company;

All Risks Solutions S.r.l., with headquarters in Milan, carries out insurance brokerage activities, with a share capital of € 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 S.A. holds 100% of its capital. Effective January 1st, 2021, it adopted the name Satec Holding S.r.l.;

Mediterranea Underwriting S.r.l. (MUW S.r.l.), with registered office in Genoa, carries out insurance and reinsurance brokerage activities, share capital € 60 thousand. It is wholly-owned by Estinvest, which incorporated it in June;

Meteotec S.r.l., with headquarters in Venice, carries out meteorological and climatic research activities, share capital of € 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 of € 10 thousand. Estinvest holds 51% of the company;

Satec S.r.l., with headquarters in Venice, carries out insurance brokerage activities, share capital of € 135 thousand. It is wholly-owned by Estinvest;

Fondo Andromaca is a closed-end real estate mutual investment fund, managed by Finanziaria Internazionale Investments SGR, 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 mutual investment fund, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 69.33%, Lombarda Vita 16.72%, Vera Vita 10.19%, TUA Assicurazioni 1.89%, Vera Protezione 1.35% and Vera Assicurazioni 0.52%. 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 mutual investment fund managed by Savills IM SGR. It is 74.51% owned by Cattolica, 0.61% by BCC Assicurazioni, 15.75% by BCC Vita and 9.13% by TUA Assicurazioni. Part of the interests is allocated to Cattolica, BCC Assicurazioni and TUA Assicurazioni's non-life portfolio;

Fondo Innovazione Salute is a closed-end real estate mutual investment fund, managed by Savills IM SGR and dedicated to housing for the elderly. The interests held are as follows: 74.91% by Cattolica, 6.56% by TUA Assicurazioni and 0.67% by BCC Assicurazioni. Part of the same is allocated to Cattolica, BCC Assicurazioni and TUA Assicurazioni's non-life portfolio;

Fondo Perseide is a closed-end real estate mutual fund dedicated to investment in renewable energies, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 79.42%, Lombarda Vita 10.86%, TUA Assicurazioni 5.09% and BCC Vita 4.63%. Part of said interests is allocated to Cattolica and TUA Assicurazioni's non-life portfolio;

Fondo San Zeno is a closed-end real estate mutual investment trust, managed by CB Richard Ellis. The interests held in the fund are as follows: Cattolica 68.24%, BCC Vita 19.19% and Lombarda Vita 12.57%. Part of said interests is allocated to Cattolica's non-life portfolio;

Campo dei Fiori is a limited liability company, wholly-owned by Fondo San Zeno of which Cattolica holds 68.24%.

Life companies

BCC Vita S.p.A., with headquarters in Milan, share capital of € 62 million, is authorised to carry out insurance activities in the life business 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 Verona, share capital of € 31 million, is authorised to carry out insurance activities in the 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 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 as at December 31st;

Lombarda Vita S.p.A., with headquarters in Brescia, share capital of € 185.3 million; it is authorised to carry out insurance activities in the life business and has provided them via the network of branches of the UBI Banca Group. The Parent Company holds 60% of the share capital. On December 23rd, Cattolica signed a binding agreement with UBI Banca concerning the early termination, with respect to the envisaged expiry date of June 30th, 2021, of the life bancassurance agreements existing between the parties, via the exercise by the bank of its option to purchase the 60% equity investment held by Cattolica in Lombarda Vita.

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 operate in the life business and specialises 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 operate in the life business and specialises in the savings and investment products business. Cattolica holds 65% of the company;

Fondo Andromaca is a closed-end real estate mutual investment fund, managed by Finanziaria Internazionale Investments SGR, 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 mutual investment fund, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica 69.33%, Lombarda Vita 16.72%, Vera Vita 10.19%, TUA Assicurazioni 1.89%, Vera Protezione 1.35% and Vera Assicurazioni 0.52%. Part of said interests is allocated to the life portfolios of Cattolica, Lombarda Vita, Vera Protezione and Vera Vita;

Fondo Girolamo is a newly established closed-end real estate mutual investment fund managed by Savills IM SGR. It is 74.51% owned by Cattolica, 0.61% by BCC Assicurazioni, 15.75% by BCC Vita and 9.13% by TUA Assicurazioni. Part of the interests is allocated to Cattolica and BCC Vita's life portfolio;

Fondo Innovazione Salute is a closed-end real estate mutual investment fund, managed by Savills IM SGR and dedicated to housing for the elderly. The interests held are as follows: 74.91% by Cattolica, 6.56% by TUA Assicurazioni and 0.67% by BCC Assicurazioni. Part of said interests is allocated to Cattolica's life portfolio;

Fondo Perseide is a closed-end real estate mutual fund dedicated to investment in renewable energies, managed by Finanziaria Internazionale Investments SGR. The interests held in the fund are as follows: Cattolica

79.42%, Lombarda Vita 10.86%, TUA Assicurazioni 5.09% and BCC Vita 4.63%. 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 mutual investment trust, managed by CB Richard Ellis. The interests held in the fund are as follows: Cattolica 68.24%, BCC Vita 19.19% and Lombarda Vita 12.57%. 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 real estate 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 Art. 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 real estate 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 and manages, amongst other aspects, the properties not instrumental to the agricultural activities related to said estate, as well as the "Cattolica Center" real estate 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 real estate 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 portion is held by other Group companies (ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita, Cattolica Immobiliare, Lombarda Vita, which individually hold 0.005%, and by TUA Assicurazioni, which holds 0.01%).

Group insurance business

Insurance premiums are shown in the table below, with indication of the percentage in relation to total direct business and changes as compared with the previous year, together with investment contracts.

Table 13 - Total premiums written

(€ thousands)	2020	% of total	2019	% of total	Changes Amount	Changes %
Accident and injury	202,924	3.6	216,367	3.2	-13,443	-6.2
Health	93,118	1.7	111,221	1.6	-18,103	-16.3
Land vehicle hulls	154,432	2.8	149,722	2.2	4,710	3.1
Goods in transit	6,702	0.1	6,439	0.1	263	4.1
Fire & natural forces	168,128	3.0	165,021	2.4	3,107	1.9
Other damage to assets	234,834	4.2	238,518	3.5	-3,684	-1.5
TPL - Land motor vehicles	878,518	15.7	942,352	13.8	-63,834	-6.8
TPL - General	206,749	3.7	199,480	2.9	7,269	3.6
Credit	93	n.s.	249	n.s.	-156	n.a.
Suretyship	22,298	0.4	20,258	0.3	2,040	10.1
Sundry financial losses	31,917	0.6	23,626	0.3	8,291	35.1
Legal protection	22,229	0.4	19,549	0.3	2,680	13.7
Assistance	54,753	1.0	48,014	0.7	6,739	14.0
Other classes [1]	26,802	0.4	16,098	0.2	10,704	66.5
Total non-life business	**2,103,497**	**37.6**	**2,156,914**	**31.5**	**-53,417**	**-2.5**
Insurance on the duration of human life - class I	2,574,987	46.0	3,130,411	45.8	-555,424	-17.7
Insurance on the duration of human life linked to investment funds - class III	836,383	15.0	1,439,667	21.0	-603,284	-41.9
Health insurance - class IV	1,337	n.s.	1,315	n.s.	22	n.a.
Capitalisation transactions - class V	64,648	1.2	100,408	1.5	-35,760	-35.6
Pension funds - class VI	13,061	0.2	13,422	0.2	-361	-2.7
Total life business	**3,490,416**	**62.4**	**4,685,223**	**68.5**	**-1,194,807**	**-25.5**
Total direct business	**5,593,913**	**100.0**	**6,842,137**	**100.0**	**-1,248,224**	**-18.2**
Indirect business	**22,035**		**15,828**		**6,207**	**39.2**
Total insurance premiums	**5,615,948**		**6,857,965**		**-1,242,017**	**-18.1**
Insurance on the duration of human life linked to investment funds - class III	9,380	25.5	15,657	18.1	-6,277	-40.1
Pension funds - class VI	27,461	74.5	70,812	81.9	-43,351	-61.2
Total investment contracts	**36,841**	**100.0**	**86,469**	**100.0**	**-49,628**	**-57.4**
TOTAL PREMIUMS WRITTEN	**5,652,789**		**6,944,434**		**-1,291,645**	**-18.6**

[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

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Table 14 - Total premiums written as per IFRS 5

(€ thousands)	2020	% of total	2019	% of total	Changes Amount	%
Accident and injury	202,924	4.4	216,367	3.9	-13,443	-6.2
Health	93,118	2.0	111,221	2.0	-18,103	-16.3
Land vehicle hulls	154,432	3.3	149,722	2.7	4,710	3.1
Goods in transit	6,702	0.1	6,439	0.1	263	4.1
Fire & natural forces	168,128	3.6	165,021	3.0	3,107	1.9
Other damage to assets	234,834	5.0	238,518	4.4	-3,684	-1.5
TPL - Land motor vehicles	878,518	18.9	942,352	17.2	-63,834	-6.8
TPL - General	206,749	4.5	199,480	3.6	7,269	3.6
Credit	93	n.s.	249	n.s.	-156	n.a.
Suretyship	22,298	0.5	20,258	0.4	2,040	10.1
Sundry financial losses	31,917	0.7	23,626	0.4	8,291	35.1
Legal protection	22,229	0.5	19,549	0.4	2,680	13.7
Assistance	54,753	1.2	48,014	0.9	6,739	14.0
Other classes [1]	26,802	0.5	16,098	0.3	10,704	66.5
Total non-life business	**2,103,497**	**45.2**	**2,156,914**	**39.3**	**-53,417**	**-2.5**
Insurance on the duration of human life - class I	1,912,873	41.1	2,149,791	39.2	-236,918	-11.0
Insurance on the duration of human life linked to investment funds - class III	602,522	12.9	1,126,824	20.5	-524,302	-46.5
Health insurance - class IV	1,266	n.s.	1,215	n.s.	51	n.a.
Capitalisation transactions - class V	22,350	0.5	43,785	0.8	-21,435	-49.0
Pension funds - class VI	13,061	0.3	13,422	0.2	-361	-2.7
Total life business	**2,552,072**	**54.8**	**3,335,037**	**60.7**	**-782,965**	**-23.5**
Total direct business	**4,655,569**	**100.0**	**5,491,951**	**100.0**	**-836,382**	**-15.2**
Indirect business	**22,035**		**15,828**		**6,207**	**39.2**
Total insurance premiums	**4,677,604**		**5,507,779**		**-830,175**	**-15.1**
Insurance on the duration of human life linked to investment funds - class III	19	0.1	283	0.4	-264	-93.2
Pension funds - class VI	27,461	99.9	70,812	99.6	-43,351	-61.2
Total investment contracts	**27,480**	**100.0**	**71,095**	**100.0**	**-43,615**	**-61.3**
TOTAL PREMIUMS WRITTEN	**4,705,084**		**5,578,874**		**-873,790**	**-15.7**

[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 15 - Total life premiums written (insurance premiums and investment contracts)

Life business (€ thousands)	2020	% of total	2019	% of total	Changes Amount	Changes %
Insurance on the duration of human life - class I	2,574,987	73.0	3,130,411	65.6	-555,424	-17.7
Insurance on the duration of human life linked to investment funds - class III	845,763	24.0	1,455,324	30.5	-609,561	-41.9
Health insurance - class IV	1,337	n.s.	1,315	n.s.	22	1.7
Capitalisation transactions - class V	64,648	1.8	100,408	2.1	-35,760	-35.6
Pension funds - class VI	40,522	1.2	84,234	1.8	-43,712	-51.9
Total life premiums - direct business	**3,527,257**	**100.0**	**4,771,692**	**100.0**	**-1,244,435**	**-26.1**

n.s. = not significant

Table 16 - Total life premiums written (insurance premiums and investment contracts) pursuant to IFRS 5

Life business (€ thousands)	2020	% of total	2019	% of total	Changes Amount	Changes %
Insurance on the duration of human life - class I	1,912,873	74.2	2,149,791	63.1	-236,918	-11.0
Insurance on the duration of human life linked to investment funds - class III	602,541	23.3	1,127,107	33.1	-524,566	-46.5
Health insurance - class IV	1,266	n.s.	1,215	n.s.	51	4.2
Capitalisation transactions - class V	22,350	0.9	43,785	1.3	-21,435	-49.0
Pension funds - class VI	40,522	1.6	84,234	2.5	-43,712	-51.9
Total life premiums - direct business	**2,579,552**	**100.0**	**3,406,132**	**100.0**	**-826,580**	**-24.3**

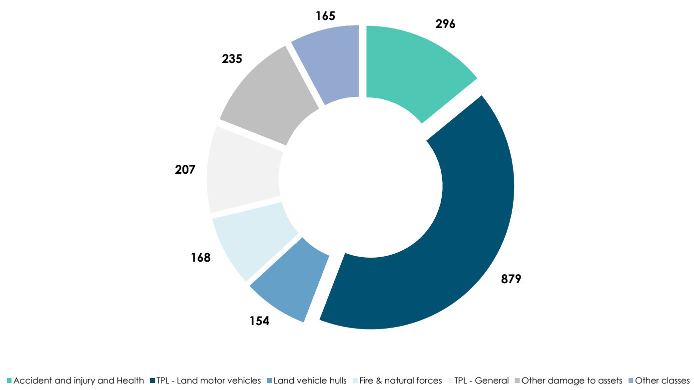
n.s. = not significant

Non-life business - Premiums written

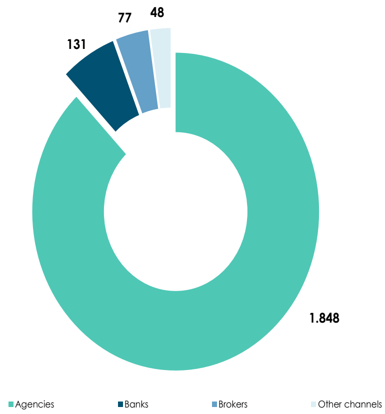
The direct premiums written of the non-life business decreased by 2.5% to € 2,103.5 million, of which € 1,033 million in the motor segment, -5.4%, mainly due to the drop in premiums written during the lock-down phase and the effect of initiatives in favour of policyholders, including the voucher. The non-motor segment showed premiums written, in line with the previous year, up 0.5% to € 1,070.5 million.

Indirect premiums came to € 22 million (+39.2%).
Direct non-life premiums written were generated as follows: the agency channel with € 1,848.4 million (-2.2%), the banking channel with € 130.8 million (-12.2%), brokers with € 76.8 million (+7.5%) and other channels with € 47.5 million (+1.8%).

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

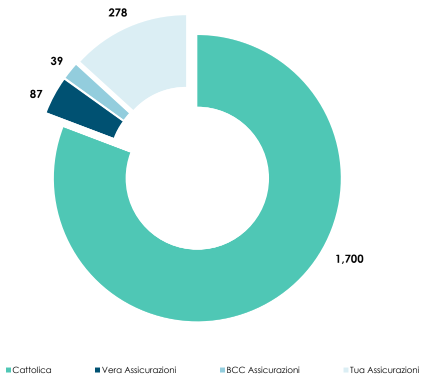


Premiums by channel, non life direct premiums (euro/millions)



Direct non-life premiums are attributable mainly to the Parent Company for € 1,700 million, BCC Assicurazioni for € 39 million, TUA Assicurazioni for € 278 million and Vera Assicurazioni for € 87 million.

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



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

During the year, the Group companies, in accordance with IVASS Regulation No. 41 of August 2nd, 2018, introducing provisions concerning disclosure and publicity of insurance products, continued in the activity of revising the contractual documentation of all marketed products according to the Information Set outlines dictated by the Supervisory Body. The companies revised also 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, paying particular attention to collaboration with the distribution network and marketing in defining products. The aim is to offer increasingly attractive and profitable products, both in terms of return and innovation.

Parent Company

The path taken by Cattolica starting from May 2018, aimed at technological innovation in the Motor area, continued with new digital solutions dedicated to moto vehicles and commercial vehicles up to 3500 kilos: the development of "Cattolica&Motori Active Auto", available from the beginning of 2020, involved the enrichment and innovation of the telematics products, and the diversification of the Assistance coverage, with a view to increasing service to Customers who can opt for connected products with different service levels, based on their needs, between the Active, Active Smart and Active Security formulas. 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 March restyling of "Cattolica&Motori CVT" involved the revision of the tariff and content coefficients, enriching the offer with important guarantees, which place it at the top of the market.

The update of the "Cattolica&Motori" line TPL Motor insurance conditions in November gave the go-ahead for the marketing of a new version of Active Box: the application is still provided for on the windscreen, but does not require any type of recharge, as its battery has a duration of around four years.

"Active Business", available in the catalogue from May, is configured as an evolution of "Cattolica&Impresa Industria 360°", responding to the protection needs of the workplace, for the workers and the entrepreneur: this is the new solution, which brings together all the protection needs for industrial, artisan, production or transformation of assets, installers of equipment and plant and commercial concerns, street vendors and public businesses.

The new policy offers new coverage for indirect business, with dedicated benefits in the event of economic difficulties resulting from the failure to generate income due to the blockage of production and commercial activities, and protection against the increasingly frequent IT risks, with Cyber Risk coverage (Cyber security, online theft of personal funds, credit card protection).

"Cattolica Director & Officer", released in May, is the new solution, which insures the Directors, the control bodies and the Managers of the Contracting Company/Entity for the amount that they are obliged to pay as civilly liable pursuant to the law, by way of compensation for financial damage caused to third parties deriving from failure to comply with the duties envisaged by the law, the Articles of Association or resolutions passed by the shareholders' meeting in the exercise of their functions.

From the month of June, new products dedicated to the field of digital risk are available.

"Cattolica & Cyber Risk" is the solution dedicated to small and medium-sized enterprises and professional studios, which use technological instruments and require complete protection for the expenses for economic and financial losses due to an IT attack, to restart the business and for any damage to third parties; it is available in two formulas, "Cattolica & Cyber Risk Formula Assistenza" and "*Cattolica & Cyber Risk Formula Indennitaria*".

"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 manage any consequences: it

provides for the coverage of Assistance services and TPL guarantees focused on the violation of personal data, computer data or physical data (paper, CDs, etc.).

"*Cattolica & Tutela Legale*", available from July, is the new modular product, which offers policyholders legal assistance and financial support for the expenses incurred in legal and extra-legal proceedings; it is aimed at a broad target of customers, with solutions dedicated to the legal protection of companies and freelanced professionals, sports and voluntary associations, as well as parishes and households.

"*Cattolica & Energie Rinnovabili*", released in July, is the new protection solution for renewable energy facilities (wind, photovoltaic, hydroelectric or biomass) and addresses the need for protection against the risks of damage to assets in connection with the ownership, management or operation of the facility.

"*Cattolica & Agricoltura Serre*", released in November, is the new solution for the protection of greenhouse structures and the contents underlying the activity carried out by the company, which is aimed at natural or legal persons, owners or managers of greenhouse structures, who carry out agricultural activities or commercial enterprises; it meets the need for protection against the risks of damage to assets, as well as offering insurance coverage against the risks of damage to assets deriving from third-party recourse or interruption of activities.

In December, the "Cattolica & Agricoltura - Rischi Zootecnici" product was restyled and the area relating to supplementary guarantees, which are not facilitated was enhanced with the inclusion of the botulinum guarantee.

"Cattolica & Professioni" is the new line dedicated to protection against risks relating to professional activities. Two independent modules have been available since December, "Cattolica & Professioni - Uffici" and "Cattolica & Professioni - Attività fiscali e contabili", which make it possible to subscribe to the insurance offer protecting offices in which professional or consultancy activities are carried out and the professional activities of Tax Advisors, Accounting Experts, Bookkeepers, Commercial Experts and Employment Consultants, respectively.

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: Servizi di Assistenza (assistance services);
- Protect: Antifurto Satellitare (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 has launched a number of commercial initiatives at its member banks to encourage the sale of certain non-motor non-life products. In particular, since June, "Insiemesivince Auto" has been introduced for the Motor product, which provides a discount of one month's policy, and "Insiemesivince Casa" for the "Casaefamiglia" product, for which the product is discounted by 20% if you have a motor policy. In addition, the safe household (famiglia sicura) campaign was launched for the underwriting of catastrophe policies.

In December, the restyling of the "Casaefamiglia" product was released with the revision of the tariffs for Fire, Third-Party Liability and Catastrophe.

TUA Assicurazioni

In October the "TUA EASY DRIVE" product version was placed on the market, alongside the company's connected Motor solutions ("Smart Drive" and "Box Drive").
The product provides protection and prevention services linked to the in-car device without the "behavioural" component, which therefore does not include observation of driving style for premium calibration at renewal.

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 and innovating the "AutopiùSicura Connect" range of telematics products.

From April, in addition to "Vera Box" and "Vera Box + Vera Protect", marketing began for the two new solutions "Vera Smart" for Assistance Services and "Vera Protect stand alone" for the Satellite Anti-theft System.

In June, the restyling of the "Incendio Abitazione a Premio unico" policy was released, which represents the evolution of the previous financed single premium fire product and arises from some specific requests and needs to align the offer to the new market requirements.

Commercial initiatives continued on several non-life policies. In particular:

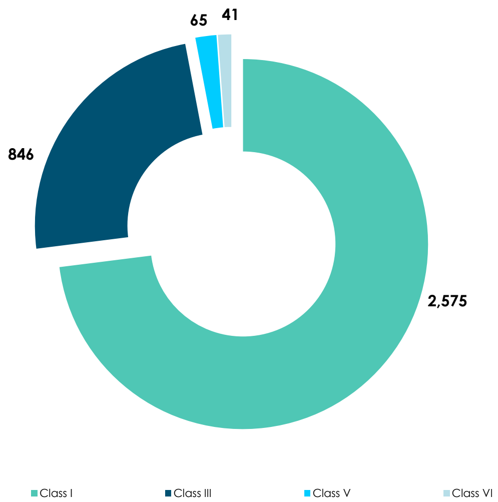
- "Black Friday", which, on some Fridays of the month, offers a promotion with a 20% discount on the first year's policy on several products in the catalogue;
- "Protezione Persona" in relation to policies linked to the world of health;
- "Insiemesivince Auto", activated in June for the Motor product, which provides a one-month policy discount for all renewed policies;
- "BackToHome," introduced in October, which provides a 20% discount for home and catastrophic damage protection.

Life business – Premiums written

Gross direct life premiums amounted to € 3,490.4 million (-25.5%). Premiums written relating to investment contracts amounted to € 36.8 million (-57.4%). Total direct life business premiums came to € 3,527.3 million (-26.1%).

With Lombarda Vita classified as held for sale under IFRS 5, total life premiums written amounted to € 2,579.6 million (-24.3%).

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 € 845.8 million (-41.9%) and consisted mainly of class III policies within multi-class policies. Investment contracts amounted to € 9.4 million (-40.1%). With Lombarda Vita classified as held for sale pursuant to IFRS 5, class III premiums amounted to € 602.5 million (-46.5%). Investment contracts amounted to € 19 thousand (-93.2%).
Low interest rates and the uncertainty of the overall economic environment, due in particular to the ongoing pandemic, led to a reduction in total premiums. Group life premiums written continue to be drawn along by the bancassurance channel.
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.

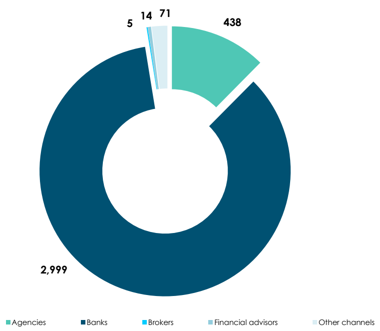
Class I premiums written amounted to € 2,775 million (-17.7%).
With Lombarda Vita classified as held for sale pursuant to IFRS 5, class I premiums written amounted to € 1,912.9 million (-11%).

Class V premiums written (capitalisation) amounted to € 64.6 million (-35.6%). With Lombarda Vita classified as held for sale pursuant to IFRS 5, class V premiums written amounted to € 22.4 million (-49%).

Total class VI premiums written (pension funds) amounted to € 40.5 million (-51.9%): investment contracts amounted to € 27.5 million (-61.2%).

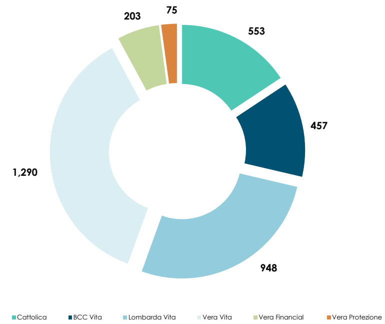
Direct life premiums written were generated as follows: the agency channel with € 438.6 million (-2%), the banking channel with € 2,998.9 million (-28.3%), brokers with € 4.9 million (-17.9%), advisors with € 13.9 million (+48.5%) and other channels with € 71 million (-45%).

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



The contribution made to the consolidated amount on life premiums attributable to the Parent Company totalled € 553.4 million, to BCC Vita € 457.4 million, to Berica Vita € 1.2 million, to Lombarda Vita € 947.7 million, to Vera Financial € 202.5 million, to Vera Protezione € 75 million and Vera Vita € 1,290.1 million.

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



Life business - Research and development activities: new products

As already reported for non-life products, for the life business too, during the financial year, the Group companies, in accordance with IVASS Regulation No. 41 of August 2nd, 2018, revised the contractual documentation of all marketed products according to the Information Set outlines dictated by the Supervisory Body. The companies revised also 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, paying particular attention to collaboration with the distribution network and marketing in defining products. The aim is to offer increasingly attractive and profitable products, both in terms of return and innovation.

Parent Company

Cattolica 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 Investimento" and "Active Risparmio" 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 can be adapted over time to your needs and expectations; it is also 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 you receive part of the invested sums;

- "Active Risparmio" is the multi-class product dedicated to those who decide to consistently set aside even limited amounts over time, with the aim of gradually building up their future capital.
  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.

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.
The offer relating to single-year collective protection life policies has been revised, aimed at legal entities (companies) that express the desire to offer insurance protection to their employees/collaborators and directors in relation to the risk of premature death, total and permanent disability and non-self-sufficiency, for requirements deriving from a company Collective Agreement or to offer additional benefits.
In particular, the "Protection vita" (Life protection) offer dedicated to the corporate world was re-launched with targeted interventions, aimed at responding better to customer needs and at the same time greater risk control, in line with the offers of the main competitors.

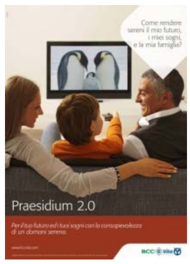
Lombarda Vita

The financial offer of Unit/Multi-class products linked to UCITS has been updated through the updating of the list of external funds proposed. In particular, the following products were revised:

- "Twin Top Selection": this is a multi-class insurance with single premium, with possibility of additional premiums written, with additional benefit in the event 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": single premium and additional single premium unit-linked insurance products with an additional benefit in the event of death.

BCC Vita

The offer dedicated specifically to the protection area has been updated.
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.

The range of revaluable and investment insurance products was revised, introducing the

"Bcc Vita - Futuro 2.0" product to the catalogue, dedicated to both individuals and legal entities wishing to make a prudent investment, with a long investment time period (10 years) and a limited ability to sustain any losses that may occur at times other than those when the guarantee of repayment of the amount invested operates. The new product is the result of the bancassurance joint venture and was conceived exclusively for customers of the Credito Cooperativo banks belonging to the ICCREA Group.

The product "Protezione Mutuo a premio unico" was created, a collective policy that better responds to the needs of the market and of the placing agent, dedicated to the world of Credito Cooperativo where the Contracting Party is the BCC Roma bank that offers its current account customers, who take out or have taken out a mortgage, the possibility of taking out an optional insurance protection; it is a product aimed at protecting, in the event of premature death, the beneficiaries on whom the burden of the debt relating to the existing mortgage would fall.

Vera Vita

The following new investment solutions were launched: the multi-class products "Vera Vita - CapitalePiùOpportunità", "VeraVita - PrimaVera Multiramo Convenzione", "Vera Vita - CapitalePiùOpportunità Convenzione", "Vera Vita Private Insurance Select" (dedicated to Banca Aletti) and the Class I product "Vera Vita - SempreVera Convenzione".

Research and development activities were carried out to revise existing products in accordance with the guidelines laid down in the agreement between the Parent Company and Banco BPM.

Vera Financial

Research and development activities were developed along two main lines: the selection and start-up of the project to implement a new life platform and the release of new products according to a work plan agreed with the network.

As regards the plan to release new products, eight new class III products were made available to the distributor: "Valore Piu' Gennaio 2020" and "Obbligazionario Piu'" characterised by investments mainly in bonds, "Futuro Sostenibile 2.0" characterised by investments mainly in financial instruments issued by companies that meet socially responsible management criteria, "Orizzonte Multimanager", "Top Brands", "Top Brands 2", "Top Brands Global Quality" and "Top Brands Global Quality 2" with an asset allocation that aims at capital growth in the medium-long term 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 million to € 40 million;
- increase in risk capacity for the transport programme from € 7 million to € 10 million, while for the clash the increase is from € 14 million to € 20 million;
- increase in capacity for the fire class from € 90 million to € 100 million;
- non-renewal of the "Multiline" coverage for Property risks (fire, theft and technological risks);
- renewal of the "Multiline" coverage, as per expiry date, for the TPL general class and 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 per expiry date, 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), proportional coverage was renewed, with a simultaneous reduction in the portion of assignment upon maturity, from 85% to 70% for the Non-life business 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 TPL general 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% vs 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% falling due to 70%.

In order to improve the risk profile of Cattolica, TUA and CattRe and to guarantee a higher level of solvency in the 2020 – 2022 period, in 2020, reinsurance coverage was underwritten, quota share to protect the net retention of the TPL Motor and TPL general classes for the Parent Company and TUA Assicurazioni, and all the lines of business under licence for CattRe.

This coverage provides the possibility to modulate the percentage of transfer of claims reserves and future obligations in accordance with the actual needs of each company, limiting the transfer of results to the minimum necessary.

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 € 250 thousand, falling due, to € 200 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 life reinsurance programme is completed by the renewal, at unchanged conditions, of the proportional agreements of the Group companies relating to coverage of the risk of non-self-sufficiency (long term care) and salary-backed loans for employees and pensioners.

In order to improve and make BCC Vita's risk profile more efficient, in 2020, coverage was activated on the net retention of part of the in-force portfolio of single-year Temporary Life Insurance policies. This coverage provides for a proportional QS transfer with a transfer amount equal to 90% of the portfolio considered net falling within the scope of the transfer and has a duration of ten years (with the possibility of cancellation by both parties after five years).

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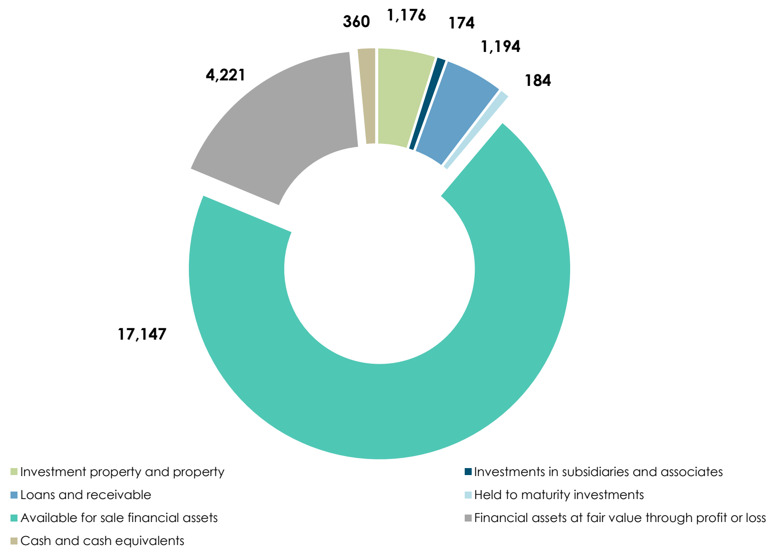
Dealings with reinsurance companies, which present the best prospects of continuity over the long-term, have been preferred for all the Group companies. When selecting partners, particular attention was paid to the solidity and reliability of the same, directing the choice towards those with the best 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 turnover decreased drastically, in general.
In the course of the year, 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 particular, the following are pointed out:

- the purchase in January, for € 300 thousand, 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 total payment of € 16 million, made in February and September, to Fondo Euripide, managed by Finanziaria Internazionale SGR and 100% underwritten by the Group companies, for the ongoing renovation of the various hotels in the portfolio;
- the purchase of two photovoltaic installations through Fondo Perseide (a fund 100% subscribed by the companies of the Group): an installation with a total capacity of 1 MWp for € 2 million, carried out on June 8th, located in the province of Vercelli and an installation of 887 kWp for € 1.1 million (in addition to a financial lease), carried out on December 23rd, located in the province of Gela in Sicily;
- 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, amounting to € 4.6 million, plus taxes and costs on purchase;

- the purchase, at the end of July, for € 34.3 million, of an office building in Milan Bicocca rented to a tenant of primary standing, through the purchase of 100% of the shares of the vehicle that owns the real estate ("Fondo Titan"), through Fondo Girolamo, 100% subscribed by the Cattolica Group companies;
- the continuation of investments in Fondo Innovazione Salute (a fund dedicated to the healthcare sector and residences for the elderly) for an amount of € 5.3 million, with a new facility in Imperia (Liguria) currently being renovated and two operating facilities in Lombardy (Cantù and Pavia) for an amount of € 25.5 million. The undertaking in Fondo Innovazione Salute, which at the end of 2020 had 13 units, 11 of which leased to Coopselios and two leased to Segesta 2000, a Korian Group company, consolidates Cattolica's presence in the healthcare real estate sector, in which it has been present since 2008 with the acquisition of three nursing homes;
- the continuation of investments in Fondo Immobiliare Mercury Nuovo Tirreno, a joint venture with the CONAD Group, with the purchase of six new supermarkets for an equity investment into the fund of € 12 million (in several tranches in the second half-year); in addition, at the end of the year a mortgage loan was taken out on the entire portfolio of the fund, equal to 50% of the value of the overall property;
- the continuation of investments in Fondo immobiliare Mercury – Comparto Adriatico, a joint venture with the CONAD Group, with the purchase in December of six new supermarkets, for an equity investment in the fund of € 9.8 million;
- the entry in September into a foreign-law core fund, diversified by sector and by European country, for an amount of € 2.2 million, pending further calls up to a total of € 6.5 million;
- the purchase in December of a historic building for office use in the centre of Rome, leased to a leading Italian telecommunications group, through Fondo Girolamo, for an amount of € 65 million, plus purchase costs and taxes;
- 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 a "university campus" of Anglo-Saxon tradition. The new Campus was inaugurated on September 7th. The initiative was completed through Fondo Immobiliare Ca' Tron H-Campus in which Cattolica is a shareholder with 60% of the equity paid in together with Cassa Depositi e Prestiti (for 40%). During 2020, in order to finance the completion of the works, Cattolica paid € 14.7 million into the Fund.

During the year, in the area known as "Cattolica Center" in Verona, the upgrading and safety works on the building reached its 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 2020, investments relating to the agricultural part of the Ca' Tron 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 year, operations developed in a very fragile macroeconomic context due to the disruptive effects of Covid-19. On financial markets, there were periods of high volatility and periods of sudden stabilisation. The latter depended above all on interventions by central banks, joint efforts for fiscal aid by governments and public institutions and, finally, on advances in pharmaceutical technology, which, towards the end of the year, made it possible to create a vaccine for the virus.
Moreover, portfolio diversification continued thanks to a reduction in the domestic component in terms of volume. These transactions were carried out both through the sale of securities and through derivative instruments such as forward sales. Operations focused on the distribution of maturities by lengthening the average duration of the portfolios, consistent with the durations of the reference liabilities.

At certain times of the year, especially during the first half-year, part of the available liquidity was prudently invested in monetary instruments at negative rates. This temporary use is related to the high level of uncertainty surrounding the development of forecast flows, especially in the dramatic context of the first phase of the pandemic.

The corporate component was subject to high volatility in the first months of the year 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 the effects of the pandemic on the economy. As a result, exposure to issuers with a higher credit rating and to economic sectors less affected by the health crisis was increased.
After the strong shock in the spring months, credit spreads showed a very solid performance. With the help of central bank purchases, which stabilised the market, the price collapse that occurred in March and April was promptly recovered in May and June and the positive performance continued until the end of the year.

The share segment was tactically moved to benefit from the detachment of dividends aimed at supporting the Group's profitability.

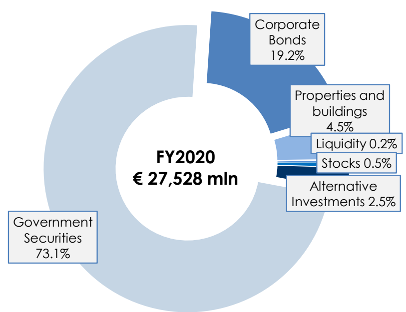
The management of alternative investments in the portfolio also continued. These investments contribute to portfolio diversification and are carried out on the European continent.

During the year, the real estate component was increased thanks to the subscription of new funds and the calls on some funds already in the portfolio.

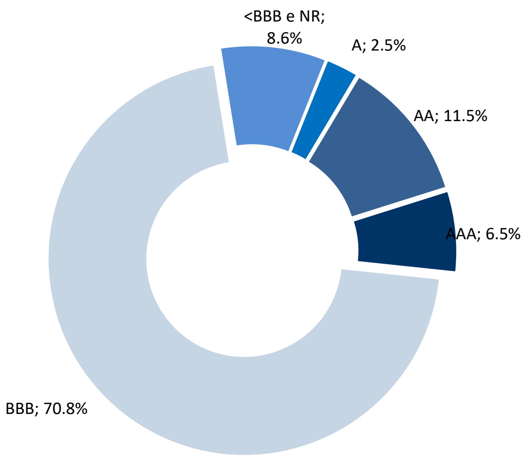
The portfolio is denominated principally in Euro, with marginal exposures in US dollars and GBP. Issuers place products primarily in Europe, and to a lesser extent in the United States. However, companies presented spheres of operations highly diversified in geographic terms, for the purpose of reducing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

With reference to the volumes managed as at December 31st, 2020 (excluding the equity investments and contributions of foreign companies), the following details are highlighted:

Asset allocation



Bond rating breakdown



Financial operations

Financial operations, closed with a result, gross of tax effects, amounting to € 440.4 million (-16.7%). With reference to net income from other financial instruments and investment property, the item is characterised by a decrease in net income from interest and other net proceeds, which amounted to € 455.4 million (-14.7%), net profits realised of € 111.6 million (+43.2%) and net impairment losses on financial assets of € 57.4 million (+66.8%), as well as net losses from investments in associated companies of € 13.1 million compared to net profits of € 2.2 million in 2019.
With Lombarda Vita classified as held for sale pursuant to IFRS 5, financial operations, gross of tax effects, closed with a result of € 298.3 million (-14.5%). With regard to net income from other financial instruments and investment property, the item is characterised by a decrease in net income from interest and other net proceeds, which amounted to € 339.8 million (-7.1%), net profits realised of € 71.4 million (+19.5%) and net impairment losses on financial assets of € 48.8 million (+44.6%), as well as net losses from investments in associated companies of € 13.1 million compared to net profits of € 2.2 million in 2019.

With reference to net income deriving from financial assets held for trading, the result from financial operations was characterised by negative income from net interest and other net proceeds of € 364 thousand compared to € 77 thousand in 2019, net impairment losses of € 926 thousand (+€ 1.2 million in 2019) and losses from realisation of € 1.8 million (-€ 785 thousand in 2019).

PERFORMANCE IN THE 4TH QUARTER

The Group result at December 31st was affected by a loss of € 6 million in the fourth quarter, while the consolidated result was affected by a loss of € 1 million in the fourth quarter.

UNREALISED CAPITAL GAINS AND LOSSES

At year end, unrealised capital gains net of tax effects were recorded on held to maturity investments for € 15 million, along with unrealised capital gains net of tax effects on loans and receivables for € 157.2 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 December 31st, amounted to € 1,626.5 million.

Net of the tax effects on properties and on investment property, unrealised capital gains - on the basis of estimates made by appointed outside experts - totalled € 147.3 million. The overall fair value of property and investment property came to € 1,388.9 million.

SOLVENCY II RATIO

Pursuant to Article 24, paragraph 4-bis, of ISVAP Regulation No. 7 of July 13th, 2017, information on the operating conditions is provided: in particular, the eligible own funds, calculated taking into account USP, amount to 1.87 times the Solvency II capital requirement.

Table 17 - Solvency II Ratio USPs

(€ thousands)		2020	2019
Solvency Capital Requirement (SCR)	**A**	**1,288,889**	**1,222,290**
TOTAL ELIGIBLE OWN FUNDS TO COVER THE SOLVENCY CAPITAL REQUIREMENT	**B**	**2,409,681**	**2,138,153**
of which TIER 1 unrestricted		1,765,236	1,446,877
of which TIER 1 restricted		0	80,132
of which TIER 2		644,445	611,145
of which TIER 3		0	0
SOLVENCY II RATIO	**B/A**	**187%**	**175%**
Minimum Capital Requirement (MCR)	**C**	**822,095**	**745,038**
TOTAL ELIGIBLE OWN FUNDS TO COVER THE MINIMUM SOLVENCY CAPITAL REQUIREMENT	**D**	**1,929,655**	**1,676,016**
of which TIER 1 unrestricted		1,765,236	1,446,877
of which TIER 1 restricted		0	80,132
of which TIER 2		164,419	149,008
of which TIER 3		0	0
Ratio of Eligible Own Funds to MCR	**D/C**	**235%**	**225%**

The figures relating to 2020 have not yet been subject to the checks envisaged by IVASS Regulation No. 42 of August 2nd, 2018; the figures will be communicated to the Supervisory Body and to the market in accordance with the timeframes provided for by current regulations.

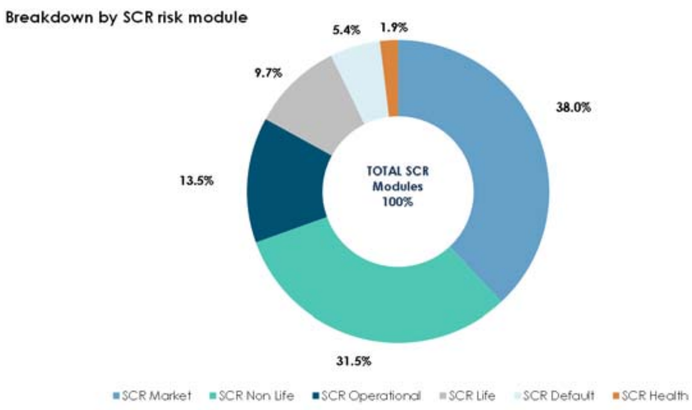
The Solvency Ratio of the Cattolica Group recorded an increase during 2020 from 175% to 187%, also due to the effect of the first tranche of the capital increase carried out in October 2020 for an amount of € 300 million.

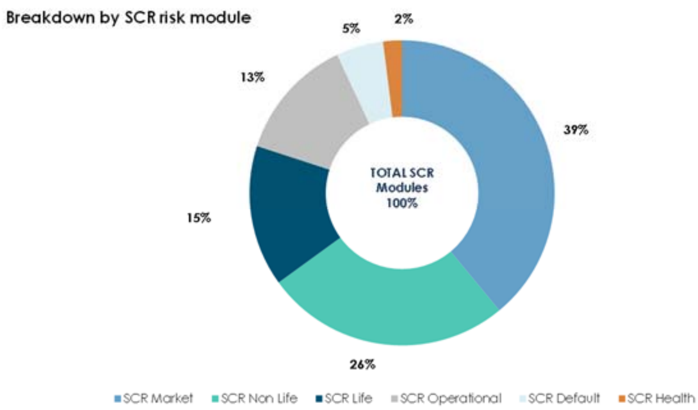
Compared to the 2019 closing value, the Group's solvency capital requirement increased, mainly due to the growth in Life technical risks, with particular reference to the redemptions component.

Non-life and Health NSLT technical risks decreased in the year, mainly due to the catastrophe component, due to an increased use of reinsurance.
Market risks also decreased due to the decline in interest rate risk and, to a lesser extent, equity risk.
The loss mitigation capacity of technical reserves decreased significantly during the year.

Balance Sheet balances increased during the year, partly as a result of the capital strengthening transaction mentioned above.

With reference to risks also measured through the regulatory capital requirement, the relative weight of each risk in relation to the total is indicated, for 2019 and 2020. The breakdown by risk module of the Solvency Capital Requirement (SCR) is shown in the chart below, which shows that, for 2020, the most significant macro-categories with reference to the overall risk profile are market risks (39%) and non-life technical risks (26%).





With reference to the sensitivity analysis of the main financial risk factors, the table below measures the effects of the sensitivity on the ratio.

Table 18 – Sensitivity Solvency II Ratio

(€ millions)

Cattolica Assicurazioni Group	Ratio FY 2020	post sensitivity rates +50bps	post sensitivity spread +50bps	post sensitivity spread Italy +50bps	post sensitivity shares -25%	post sensitivity property -25%	post sensitivity rates -50bps
12/31/2020 FY		**RATE**	**SPREAD**	**SPREAD**	**SHAREHOLDERS**	**PROPERTY**	**RATE**
delta Ratio	187%	190%	157%	155%	184%	163%	165%

Pillar 1 Risks

1

Pillar 2 Risks

2

MANAGEMENT REPORT

The Group in 2020

Business performance for the year

Risk management

Headcount and sales network

Significant events and other information

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.

In order to keep the risk management system in line with the regulatory framework and the evolution of the socio-economic context, the Group, with a view to continual refinement, has strengthened the overall system with a number of measures and will continue the process both in terms of extension and incisiveness, in order to implement a complete process that can continuously capture the real risk profile.

The risk management process takes 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. The continuous management of the risks to which the Group companies are exposed is also pursued by monitoring the solvency position at least once a month and by monitoring early warning indicators, whose recent and prospective trends require specific attention. Information flows from first level control units to the Risk Management Unit and the Compliance Unit[10] 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 insurance 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.

Risk Propensity, supplemented by other policy processes, contributes toward guiding strategic decisions of the

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

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 a solvency target, a specific threshold of risk appetite, defined as the ratio of eligible own funds to the Solvency Capital Requirement;
2. **risk propensity by type of risk**, defined with relevant thresholds for each risk category identified;
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. Aware of the centrality of operating limits as a tool for timely and frequent verification of the entire system for controlling exposure to risks, the Group will continue to progressively strengthen them by extending the quantities monitored.

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[11]), the Group, Cattolica and TUA Assicurazioni, availing themselves of the option provided for by regulations, have received authorisation from the IVASS[12] 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 more accurately the risk profile. 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, strategic risk, money laundering risk and environmental risk.

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 year, the Group carried out the current and forecast assessment of the risks and solvency with reference to the end of the previous 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 discussion and approval by the Board of Directors of the Parent Company;

[11] Health NSLT (Not Similar to Life Techniques) is the same as health insurance assigned to the activity areas for the non-life insurance obligations.
[12] Authorisation received on May 11th, 2017, with application starting from the figures as at December 31st, 2016.

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 management process.

PILLAR 1 RISKS

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

Risk concerning tariff rating, reservation risk and catastrophe risk

Technical risks relating to the Non-life business represent approximately 26% 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 reference 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 sensitivity analyses 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.

In the course of the year, 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 that aims 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, TPL general 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.

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 15% 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 redemption risk includes also the modelling of dynamic redemptions, the analysis and prospective evaluation of the expected behaviour of policyholders and represents the risk factor subject to greater volatility, due to the close connection with financial variables and consequently by their more unpredictable nature.
The quantitative measurement of these risks 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 represent approximately 39% 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. This is followed by equity risks and, to a lesser extent, concentration, currency and interest rate risks.
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 at today is associated. The Group's objective is to strengthen its oversight of investments in the real estate and agricultural sectors, with the aim of providing a comprehensive representation of the capital absorption of these investments.
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, represented in periodic reports 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. Target exposure and limits, in terms of minimum and maximum exposure, are then defined for each relevant asset class.
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 what is defined by the Risk Appetite framework and therefore 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 composition of the portfolio is therefore based on the process of identifying the strategic asset allocation, considering a target percentage allocation and a set of maximum allocation limits. Consideration of these limits helps to ensure an adequate level of diversification among the various financial risks, in accordance with the desired risk profile.

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 mentioned above, the Group will continue to progressively strengthen the system of operating limits by extending the quantities monitored.
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.
In addition, the Group's solvency position is monitored at least once a month, in order to capture the effects of changes in market conditions. 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, on December 31st, the exposure to the upward risk in interest rates and 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 equity prices and the value of real estate. The downward sensitivity of interest rates was also tested.

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 19 - Sensitivity analysis on market risks

(€ millions)

Financial Statements Category	Risk-free rates +50 bps	Spread on government and corporate bonds + 50 bps	Spread on Italian government bonds +50 bps	Equity -25%	Property -25% (1)	Risk-free rates -50 bps
Impact on IAS Shareholders' Equity	-641.3	-608.3	-335.1	-38.8	-204.0	641.5
Impact on Income Statement	-0.7	-0.6	-0.1	-27.6	-91.8	0.5

(1) Excluding properties for own use and gross of shadow accounting

- Stress tests, both actual and prospective, identified on the basis of the losses they would cause on the portfolio and calibrated on the basis of historically observed scenarios over a defined time period. 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 allows us to confirm compliance with the regulatory solvency threshold following the defined stresses. The Group is committed to strengthening its capital, in order to ensure robust solvency levels and compliance with risk propensity thresholds even in the event of severe stress scenarios.

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 falling under this category to which the Group is exposed relate to exposure to receivables from brokers and insurers, from reinsurers and in current accounts.

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.

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, the Control and Risks Committee, 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 December 31st, 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 legislation, understood as the risk of incurring judicial or administrative sanctions, suffering losses or reputational damage 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 codes of self-governance, is carried out by the Compliance Unit, as provided for in IVASS Regulation No. 38 of July 3rd, 2018, the Directives issued on corporate governance and the Compliance Policy.

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 year, the Unit carried out its activities in accordance with the provisions of its Plan of Activities defined for 2020, with the regulatory provisions and the communications received from the Supervisory Authority.
The Unit has also carried out, 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.

Completed the verification activities, jointly with the Group Internal Audit unit, on the subject of the offer of products combined with loans required by the joint IVASS - Bank of Italy Communication of March 17th, 2020, and the other checks provided for in the plan.

The Unit conducted also follow up activities on the checks carried out during the previous year (e.g. the Outsourcing Process pursuant to IVASS regulation No. 38 of July 3rd, 2018)

The Compliance Unit collaborated also with the various corporate functions on regulatory projects such as, for example, the project to consolidate IDD processes, also in view of the new regulations issued by IVASS and soon to be applied (Regulation No. 45 of August 4th, 2020, which will come into force on March 31st, 2021). It has also carried out 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 Risks 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 mainly as a "second level risk", i.e. as a derivation of other risks, in particular the risk of non-compliance with legislation, operational risk and cyber risk, amplifying their negative impact on the Company. However, media events with an impact on the corporate environment play also an important role in this assessment and influence the performance of the stock.
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 considers reputation one of the keys to its value generation for stakeholders. 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 media exposure to which the Group has been subject on issues of particular economic and financial sensitivity during the year; considering the economic context and the market in which the Group operates, the prospective assessment of the current risk exposure is stable. To mitigate this risk, a centralised internal and external communication structure is in place at the Parent Company to strengthen the response and management of events that may have an impact on the Group's reputation.

Agencies
1,360

Branches
5,960

Financial advisors
706

MANAGEMENT REPORT

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 the 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 second half-year, an APP was activated to manage attendance and expense ledgers, and preparatory activities were carried out for the launch of a management platform that will allow employees to update their personal data and CVs and consult the Corporate structure in terms of positions associated with each employee, in order to simplify their activities.

At the same time, internal processes continued to be revised in order to improve the interaction between employees and Human Resources, including through a new, more effective and recognisable communication method and identity, which is more in line with current needs, favouring digital tools for the exchange and collection of information.

In 2020, recruiting activities were affected by the dynamics due to the Covid-19 pandemic; the Group therefore implemented innovative methods by increasing its presence on online channels and setting up digital recruiting activities.
During the course of the year, the recruitment plan saw 79 people join the Group.

The Group activated also 29 training projects: during the twelve-month period, 15 work experience individuals were offered contracted employment after a period of training, underlining the value of training and the enhancement of internal resources.

Again with a view to enhancement, internal mobility activities should be highlighted, which involved 132 resources in 2020, of which 49 (37%) involved vertical growth (assumption of responsibilities) and the remainder involved horizontal growth to enrich skills, in line with the Group's focus on the corporate value of meritocracy.

In the area of internal growth, it is also worth mentioning that, towards the end of the year, 8 officers were appointed to Group management positions, with a focus on generational change and attention on female leadership.

As at December 31st, 2020, the Group headcount included 1,796 staff, compared with 1,778 as at December 31st, 2019. The staff is broken down as follows: 71 executives, 440 officials, 1,285 office workers.
The number of full time equivalent Group employees came to 1,746 (it was 1,717 as at December 31st, 2019).

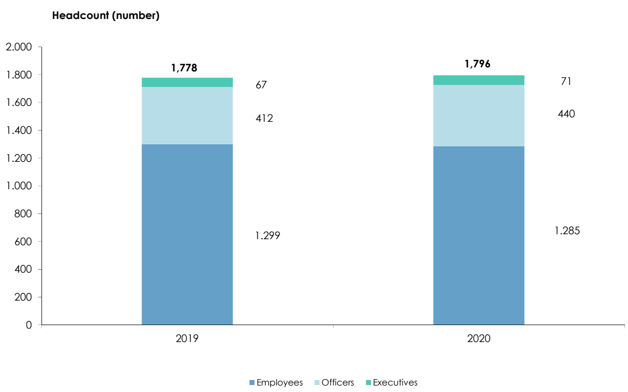


Table 20 - Group headcount

Group companies (*)	Registered offices	2019	Increases	Decreases	Changes	2020	Terminated as at Dec. 31st 2020	2020, net of terminations as at Dec. 31st 2020
ABC Assicura S.p.A.	Verona	7	0	0	0	7	0	7
BCC Assicurazioni S.p.A.	Milan	4	0	3	-3	1	0	1
TUA Assicurazioni S.p.A.	Milan	79	5	4	1	80	0	80
VERA Assicurazioni S.p.A.	Verona	6	1	2	-1	5	0	5
CattRe S.A.	Luxembourg	8	4	1	3	11	0	11
BCC Vita S.p.A.	Milan	8	4	2	2	10	0	10
Berica Vita S.p.A.	Verona	3	0	0	0	3	0	3
Cattolica Life DAC	Dublin (Ireland)	5	0	5[1)]	-5	0	0	0
Lombarda Vita S.p.A.	Brescia	11	0	1	-1	10	0	10
VERA Financial DAC	Dublin (Ireland)	19	7	3	4	23	0	23
VERA Protezione S.p.A.	Verona	3	0	1	-1	2	0	2
VERA Vita S.p.A	Verona	7	2	0	2	9	0	9
Cattolica Assicurazioni Soc. Coop.	Verona	1,001	35[2)]	37[3)]	-2	999	1	998
All Risks Solutions S.r.l.	Milan	2	0	2	-2	0	0	0
Cattolica Agricola S.A.r.l.	Verona	9	4	4	0	9	0	9
Cattolica Beni Immobili S.r.l.	Verona	1	1	0	1	2	0	2
Cattolica Immobiliare S.p.A.	Verona	9	0	0	0	9	0	9
Cattolica Services S.C.p.A.	Verona	565	30[4)]	17[5)]	13	578	0	578
Estinvest S.r.l.	Venice	1	2	1	1	2	0	2
Satec S.r.l.	Venice	24	10	11[6)]	-1	23	0	23
Meteotec S.r.l.	Venice	2	0	0	0	2	0	2
Qubo Insurance Solutions S.r.l.	Milan	4	0	1	-1	3	0	3
Mediterranea Underwriting S.r.l.	Genoa	0	9[7)]	0	9	9	0	9
Group Total		**1,778**	**114**	**95**	**19**	**1,797**	**1**	**1,796**

(*) 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 9 intercompany transfers
[3)] of which 10 intercompany transfers
[4)] of which 11 intercompany transfers
[5)] of which 6 intercompany transfers
[6)] of which 8 intercompany transfers
[7)] of which 8 intercompany transfers

Academy & People Development

Cattolica is aware that it has important reserves of talent at its disposal and makes the most of them through organisational and managerial tools. Raising the quality of individuals and the workforce as a whole is a cornerstone of resource management.

The Covid-19 emergency consolidated the Group's awareness of the extent to which value generation is a function of Human Capital and of the extent to which human capital, and not just technological capital, will be central to dealing with new competitive contexts.
The pandemic has strongly influenced Human Capital management policies for 2020, requiring the rapid

development of new approaches, the adoption of new ways of relating to and contacting people, the strengthening of existing management and development initiatives, the intensification of engagement and caring actions, including through well-being programmes focusing on the physical and emotional sphere and aimed at protecting the psychological and physical well-being of all employees.
One of the peculiarities of this year, for Academy & People Development, was to increase the opportunities to listen to colleagues, in order to understand their emotions and needs to improve the company at this particular time.

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. 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 and also to respond effectively to the challenges faced by Cattolica in 2020. The main changes introduced concern the number of objectives, which is fixed and the same for everyone (5 for professionals and 6 for managers), the introduction of 4 guiding categories that enable managers to enhance all aspects of their staff's performance and the drafting of catalogues dedicated to the main professional profiles.

The "developability matrix", created as a result of the assessment activities launched in 2018 and the annual performance evaluations, was the governing lever for the development actions implemented during the year. This matrix relates the skills possessed by people with the performance expressed, allowing a detailed mapping of resources to identify talents and their characteristics, addressing the best training and development paths and guiding management choices.
On this basis, a talent pool was identified: the 2018-2020 Plan Talents composed of 56 people identified on the basis of certain guiding criteria: advanced skills from talent check-ups, significant performance in the last three years and excellence in digital skills. Talent engagement in Plan initiatives and on the streams of cultural transformation continued in 2020.
The Group has also commenced a process of enhancing the managerial roles by defining a reference pipeline, which - for each level - identifies the distinctive skills and behaviours, the perimeters of responsibility, the types of relationships and the necessary challenges to be faced with a view to development.
From the point of view of professional development, 2020 saw the launch of the M-UP! project, which aims to define the professional profiles of reference for all the professional areas present in the company, with the aim of: guaranteeing coverage of professional needs, facilitating management, professional development, guaranteeing continuous monitoring of critical know-how, encouraging professional guidance with respect to the evolution of professional positions. The bottom-up project approach intends to ensure that the professional profiles are constantly updated. This challenge is met through the participation of all our people and the empowerment of each individual with respect to their own professional development. The key to success is through a cultural transformation.
The participatory model saw the engagement of talents from each professional family to define the professional reference profiles and knowledge repertoires that allowed for the construction of the first set of profiles and the fine-tuning of the process. The identification and engagement of knowledge "experts" enabled the completion and refinement of the mapping.
The process is supported by a "LinkedIn style" digital platform through which all employees can interact in social mode.
The system allows for the identification and enhancement of "knowledge owners", their engagement within the corporate faculty for the different professional families and the activation of open environments of knowledge sharing. To date, the model has made it possible to identify more than 250 knowledge assets divided into 14 macro-areas and 72 professional profiles aggregated into 11 families.

TRAINING
The Group considers training, updating and maintaining the skills of its employees to be a strategic element, on the one hand, in achieving high company standards and, on the other, in involving and enabling all resources to generate value. The Group invests continuously in training initiatives built on an in-depth analysis of company needs, market and regulatory developments, and changes in the various professional profiles present in the Group. The training aims to make Cattolica a more innovative, agile and reactive Group, ready to take on the challenges and opportunities of an increasingly competitive market.
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 crisis experienced due to the Covid-19 emergency has made the training challenge more complex, but it has also opened the doors to a different model of teaching that speaks the language of the future, with new learning methods and the development of renewed ways of integrating different knowledge.
Two surveys were launched between May and December: one related to the lock-down period and one to e-learning training.
With the first one, the goal was to capture the sentiment during the Covid-related pandemic that led us to work from home, experimenting with new ways of communicating, new forms of relationships in life and work, new organisational and work approaches, and new technologies that enabled us and allowed us to work and stay in touch. It was considered essential to listen to everyone's opinion on the activities carried out and those that could be improved, reflecting on what we have learned and are learning and what we need to learn.
Cattolica E-Learning Research is the survey created to identify the guidelines for the design of innovative digital training models consistent with our professional context, according to the new ways of working and using online content.

The year 2020 was also characterised by the evolution of the methodologies for implementing training projects. In fact, the pandemic accelerated the process of adopting digital tools for the creation of webinars and online courses that allowed for the continuity of the scheduled training plan.
In February, the #Learningneverstop training programme was launched: online training insights, dedicated to all colleagues in the Group, to increase the skills of organisational management, time, space, communication and the digital tools at our disposal, in order to best deal with the sudden change in the way we work, due to continuous smart working as a result of lock-down.
An in-depth module on Remote Team Management was targeted at resource managers.
The "New leadership for best performance" course was launched in September: six months of training with six webinars dedicated to Group managers, to reflect on the changes we are experiencing, develop new skills in new ways of working (with Tools and methods for remote working, also aimed at Group professionals), team management and development (with the 3 hats of the manager), performance management system (With Talks) and, from next year, digital leadership and new digital collaboration tools.
Special attention was paid to the issue of diversity & inclusion with the creation of two training modules: Diversity mindset, for professionals, and Diversity managers, for those responsible for staff. By learning about diversity and what the benefits of inclusion are, especially in a business context, colleagues compared their different points of view and generated value. They proposed also ideas to improve the positive and inclusive climate in the company, and drew up a list of virtuous behaviours for the benefit of the Group's managers.
In the technical-professional field, the Insurance Milestone Program was offered to all Group colleagues: four webinars dedicated to the principles of the insurance business and in-depth analysis of financial statements and Solvency II issues, attended by 102 people, for a total of 856 hours.
In order to deepen and strengthen the knowledge of Office applications, courses in e-learning mode for basic Excel, advanced Excel and PowerPoint have been kept active, for all employees of the Group.
Since November, 3 editions of the new training format for effective presentation tools - Presentation Bootcamp have been held, involving 41 employees: a virtual course made up of 6 webinars, for a total of 572 hours, which provides a working method to create persuasive presentations and to be more and more effective in conveying messages to addresses. The methodology used is that of learning by doing, which alternates up-front lessons with practical activities and reflects the new way of digital working and thinking: open, flexible, organised and fast.
Also for 2020, the Catalogue Training Offer has been made available, consisting of more than 40 courses that focus on transversal professional topics and linked to the Group's Competence Model.
On the subject of Sustainability, a central topic in the political and economic debate, the training project launched in autumn 2019 continued with the creation of a meeting "La sostenibilità d'impresa e l'approccio ESG: origini, evoluzioni e sviluppi recenti" ("Corporate Sustainability and the ESG approach: origins, evolutions and recent developments"), dedicated to the Administrative Bodies and Executives of the Group, focusing on topics related to the concepts of sustainability and corporate social responsibility with high cultural and operational significance.
In the first half of 2020, training sessions dedicated to Company Trade Union Representatives were held in webinar mode and attended by 26 colleagues (Creare valore con la Sostenibilità, Creating Value with Sustainability) and, in the second half-year, an online course was held for the entire company population, aimed at disseminating a culture of sustainability and new knowledge.
The Training unit carried out also tailor-made training courses to meet the specific functional needs of the Divisions, with a particular focus on updating the professional skills needed to achieve the Plan's objectives

and on new tools to improve work organisation and operating efficiency.

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 following two-year period, are ongoing. The training action is divided into horizontal training, with the aim of training the company areas impacted by the new standards and to inform, in relation to the strategic choices made; vertical training on the project work groups, with the aim of deepening the knowledge of the standards, understanding of the impacts and thus enabling active participation in the work groups. Participants in the teams are the sponsors of change and are hired as trainers and expertise focal points for the implementation of the new company policies in 2021. There were 148 participants in 2020.

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

For the Administration and Budget Division, in order to develop skills and tools for digital collaboration and idea generation to improve and streamline communication and internal management of activities, the "Be Great!" project was implemented: a blended course (with online courses and digital workshops, lasting a total of 18.5 hours) for design thinking, divided into three phases (understanding, ideate and verify), to devise and develop projects aimed at improving communication, feedback and shared vision, developing internal know-how and co-creating solutions to facilitate collaboration and team development. These first two editions were attended by 58 people.

For the Non-life System of the IT Division, the Mia Platform Dev Fundamentals webinar training course was created, a proven system for empowerment of professional culture, with the aim of developing knowledge and tools for Agile methods.

Participants were introduced to the basic concepts of next-generation architectures from both a design and operational perspective. The course covered the main approaches to microservice development, API (application programming interface) design, and the topic of platform governance and how these impact the existing IT ecosystem. At the end of the course, participants took a final exam to obtain the Mia Platform Dev Fundamentals Certification.

For more than 70 employees in the Claims Division, in order to enhance their negotiating skills with internal and external clients, an online training pathway was structured that allowed them to train through experimental training roles.

In the area of Derivative Instruments, in order to meet a specific need to disseminate, standardise and increase the skills of people in the units impacted by management processes, such as ALM, Risk Management, Administration and IT, a specialised technical training course was organised involving 70 people. The course will continue in 2021 with specialised in-depth sessions.

in terms of AML (Anti Money Laundering), in compliance with IVASS regulation No. 44 of February 12th, 2019, a training pathway was created dedicated to the Anti-Money Laundering Unit, responsible for AML/CTF (Counter Terrorism Financing) Risk Control, aimed at standardising and increasing skills, as well as ensuring continuous updating: there were 11 people involved.

The digital transformation process continues, building on the achievements of last year's Digital Transformation project: the projects devised during the Transformation Lab process were finalised using the design thinking methodology.

Innovation Plus, the online training platform on innovation and digital issues, available to all Group colleagues to learn new tools, explore new points of view and evolve the way they look at the world, has been launched.

Within the proposed content, a section was reserved to present and celebrate the work done during Transformation Lab: the design thinking workshop, carried out between the end of 2019 and the beginning of 2020, which led about sixty colleagues to transform two digital ideas, resulting from the 2018 ReadyToGo, into actual projects that can be implemented in the company. A training module for learning about the project for experimentation, teamwork and innovation that colleagues have carried out and to deepen the issues such as complexity, industry 4.0.

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 continued 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 remain available in e-learning mode, aimed at all Group employees.

In compliance with the evolution of the regulations and the Group's internal procedures, two new online courses

have been created for all employees on the subject of anti-money laundering, industry standards, Group regulations and controls and GDPR (European General Data Protection Regulation) aimed at ensuring continuous updating.
On the subject of Safety in the Workplace, the Group continued to provide online and webinar training. In fact, training and refresher courses dedicated to specific thematic areas were held in webinar mode for identified employees. The online mode was used to carry out both a refresher training campaign for workers and employees in charge and training campaigns dedicated to executives and new hired people.
Mention should be made of the mandatory information pathway, Are You Ready, aimed at both raising awareness of the general measures of prevention and protection in the workplace, and in-depth examination of the specific Cattolica Group policy on the subject of returning to work safely. Attendance at the course has been made compulsory and preparatory for returning to work in the company.

In parallel with the activities carried out within the company, after a temporary suspension due to a conversion from the classroom to the virtual classroom in compliance with health regulations, 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 2020, 3,550 training man/days were held for the Group.

Training for the Board of Directors

On the basis of the Multi-year Training Plan aimed at the Members of the Group's Administrative Bodies, in compliance with IVASS Regulations No. 38 of July 3rd, 2018 and No. 44 of February 12th, 2019, a programme of dedicated meetings was defined and launched, which involves also the Executives. The programme, subject to the provisions of the health emergency, will continue in 2021.

Industrial relations and disputes

2020 saw the Company affected by important changes in the organisation of work induced by the Covid-19 pandemic. The social partners have guaranteed collaboration, transparency, desire to innovate, finding effective and satisfactory solutions for all.
Since February, the Company and the Trade Unions have been holding frequent discussions that have made it possible - in the midst of the pandemic period - to define significant agreements that have enabled, on the one hand, workers to profitably manage the use of holidays and leaves of absence, including in relation to the need to reconcile the specific needs of private life linked to the global situation.
Paying particular attention to the situation that has arisen, in March an agreement was signed by the social partners on the planning of company closures, anticipating a concentration of the same at a time strongly conditioned by the lock-down and the general contraction of production activities.

With the same rationale, a further agreement was signed in April with which the social partners 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 Intersectoral 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.
At the end of July, the Company and the Trade Unions signed an important agreement on employment protection in line with the best market practices. The Company, confirming the overall stability of current employment levels, has guaranteed, if necessary, priority use of forms of incentivised exit or recourse to the extraordinary section of the Solidarity Fund, already in use for years in the Group.
In September, the Training Commission (a joint company/syndicate commission whose purpose is to promote, develop and monitor training initiatives for employees) signed the agreement to obtain funding from the Fondo Banche Assicurazioni - FBA. The training plan presented is entitled "Noi: nuove competenze per nuove sfide professionali" (Together: new skills for new professional challenges). The value of the plan financed by the Fund, amounts to approximately € 450 thousand.

During the last two months, discussions were held with the trade unions on the reorganisation of the Life and Pension Planning Division, in accordance with the procedure set out in Article 15 of the CCNL (national collective bargaining agreement).
Following the creation of the Deputy General Chief Operations Officer, the Cattolica Services Life Operations Unit was in fact established, into which several activities currently carried out by the Life and Pension Planning Division of the Parent Company were merged.

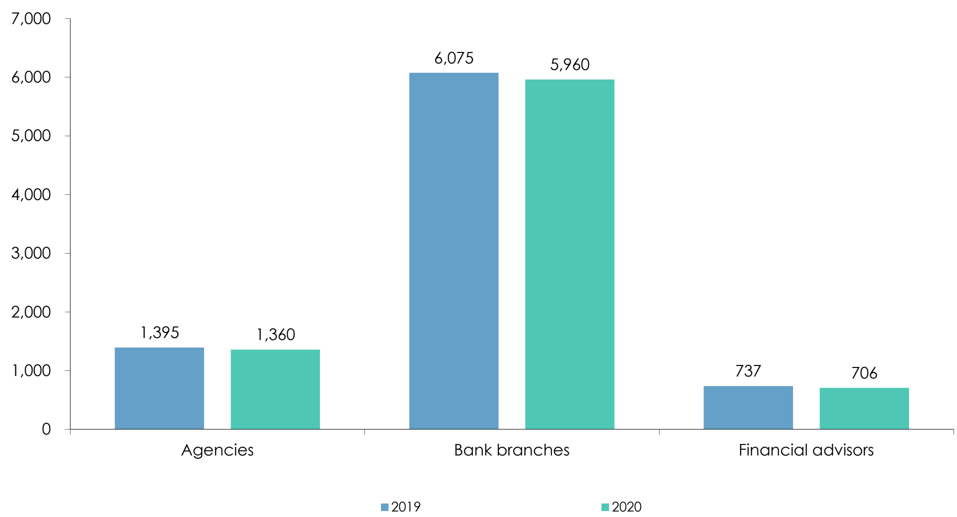
In December, an agreement was signed with the Trade Unions providing a tender for access to the Intersectoral Solidarity Fund. By adhering to this tender, employees who will accrue the pension requirements by February 28th, 2026, will have the opportunity to terminate their employment on February 28th, 2021, bringing retirement forward by up to 5 years. All applications meeting the requirements for access to the Fund were accepted.
Finally, the social partners have extended the Friday afternoon trial until the end of 2020 and are considering a further extension. The Divisions included in the experimental project, thanks to the collaboration of the workers, have been able to provide a more efficient, extensive and flexible service.

The Parent Company opened a discussion with the Trade Unions to re-evaluate the smart-working agreements, in light of experience during the lock-down period.

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

SALES NETWORK

Sales channels (Number)



Agency distribution

The Group closed the year with a total of 1,360 agencies (1,395 as at December 31st, 2020), distributed as follows: 50.6% in Northern Italy, 26.3% in Central Italy and 23.1% in Southern Italy and the islands. The Parent Company had 823 agencies.

Agent network training

During the year, 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 more than 171,000 hours of training, while the 290 editions of classroom courses or webinars, allowed for certification of about 9,560 hours in total to an audience of 1,800 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 reach all the training activities;
- multi-code view: in the event of ownership of more than one agency code, the potential to manage individual situations has been provided;
- new graphic design;
- multi-device: it allows courses to be taken from any of the user's devices, whether it be a smartphone, a tablet or a PC.

Mandatory product training
In line with the relevant IVASS guidelines, in the second half-year a checkpoint was introduced between ForMaMentis and the "PASS" and "Allin" applications, which does not allow for policies to be issued without specific training. A database has been created comparing each product in the catalogue with the contents of all courses on the product, for the most updated versions in recent years. Each intermediary has also the option to download an individual report from ForMaMentis with their own training situation for a preventive check in relation to this obligation.

Development of the skills and training

Among the main initiatives originally planned in person and then delivered in virtual mode, we highlight:
- "Toplife": a digital seminar aimed at amplifying the launch of the new Life business products "Active Risparmio" and "Active Investimento", attended by the 126 best performing agencies in the Life business;
- "TopBusiness": in support of the new "Active Business" product, 16 in-depth virtual classrooms were organised, attended by 356 intermediaries, and a further 2 webinar-pilots on the new tool "Il preventivatore evoluto" were organised, with 33 participants;
- "Family Protection": a webinar aimed at employees to stimulate a personalised advisory distribution in the field of accident & injuries, health and death coverage, with 636 participants;
- "La polizza Casa, tecniche assicurative ed opportunità commerciali" (house insurance, insurance techniques and commercial opportunities): a road show aimed at raising the network's awareness of the commercial potential of house protection; 30 lessons were planned and 878 intermediaries of the Network took part;
- "Rischi zootecnici" (zootechnical risks): particular attention was paid to this segment of risks, for which three different courses were organised, to which the network responded with 193 participations.

In addition to online courses derived from virtual classrooms on the ForMaMentis platform, FAD courses were published in line with the Company's product plan.

The following new courses have been published for the Life business: "La consapevolezza del rischio e la cultura della sicurezza Family protection V.09/20" (risk awareness and safety culture Family protection V.09/20), "Previdenza complementare: un'opportunità da cogliere V.09/20" (supplementary pensions: an opportunity to be seized V.09/20), "TopLife V.04/20" and updated courses on the products "Cattolica&Investimento Capitalizzazione Next 3.0 V.04/20", "Cattolica&Investimento Scelta Protetta 3.0 V.04/20", "Fondo Pensione Aperto Cattolica Gestione Previdenza V.09/20".

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

In relation to compulsory training on regulations, two new courses were held in collaboration with the relevant Cattolica structures: "Antiriciclaggio: norme di settore, regolamentazione e presidi di Gruppo V.06/20" (anti-money laundering: industry standards, regulation and Group controls V.06/20) and "GDPR 2016/679 – Regolamento europeo per la protezione dei dati - V.11/20" (GDPR 2016/679 - European General Data Protection Regulation - V.11/20).

In order to implement technical skills aimed at simplifying claims management in Agencies, three online courses have been published: "Documentale Sinistri" (Claims

Documentation), "Call Center Sinistri" (Claims Call Centre) and "Linee Guida per la Gestione dei Sinistri CARD" (CARD Claims Management Guidelines), of which 3 webinar editions were also produced.

With the aim of getting used to computer and digital programmes available to the Agencies, the two online courses "Nuova Area Riservata Web" (New Web Reserved Area) and "SFV, Il Sistema per gestire le anagrafiche di Agenzia" (SFV, System to manage Agency Master Records) were launched and the training road show called "Collaboratori digitali" (digital collaborators) was held, replicated in 47 virtual classrooms attended by 767 representatives of the Agencies.

6 seminars and related videos and online courses dedicated to the market niches covered by Satec S.r.l. have been implemented, which refer to: Environmental Risks, Marine & Aviation, Sport Risks, Weather & Contingency Risks, GDPR and Cyber Risk.

The following initiatives are of particular importance:

- the Progetto Arena (Arena Project): a training project supported by the Digital Coach team at the ARENA (Assicurare alla REte un Nuovo Approccio) 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 that 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. The second half-year saw the kick-off of the 5th edition of MPA, which will see the participation of 24 young Master's students in 2021;
    - "Master Executive Agenti - MEA": after the three in-person 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. During the year, 28 sessions of the "Gestione dei Collaboratori" (Management of Collaborators) Module and 32 sessions of the "Change Management and Leadership" Module were delivered via webinar; in addition, through an online assessment, 5 agents qualified as Financial Educators.

With regard to Specific Projects, we report:

- the creation of a new online training course, designed to provide new, experienced staff members working in the agencies with the essential skills for the informed distribution of Cattolica's main policies; activated from April 21st, 382 people enrolled and 171 have completed the course;
- a "Prima Formazione 60 ore" (60 hour induction training course) reserved for newcomers, provided for by IVASS Regulation No. 40 of August 2nd, 2018, which aims at registration in Section E of the Single Register of Intermediaries and provides access to the activity of intermediation. 498 people signed up for the course and 366 completed it. The test scheduled originally in the classroom, has been moved online, according to the provisions issued due to the pandemic.

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 focus on the End-to-End process. 47 virtual classrooms were planned and delivered with a total of 1,147 participants;
- in February in Rome, the Full Digital sales process analysis project commenced. Among the digital ambassador agents present at this first plenary session, 20 were then personally involved in four specific workshops, together with the 12 Digital Coaches; the pathway was completed in the second half of the year, and in the first months of 2021, it will see new digital tools to serve agencies, as shared with the participating agencies;
- 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. 52 classrooms have been planned, divided by territorial zones;
- a FAD course named "Nuova Area Riservata Web v.06/2020", which details the functioning and operations required for the management of the reserved area dedicated to Group customers by the agencies.

With reference to TUA Assicurazioni, more than 44,000 hours of professional refresher courses were provided by means of FAD and virtual classrooms, through the webinar tool integrated within the "TUA Scuola" platform. This training method, together with the traditional means, has allowed for an ongoing and timely professional update on the primary and most important issues for the company and the agents: products, new accounting procedures and more generally the evolution of business processes.
A total of 28 professional development courses were delivered via webinar, for a total of 69 editions and approximately 1,200 actual participants who passed the final test:

- 15 courses covered, in line with the Group's strategic plan, the company's products, including "Tua Salute", "Tua Casa Famiglia", "Motor Connesso" and an important focus on Specialty Lines;
- 7 technical courses were provided mainly on the two topics of Claims and Suretyships;
- 6 courses were provided for the administrative/management area: the most important was the "La nuova reportistica e gestione contabile" (New reporting and accounting management) course provided to about 450 users, during which the main innovations in accounting management and reporting in Pass were presented, with an important focus on monthly reporting and Bridge Pos.

Distance Learning was enriched with 31 hours of professional refresher courses divided into 29 new courses for a total of more than 33,000 participants completed them:

- as regards the technical insurance and contractual area, 9 courses were launched, including one on "Elementi tariffari" and 8 relating to the Company's products ("TUA Trasporti Unità da Diporto", "TUA Trasporti r.c. vettoriale e Autotrasportatore", "TUA Energia", "Corso Auto", "Motor Connesso, Microbox 2.0", "Tua per te: plaid e proteggo", "Polizza fidejussoria a Garanzia delle prestazioni previste per l'ingresso in Italia di un straniero" and "Tua Collezione");
- 8 regulatory courses, including mandatory courses on updating the Anti-Money Laundering regulations and the European General Data Protection Regulation (GDPR);
- 11 new courses on IT topics, including a course on Cyber Risk, divided into 6 distance learning modules (a topic covered also by the webinar training), a course on correct web navigation, one on the use of Office Automation and a course called "Social Media Marketing", which aims to guide the user in correct and effective communication through the main Social Networks.

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 bancassurance products was 5,960 compared to the 6,075 branches in 2019, and included 1,483 branches of Banco BPM, Banca Aletti & C. S.p.A. and Agos Ducato S.p.A. (1,487 in 2019).
There are 383 branches of the UBI Group banks, unchanged with respect to 2019 (please note that on December 23rd, Cattolica signed a binding framework agreement with UBI Banca concerning the early termination, with respect to the envisaged expiry date of June 30th, 2021, of the life bancassurance agreements existing between the parties, via the exercise by the bank of its option to purchase the 60% equity investment held by Cattolica in Lombarda Vita).
The alliance with ICCREA HOLDING launched in the second half of 2009 makes it possible to distribute products via 3,998 branches of the Credito Cooperativo banks (4,003 in 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 redesigned their activities, preferring fully usable training courses in e-learning mode that have explored in depth the thematic areas and modules provided for in Annex 6 of IVASS Regulation No. 40 of August 2nd, 2018.

Financial advisor distribution

The volume of Group's financial advisors amounts to 706, compared with 737 at the end of the previous year.

Share capital increase

Covid-19 emergency

E-MARKET SDIR CERTIFIED

MANAGEMENT REPORT

SIGNIFICANT EVENTS AND OTHER INFORMATION

SIGNIFICANT TRANSACTIONS CARRIED OUT DURING THE YEAR

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

You are hereby reminded that the Parent Company's Board of Directors resolved to comply, with effect as from December 13th, 2012, with the opt-out regime as per Arts. 70, paragraph 8 and 71, paragraph 1 bis, of the Issuers' Regulation, therefore availing itself of the faculty to depart from the obligations to publish the disclosure documents laid down at the time of significant merger, spin-off, share capital increase via conferral of assets in kind transactions, acquisitions and transfers.

Cattolica and the Group

On January 16th, 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 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: the expected Operating Result was in a range between € 350 and € 375 million compared to the range previously communicated (€ 375 - 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 for approval of 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 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 dividends, with the 2019 result allocated to reserves.

The Board of Directors' meeting of May 15th confirmed the forecasts for the closing of the operating result between € 350 million 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.

The Board of Directors noted also 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 Monument Re reinsurance group. The sale of Cattolica Life is part of the wider context of rationalisation and simplification of the Cattolica Group and has no material effects on the Solvency II ratio.

On June 10th, Estinvest (now Satec Holding) set up a limited liability company called "Mediterranea Underwriting S.r.l." (MUW), with share capital of € 60,000, whose purpose is insurance and reinsurance brokerage and technical-commercial activities in the field of insurance risk management. On September 30th, 2020, the project for the demerger of the Satec business unit (a wholly-owned subsidiary of Satec Holding) relating to the underwriting and policy management activities of the "marine" business class in favour of MUW was approved. On December 9th, 2020, the deed of demerger was formalised, effective December 15th, 2020.

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 business and Reinsurance, with ad hoc implementation agreements;
(ii) a project to strengthen Cattolica's share 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 Assicurazioni Generali for € 300 million, which will be resolved together with a further tranche to be offered as an option to all shareholders and which Assicurazioni Generali will have the right to subscribe pro-rata.
The commitment to the subscription of the share capital increase tranche reserved for Assicurazioni Generali was subject, among other things, to the Cattolica transformation into a public limited company, 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 Assicurazioni Generali 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 Assicurazioni Generali, are adopted in the pre-transformation phase.

In connection with the partnership with Assicurazioni Generali 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 governance in force at the time, 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.

On June 27th, Cattolica Assicurazioni's Extraordinary and Ordinary Shareholders' Meeting was held, which approved all the items on the agenda, including the proxy 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 Cattolica relating to the directors and officers, the key personnel and other parties contemplated as recipients of general principles by said Regulation.

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 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 and for payment of the costs of the proceedings.

On July 24th, the Parent Company responded to the aforementioned letter of May 27th, 2020, by providing a response to IVASS to the various requests made by the Institution 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.

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. The transaction is part of the wider context of rationalisation and simplification of the Cattolica Group.

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 September 9th, IVASS approved amendments to the Articles of Association resolved 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 of exercising the related right of withdrawal, as described below, has expired.

On October 5th and 6th, 2020, the Implementing Agreements were signed, as provided for in the Framework Agreement between Cattolica and Generali of June 24th, 2020, concerning the industrial and commercial synergies between the relevant groups, and a further condition precedent envisaged by the execution of the Framework Agreement has thus occurred.

On October 29th, Cattolica concluded the sale of shares in Ima Servizi to the subsidiaries BCC Assicurazioni, Vera Assicurazioni and TUA Assicurazioni: each company purchased 1% of Ima Servizi for a transfer consideration of € 16,583.30 each.
As a result of these transfers, our Group's interests in IMA Servizi are as follows:

- Cattolica 6%
- Cattolica Services 1%
- Tua Ass.ni 1%
- Vera Ass.ni 1%
- BCC Ass.ni 1%.

On November 16th, Cattolica subscribed its share of the H-Farm share capital increase for an amount of € 178,843.75 in addition to a tranche of the convertible bond issue, offered in pre-emption to the shareholders, for an amount of € 178,000. Taking into account the tranche reserved for institutional investors who are third parties with respect to the current shareholders, the interest held by Cattolica at the end of the share capital increase fell from 4.49% to 3.67%.

In November, Berica Vita resolved to distribute an extraordinary dividend of € 30 million to the Parent Company from retained earnings. The coupon distribution was made on December 23rd, following the positive opinion issued on December 18th by the European Systemic Risk Board (ESRB) on dividend distribution.

On December 9th, a new MGA (Managing General Agency) was set up, "Alladdin S.r.l.", with registered office in Milan and share capital of € 20,000, whose business is insurance and reinsurance brokerage, with particular reference to risks inherent in the Travel&Mobility sector, the management, settlement and brokerage of insurance claims and complaints and the exercise of technical-commercial activities in the field of insurance risk management. The company is 45% owned by Satec Holding and 55% owned by B.E.G. S.r.l.

On December 15th, Banco BPM notified formally Cattolica of the exercise of the option to purchase the equity investments held by the latter in the companies Vera Vita S.p.A. and Vera Assicurazioni S.p.A., equal to 65% of the share capital. The two companies hold 100% of Vera Financial DAC and Vera Protezione S.p.A. respectively. The purchase option was exercised by Banco BPM in relation to the alleged change of control of Cattolica, pursuant to Article 2359 of the Italian Civil Code, as a supposed consequence of the corporate and industrial transaction with Assicurazioni Generali, communicated to the market on June 25th, 2020. Cattolica contested the exercise of the option, deeming Banco BPM's position to be groundless, since it was not confirmed by any provision either of law or of the contract, as attested by authoritative independent legal opinions and by the guidelines expressed by the Supervisory Authorities, in particular, with the authorisation issued by IVASS for Assicurazioni Generali's entry into Cattolica's share capital.

Effective January 1st, 2021, the subsidiary Estinvest S.r.l. changed its company name to "Satec Holding S.r.l.".

Share capital increase

As already reported, 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 addition to what has already been reported, it was also proposed to the Extraordinary 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.

On June 27th, Cattolica Assicurazioni's Extraordinary and Ordinary Shareholders' Meeting was held, which approved all the items on the agenda, including the proxy of powers to the Board of Directors for the share capital increase.

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 proxy of powers to the Board of Directors to increase share capital up to € 500 million.

On August 4th, the Board of Directors exercised also 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, 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 dated June 24th.
On October 23rd, Assicurazioni Generali subscribed the share capital increase reserved for Cattolica Assicurazioni for a total amount of € 300 million, approved by Cattolica Assicurazioni's Board of Directors on August 4th, 2020, in exercise of the proxy granted following the shareholders' meeting resolution dated June 27th, 2020. As a result of this transaction, Generali came to hold an equity investment equal to 24.46% (calculated by dividing its own shares) in the share capital of Cattolica. The share capital increase reserved for Generali led to the issue of 54,054,054 Cattolica shares at an issue price per share of € 5.55, of which € 2.55 by way of share premium, for a nominal share capital increase of € 162,162,162.00.
Also on October 23rd, following the outcome of the checks on the withdrawal declarations received (the right of withdrawal was exercised for 20,621,205 ordinary Cattolica shares, for a total value of € 112,797,991.35 calculated at the liquidation value of € 5.47 per share), the shares subject to withdrawal were offered as options, pursuant to Article 2437-quater of the Italian Civil Code, to all Cattolica shareholders holding Cattolica shares for which the right of withdrawal has not been exercised. The option offer was filed with the Verona Companies' Register at the offer price of € 5.470 for each share purchased at an option ratio of 18 Shares for every 175 rights. The offer period ran from October 27th, 2020, until November 26th, 2020, inclusive.

On November 30th, the Parent Company announced that at the end of the offer period, pursuant to Article 2437-quater of the Italian Civil Code, for the shares subject to the right of withdrawal, pertaining to the holders of Cattolica shares who did not vote for the approval of the resolution to transform the Company into a "public limited company", passed by the Extraordinary Shareholders' Meeting held on July 31st, 2020, acceptance of the aforementioned offer amounted to 50,101 shares, of which 41,182 under option and 8,919 requested in pre-emption.

On December 4th, the Board of Directors, having acknowledged the outcome of the option offer pursuant to Article 2437-quater of the Italian Civil Code, resolved, with a view to a speedy resolution of the withdrawal procedure, to proceed directly with the redemption by purchasing the shares held by shareholders who legitimately exercised their right of withdrawal, for a total of 20,720,350 shares and therefore to recognise, to the same, the value established in the event of withdrawal, equal to € 5.47 per share, with a maximum term for the liquidation in favour of the shareholders as at January 31st, 2021, using for this purpose the reserves available from profits, more precisely taking from the extraordinary reserve the relative amount.

On December 30th, the Parent Company announced that it had acquired 20,720,350 own shares, resulting from the withdrawal exercised at the time of the resolution approving the transformation and which were not subject to option and/or pre-emption by its shareholders. The payment of the liquidation value, amounting to € 5.47 per share, to each shareholder who exercised the right of withdrawal, as well as the transfer of the shares allocated under the option offer in favour of the shareholders who exercised their option rights, were made through the respective intermediaries on the same date of December 30th, 2020. Consequently, Cattolica holds a total of 28,045,201 own shares, representing 12.3% of the Company's share capital, while there are 200,302,779 shares in circulation, representing 87.7% of the share capital.

UBI Banca and Lombarda Vita

In February, Cattolica increased 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 Reference Shareholders' Committee (CAR).
On February 17th, Intesa San Paolo S.p.A. launched a Public Exchange Offer on all the shares of UBI Banca S.p.A., which ended on July 30th, 2020, with a final acceptance of 90.21%.
On February 26th, the Parent Company announced that it had received acceptance from the CAR Committee, the UBI's Reference Shareholders' Committee, regarding its participation in the Shareholders' Consultation Agreement concerning shares of UBI Banca S.p.A.
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) was also postponed, with a consequent postponement of the deadline for the communication of the possible exercise of the optional mechanisms associated with this event.
On July 13th, Cattolica's Board of Directors approved acceptance of the offer, delivering all the 11,557,280 shares of UBI Banca S.p.A. held on that date.
Adherence to the Public Exchange Offer did not have any significant economic impact on Cattolica and, on

completion of the transaction, the Company held 19,647,376 shares in Intesa San Paolo S.p.A., corresponding to 0.1% of the share capital of the same.
Between August 7th and August 25th, Cattolica finalised the sale of all the shares held in Intesa San Paolo S.p.A., within the context of the Company's normal securities transactions.

On December 23rd, Cattolica signed a binding framework agreement with UBI Banca concerning the early termination, with respect to the envisaged expiry date of June 30th, 2021, of the life bancassurance agreements existing between the parties, via the exercise by the bank of its option to purchase the 60% equity investment held by Cattolica in Lombarda Vita. The price paid to Cattolica is expected to range between approximately € 290 million and € 300 million depending on Lombarda Vita's 2020 IAS/IFRS results. The transaction is subject to the granting of the necessary authorisations by the competent authorities. The transaction is expected to complete in April 2021. As part of this transaction, the parties have agreed to proceed in 2021, subject to obtaining the necessary authorisations, with the repayment of the loan currently outstanding between UBI Banca and Cattolica, amounting to € 80 million.

Recapitalisations

In April, the Parent Company resolved to subscribe to a 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. This subscription was carried out in May.

In May, Cattolica 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 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 to cover the cash requirements for ordinary operations, in line with the Parent Company's general Rolling Plan.

In view of the solvency position of the subsidiary, Cattolica carried out two capital strengthening transactions for a total of € 7 million in favour of ABC Assicura. These transactions were completed in June and December for an amount of € 2 million and € 5 million respectively.

In view of the subsidiary's solvency position, in the disclosures subsequent to March 31st, 2020, the Board of Directors of BCC Vita S.p.A. on June 9th, 2020 approved the request for a capital increase of € 50 million, by means of a capital contribution subscribed pro-rata by the shareholders Cattolica (€ 35 million) and Iccrea (€ 15 million). Cattolica's Board of Directors on June 18th approved this subscription in favour of BCC Vita, which was carried out in June. Furthermore, in line with the 2020-2022 Capital Management Plan, which envisages that BCC Vita receives a further € 50 million of funding in order to strengthen its solvency position, including in stress scenarios, on July 15th, the Board of Directors of BCC Vita approved a further request to strengthen the capital position equal to € 50 million (of which € 35 million pertaining to Cattolica and € 15 million pertaining to Iccrea), to be carried out for € 25 million (of which € 17.5 million pertaining to Cattolica) by means of a capital contribution and a loan of a similar amount (of which € 17.5 million pertaining to Cattolica) having the characteristics to be recorded under Tier 2 of the Solvency Own Funds. Cattolica's Board of Directors meeting held on July 22nd approved these subscriptions in favour of BCC Vita, which were made on July 28th and August 5th respectively for its own portion.

With regard to Vera Vita, the Parent Company (jointly with Banco BPM, a shareholder of Vera Vita), approved the execution of a capital strengthening of € 150 million, of which € 50 million by means of a capital contribution and € 100 million by means of a subordinated loan qualifying for inclusion in the Tier 2 of the Solvency II Own Funds. In detail, with regard to the Solvency position in the post March 31st, 2020 disclosures, the Board of Directors of Vera Vita on July 6th, 2020 approved the request for a capital contribution and loan subscribed pro-rata by the shareholders Cattolica Assicurazioni and Banco BPM. The capital contribution of € 50 million was made in July. The loan was subscribed in two tranches of € 50 million each, the first of which was subscribed in July and the second in October.
In order to strengthen the solvency position and in order to support the growth of the business, the Board of Directors of BCC Assicurazioni on November 3rd, 2020, approved the request for a capital contribution of € 5 million, of which € 3.5 million pertaining to Cattolica and € 1.5 million pertaining to the other shareholder Iccrea. This transaction was completed on November 16th.

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.
On October 5th, 2020, at the conclusion of the inspections, the report of findings was notified.
The Parent Company filed a petition for assessment with acceptance, reaching a settlement of the findings for the years 2015 and 2016 on December 18th, 2020, for immaterial amounts. With reference to the subsequent years, it is expected to be defined in 2021.

Supervisory Authorities

On December 18th, 2019, IVASS and CONSOB launched 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.
On January 8th, 2021, IVASS notified Cattolica of the results of the inspection activity commenced in December 2019, and delivered the related inspection report, with unfavourable findings and the commencement of sanctioning proceedings against the Parent Company, as described below.

Appointments

On January 16th, Cattolica's Board of Directors approved the organisational change at the senior management level of the Parent Company, which became appropriate following the assignment to Carlo Ferraresi, Cattolica's General Manager, of the powers already delegated of Managing Director. An Insurance Division Joint General Directorate has been established to report to Carlo Ferraresi and under the responsibility of Valter Trevisani, appointed Insurance Division Joint General Manager.

The Board of Directors of Cattolica of April 7th, 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, Atanasio Pantarrotas was appointed as Manager in charge of preparing the Company's financial reports and in June as Deputy General Manager.

On August 4th, the Board of Directors resolved unanimously to appoint Carlo Ferraresi as Managing Director of Cattolica, remaining in his capacity as General Manager.

On October 23rd, Cattolica's Board of Directors, following the resignation of the Directors Pierantonio Riello (effective September 28th, 2020), Chiara de' Stefani (effective October 20th, 2020) and Carlo Napoleoni (effective October 20th, 2020), co-opted Stefano Gentili, Roberto Lancellotti and Elena Vasco as Directors, and also appointed Stefano Gentili as Chairperson of the Corporate Governance, Sustainability and Value Generation Committee and Roberto Lancellotti as Chairperson of the Remuneration Committee.
In addition, again following the aforementioned resignation of directors, the composition of the Appointments Committee was supplemented with the appointment of Director Anna Strazzera as a member as was the composition of the Remuneration Committee with the appointment of a new member in the person of Director Eugenio Vanda.

The Board of Directors on December 4th approved the reorganisation proposed by the Managing Director, Carlo Ferraresi. The new organisational structure identified by the head of the company is aimed at defining a new Group structure that is more streamlined and functional to business strategies, customers and the challenges of the market, which has changed radically over the course of this year characterised by the strong impact of the Coronavirus.

At the conclusion of the Business Plan for the three-year period 2018-2020, the Company and Valter Trevisani have mutually agreed to end their professional collaboration. At the same meeting, the Board of Directors appointed Marco Lamola as Deputy General Manager with specific focus on the Agent Network. Reporting directly to the Managing Director, in addition to Lamola, will be the three Deputy General Managers: Nazareno Cerni with responsibility for Non-Motor Non-life and Reinsurance, Samuele Marconcini as COO, to whom, in addition to his previous responsibilities, Claims will also report, and Atanasio Pantarrotas, Group CFO, with the addition of the M&A structure.

PREVENTION AND COUNTERING OF FRAUD

The Parent Company, whilst also implementing regulatory provisions concerning the fight against fraud in the motor liability sector, has adopted a prevention and countering fraud policy, in implementation of the policy prepared at Group level, in which objectives, responsibilities and guidelines of the specific organisational model are defined.
The policy is aimed at limiting exposure to the risk of fraud, understood as the possibility of suffering economic losses due to the undue conduct of employees or third parties, with possible consequences also in terms of reputation.

The organisational model for preventing and countering fraud is integrated into the internal control system and is similarly structured along three lines of defence. Responsibility is pervasive and widespread throughout the corporate organisation.

In compliance with the provisions of Article 30 of the Italian Law No. 27 of March 24th, 2012 and the IVASS Protocol No. 47-14-000982 dated March 11th, 2014, the estimate of the reduction of the charges for motor TPL claims deriving from the assessment of fraud, consequent to control and fraud suppression activities, for the Group, is quantified at € 25.9 million, an increase of € 3.5 million compared to December 31st, 2019.

GROUP 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 contributes also towards monitoring the service levels and the company areas in view of possible improvements.
During the year, with reference to the Group, a total of 4,714 written complaints were registered, of which 1,156 were upheld. The complaints were dealt with, on average, within 19 days, compared with 20 in 2019.

INFORMATION SYSTEMS

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

Applicative measures

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. A number of actions have been initiated in this area with progressive releases. During the year, releases were carried out to integrate the "Anti-Fraud Predictive Model" in the new technological platform for the creation of a new "extended CAR" (Customer Analytical Record) and 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 lock-down 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). Further initiatives to integrate remote sales into the company's digital channels are also being implemented (such as the development of video consulting functions).

The various project initiatives created 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 Covid-19 emergency, to extend promptly and effectively the use of the smart-working mode to all staff 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.

Infrastructures and security

Work continued on internalising and upgrading the software to support the placement of life products as part of the partnership with Banco BPM.

As part of the project 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, the first releases of functions for the Nuova Area Riservata Web were carried out.
The development of the new risk management system and the integration of derivatives operations within the current application architecture of the Finance area continued, with the aim of significantly increasing the level of automation of the related management processes.

Following the launch of the strategic partnership with the Generali Group, the initiatives underway, which fall within the four industrial areas covered by the agreement relating to Asset Management, Internet of Things, Health and Reinsurance, have been brought under the scope of a specific project dedicated to them.

With regard to adaptation to regulatory developments, IT has been particularly involved in interventions in the area of IDD (Insurance Distribution Directive), GDPR (General Data Protection Regulation), IVASS Regulation No. 38 of July 3rd, 2018, IVASS Regulation No. 41 of August 2nd, 2018, IVASS Regulation No. 44 of February 12th, 2019 and the adaptation of systems to the impacts arising from the adoption of the new IFRS (International Financial Reporting Standards).

IT security initiatives continued in line with the guidelines contained in the Security Masterplan: in this field, interventions were carried out to evolve the SIEM (*Sistema di gestione delle informazioni e degli eventi di sicurezza* - Information and Security Event Management System), database monitoring tools, technological solutions to control the security requirements of all devices with access to the corporate network and to protect corporate mobile devices, and a series of other initiatives aimed at further reducing Cyber Risk are being completed.

MANAGEMENT AND COORDINATION ACTIVITIES ACCORDING TO ARTS. 2497 ET SEQ. OF THE ITALIAN CIVIL CODE

The Parent Company has exercised its management and coordination powers in observance of the principles of correct corporate and business management and on a consistent basis with the roles assigned to the individual Group companies.
With specific reference to the transactions expressly influenced by the Company, in addition to the transactions indicated in other parts of this report, it should be noted that these transactions concerned, among other things:

- policy measures on capital planning and on equity investments;
- Policy measures on overall liquidity requirements and the level of the Solvency II Ratio;
- guidelines for the plan and budget formation process;
- resolutions concerning the rules laid down in IVASS Regulation No. 38 dated July 3rd, 2018;
- the approval of guidelines for the handling of risks at Group level, as well as the forecast assessment of the risk and solvency profile within the ORSA process;
- the approval of the risk propensity systems, setting the risk tolerance levels;
- the adoption of the guidelines for intercompany transactions;
- the adoption of governance and management approaches and controls, which are standard at Group level;
- the implementation of coordinated operating policies;

- the adoption and the review of company policies in accordance with the current applicable legislation;
- the choices concerning the composition, formation and the remuneration of the corporate bodies, management and other significant roles with respect to the governance set up.

So as to ensure an evolution of the Group consistent with the lines identified at Parent Company level, the management and co-ordination activities concerned the implementation of coordinated management policies and the definition of a number of development lines of the Group's strategic layout.

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

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

TAX CONSOLIDATION

The subsidiaries, which comply with the national tax consolidation scheme, are: ABC Assicura, Berica Vita, BCC Assicurazioni, BCC Vita, Lombarda Vita, TUA Assicurazioni, Vera Assicurazioni, Vera Protezione, Vera Vita, Cattolica Agricola, Cattolica Beni Immobili, Cattolica Immobiliare, Cattolica Services and TUA Retail.

The reasons for exercising the option, which has a duration of three financial years and is subject to automatic renewal unless expressly revoked, lie in the appropriateness of offsetting the tax positions with an opposite sign between the Group companies, consequently optimising the financial aspects.
With reference to the allocations of the economic effects associated with the exercise of the option, the subsidiaries transfer the amounts corresponding to the taxes and advances deriving from their taxable position to the Company; by contrast, they receive from the Company the amount corresponding to lower tax paid by the same due to the effects of the use of tax losses transferred by subsidiaries.

CONSOLIDATED NON-FINANCIAL STATEMENT

The consolidated non-financial statement of Società Cattolica di Assicurazione - Società Cooperativa, prepared in accordance with Italian Legislative Decree No. 254 of December 30th, 2016, constitutes a separate report (Sustainability Report) with respect to this Management Report, as required by Article 5, paragraph 3, letter b) of the aforementioned Italian Legislative Decree, and is available on the following website www.cattolica.it under the "Sustainability" section.

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.

On November 30th, the Parent Company announced that at the end of the offer period, pursuant to Article 2437-quater of the Italian Civil Code, for the shares subject to the right of withdrawal, pertaining to the holders of Cattolica shares who did not vote for the approval of the resolution to transform the Company into a "public limited company", passed by the Extraordinary Shareholders' Meeting held on July 31st, 2020, acceptance of the aforementioned offer amounted to 50,101 shares, of which 41,182 under option and 8,919 requested in pre-emption.

On December 4th, the Board of Directors, having acknowledged the outcome of the option offer, resolved, with a view to a speedy resolution of the withdrawal procedure, to proceed directly with the redemption by purchasing the shares held by shareholders who legitimately exercised their right of withdrawal, for a total of 20,720,350 shares and therefore to recognise, to the same, the value established in the event of withdrawal, equal to € 5.47 per share, with a maximum term for the liquidation in favour of the shareholders as at January 31st, 2021, using for this purpose the reserves available from profits, more precisely taking from the extraordinary reserve the relative amount.

On December 30th, the Parent Company acquired the remaining 20,720,350 shares subject to the right of withdrawal, pursuant to Article 2437-quater, paragraph 5, of the Italian Civil Code, which were added to the 7,324,851 own shares already held for a total of 28,045,201 shares, recognised in the reserve for own shares in portfolio, amounting to 12.3% of the share capital of the Parent Company at a value of € 164.51 million.

During the year, a total of 21,008,294 shares were purchased for a total amount of € 114.58 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, under 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, it is noted that no atypical and/or unusual transactions were carried out during the year.

With reference to significant non-recurring events and transactions with significant effects on the Parent Company's accounts, on October 23rd, Assicurazioni Generali subscribed the Cattolica Assicurazioni share capital increase reserved for it for a total amount of € 300 million, approved by Cattolica Assicurazioni's Board of Directors on August 4th, 2020. As a result of this transaction, Generali holds an equity investment equal to 24.46% (calculated by dividing its own shares) in the share capital of Cattolica.

PERFORMANCE OF CATTOLICA STOCK

During 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 December 31st came to € 1,047 million.

During the year the performance of the stock reported a decrease of 36.9% with respect to a decrease of 5.4% in the FTSE Mib index and a decrease of 22.1% in the FTSE Italia All-Share Insurance Index.
During the year, the average volumes traded were 866,083 transactions.

RATIOS PER SHARE

A summary of the main ratios per share is presented below as at December 31st:

Table 21 - Ratios per share

(amounts in €)	2020	2019
Number of outstanding shares (*)	177,190,280	167,257,019
Premiums written per share (insurance premiums and investment contracts)	26.55	33.36
Group profit per share	0.21	0.45
Group shareholders' equity per share	12.08	11.32

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

SIGNIFICANT EVENTS DURING THE FIRST FEW MONTHS OF 2021

Supervisory Authorities

On January 8th, 2021, IVASS notified Cattolica of the results of the inspection activity commenced in December 2019, and delivered the related inspection report, with unfavourable findings and the commencement of sanctioning proceedings against the Parent Company.
Following the inspection activities carried out, the Supervisory Authority reported shortcomings referring to situations in 2018, 2019 and the first months of 2020, concerning the system of corporate governance, risk management and internal control, as the Issuer's Board of Directors had not guided its actions to norms of sound and prudent management, putting the Group's solvency at risk, with the consequent necessary strengthening of equity and the overcoming of the cooperative form and significantly exposing the Issuer to legal and reputational risks. IVASS therefore requested the Parent Company to adopt a remedial plan aimed at eliminating the critical points detected and also initiated a sanctioning procedure against the Company in relation to the legal violations contested.

By order of February 11th, 2021, CONSOB, also on the basis of certain inspection evidence, made certain objections to the Parent Company in relation to alleged violations of the protection against market abuse regulations (MAR), with reference to the management of information relating to the withdrawal of the proxies from the former Managing Director on October 31st, 2019. The violations are punishable by pecuniary sanctions of an amount not determined in the measure, but at the conclusion of the administrative procedure. Cattolica submitted its comments regarding the Commission's findings on March 18th, 2020.

On March 5th, 2021, the Board of Directors approved the findings communication, including the Plan, to the note from IVASS of January 8th, 2021, in which the latter formulated requests and provided indications to the Company regarding the adoption of certain measures and a remedial plan to overcome the elements of sensitivity found in the context of the aforementioned inspections.
The content of the communication is divided into the following areas of intervention:

- Replacement of members of the administrative body: on February 4th, 2021, the Board of Directors appointed Spencer Stuart, an independent advisor of primary standing, to support the Appointments Committee and the Board of Directors in updating the assessments relating to the qualitative and quantitative composition of the administrative body and in preparing the list of candidates for the renewal of the Board itself, including the selection of a shortlist of possible candidates to be submitted to the Board of Directors for the purpose of preparing the aforementioned list.
- Review of the remuneration policy: pursuant to Article 29 of the Articles of Association, a proposal to determine the overall remuneration for the members of the Company's corporate bodies will be submitted to the approval of the Parent Company's Shareholders' Meeting at its next meeting, which envisages a reduction in relation to current remuneration. The proposal was drawn up taking into account, among other things, the need to adjust the amount of remuneration to be paid to directors to a market benchmark, defined with the support of an independent and specialised consultancy firm, by comparing it with a peer group of insurance and financial public limited companies similar to the Company. The short-term variable remuneration system will be supplemented by the inclusion of additional specific indicators that increase the focus on the level of risk of the corporate units.
- Contributions of liquidity to non-insurance subsidiaries and to the "Fondo H-Campus": it is hereby confirmed that the Company has not made any contribution of liquidity, in any form whatsoever, to the Group's non-insurance subsidiaries, nor has it made or intends to make any further contributions to the "Fondo H-Campus", without the prior approval of the Corporate Governance and Sustainability Committee.
- Sale of own shares: it is confirmed that the Company will dispose of the package of own shares acquired upon redemption to the withdrawn shareholders within the maximum time limit imposed by IVASS, in accordance with the applicable legal and regulatory provisions. In particular, the Company will sell the share package on the market.
- Completion of capital strengthening: the Company has taken the decision to postpone by a few months the execution of the second tranche, for the amount of € 200 million, of the share capital increase resolved on August 4th, 2020, in order to have time to provide more information to the market.
- Strengthening of corporate governance and other measures envisaged by the Plan: the strengthening measures contained in the Plan have been divided into three macro-areas of intervention, based on the observations made by IVASS:
  a) Corporate governance and control system.
     <u>Board of Directors and Committees</u>: the Board of Directors approved a number of amendments to the regulations of the Board of Directors itself and of the Board Committees, aimed, among other things, at ensuring a more effective internal debate between the various bodies as well as incorporating the recommendations of the new Corporate Governance Code for listed companies, as approved by the Corporate Governance Committee in January 2020.
     <u>Strengthening of the strategic planning process</u>: with regard to the strategic planning process, the plan provides for it to be strengthened in order to ensure that it is responsive to changes in the scenarios hypothesised in the business plan and to allow for a more effective risk assessment process, including on a prospective basis, in order to adequately define overall solvency requirements.
     <u>Activities to verify the functionality of the administrative body and of the board committees</u>: the Management Control Committee (MCC) has defined a plan of activities to verify the functionality of the administrative body and of the board committees that will have to be conducted, with the support of the corporate units of Compliance and Internal Audit, in 2021. The MCC approved also amendments to its own regulations.
     <u>Strengthening of the internal audit and risk management units</u>: the Board of Directors adopted measures aimed at strengthening the

quality and quantity of the Company's internal audit and risk management units.

In this context, the Company has also reserved the right to integrate the audit plan for 2021, taking into account the broader measures contemplated in the Plan, with a view to progressively advancing the system of internal controls.

Strengthening of the ORSA process: the ORSA process will be strengthened in order to allow the Board of Directors to fully assess the risk profile of the group and its various subsidiaries and to define the overall solvency requirements.

Information and communication technology (ICT) strategic plan: a strategic plan on information and communication technology (ICT) will be adopted by the end of the first half of 2021, which will include measures on corporate cyber security, in order to ensure the existence and maintenance of an integrated and secure overall system architecture from an infrastructural and application point of view, adequate for the Company's needs, in line with the applicable regulations.

b) Management of investment property: The Plan envisages also actions aimed at strengthening (i) control over investments in the real estate and agricultural sectors and (ii) the process of evaluating investment property to be allocated to segregated management.

c) Management of the agency network and agreements with Coldiretti: the Plan then defines interventions on the management of the agency network and agreements with Coldiretti based on the following guidelines: (i) remuneration and incentive system for the agency network, (ii) initiatives aimed at reorganising loss-making agency portfolios, (iii and iv) control processes for the agency network and agreements with Coldiretti.

On March 16th, 2021, the officials of the Italian Ministry of Economic Development, as the Authority with supervisory powers over co-operative companies, completed an extraordinary inspection of the Parent Company, initiated on November 19th, 2020, following a report received at the beginning of September from five shareholders, in relation to the alleged breach of Article 2527 of the Italian Civil Code, which would have ensued if the Board of Directors of Cattolica had given rise to the entry of Assicurazioni Generali among the shareholders of the Issuer and of directors appointed by Assicurazioni Generali among the members of the same Board of Directors.

During its course, the inspection extended to various profiles and was concluded favourably for Cattolica and without the proposal of adopting any measure, in particular, since the officials had no objections to make, and nothing to object to, with regard to the means and methods of calling and holding Cattolica's shareholders' meeting of June 2020 and considering Article 2527, paragraph two, of the Italian Civil Code to be inapplicable to the Issuer.

Banco BPM

On March 5th, 2021, Banco BPM and Cattolica Assicurazioni announced that they had reached an agreement by which their respective differences were overcome and the terms and methods for adjusting and continuing the partnership in the bancassurance sector and the related exit rights were defined, thus combining their respective interests and taking into account the changed economic context. The agreement reached between Banco BPM and Cattolica envisages, in exchange for Banco BPM's waiver of the call already exercised, recognition for Banco BPM of an early exit right from the partnership, the original duration of which was fixed until 2033, which can be exercised in the period between 1.1.23 and 6.30.23, possibly postponed by the Bank from six months to six months for three times up to 12.31.24. In particular, the parties have agreed, in favour of Banco BPM, a non-conditional option to purchase the 65% held by the Company in the capital of the Vera Vita and Vera Assicurazioni JVs; the exercise price of the purchase option was set at the so-called "own funds" - excluding subordinated liabilities and including any profits up to the date of transfer of the equity investments - to be calculated for the six months prior to the exercise of the option. To this value, will be added (i) a fixed component of € 60 million, of which € 26 million against Cattolica's waiver of the right to extend the distribution agreement to the Branches currently served by another insurance partner, and (ii) a possible component of € 50 million to be paid on a deferred basis, exclusively in the event that for a period of 4 years there are no events that affect the control of Cattolica by the current majority shareholder or other parties, including jointly. The agreement provides for protection mechanisms for both parties linked to the exercise price of the call (cap and floor on the value of the own funds as calculated on the reference date) and price adjustments deriving from any undistributed profits, distribution of reserves/extraordinary dividends or any capital increases or capital contributions by the joint ventures.

If Banco BPM decides not to exercise the purchase option within the aforementioned term, the Bank will pay Cattolica the same € 26 million against Cattolica's waiver to extend the distribution agreement to the Branches currently served by another insurance partner and the

partnership between Banco BPM and Cattolica will continue until December 31st 2030 (without prejudice to subsequent annual renewals), at the expiry of which Banco BPM may once again exercise its option to purchase 65% of the capital of the joint ventures or, in the event that the Bank fails to exercise said option, Cattolica may exercise an option to sell the aforementioned shares. In this case, the exercise price of the purchase and sales options will remain anchored to the own funds (as defined above) as at December 31st 2030 without any additional components and without the application of protection mechanisms.
The agreement between Banco BPM and Cattolica envisages also a revision of the production targets to which under-performance penalties and over-performance premiums are correlated, charged to/favoured by Banco BPM, as distributor. Cattolica Assicurazioni is granted more favourable conditions in servicing contracts rendered to investee companies and greater control over the product mix. The understandings reached by the parties in the agreement will result in a review of the various contracts currently governing the partnership in the coming weeks.

Other subsequent events

Effective January 14th, 2021, Luigi Castelletti, independent non-executive director and Chairperson of the Related Parties Committee, resigned from his position as Director.

On February 8th, 2021 Standard Ethics raised Cattolica Assicurazioni's rating to "EE-" from the previous "E+". In its final report, Standard Ethics states that the path taken in recent years by Cattolica Assicurazioni in the sphere of ESG (Environmental, Social and Governance) issues has been adequately focused on environmental and social aspects and has also concerned non-financial reporting, the management of financial assets and commercial aspects. The strategy, according to the agency, appeared to be consistent with the voluntary indications of the UN, OECD and the European Union and that following the decisions derived from the recent project to transform the company into a public limited company and the capital increase launched in 2020, the issue of Sustainability has also entered the sphere of corporate governance.
The assignment of the Long Term Expected Rating "EE+" incorporates, according to Standard Ethics, expectations about the future quality of governance instruments and ESG policies.

On February 11th, 2021, with reference to the share capital increase resolved by Cattolica Assicurazioni's Board of Directors on August 4th, 2020, for the sum of € 500 million, divided into two tranches (the first of which for € 300 million reserved and already subscribed by Assicurazioni Generali), it was announced that the Board of Directors acknowledging the corporate obligations that are now imminent and that are reflected in the content of the prospectus, resolved, after informing the Supervisory Authorities, to postpone the final deadline for the execution of the second tranche of the capital increase for the remaining € 200 million until July 31st, 2021.

On March 5th, 2021, TUA Assicurazioni S.p.A. obtained the authorisation from IVASS to extend the exercise of the insurance business to Class 4. Railway rolling stock, Class 5. Aircraft hulls and Class 11. TPL aircraft.

OUTLOOK FOR BUSINESS ACTIVITIES

On January 28th, Cattolica's Board of Directors approved the 2021-2023 rolling plan, which for the year 2021 envisages an operating result within a range of between € 265 million and € 290 million with total premiums written of around € 5.2 billion, of which € 2.1 billion Non-life business and € 3.1 billion Life business. The operating result is expected to decrease compared to 2020, also as a result of the announced exit from the consolidation scope of Lombarda Vita, which will instead have a positive effect on the non-operating component, with a capital gain of approximately € 100 million. As at the current date, no significant new factors have emerged that could lead to a change in this guidance, which is therefore confirmed. However, it is worth highlighting the risks related to the Covid-19 pandemic, which could materialise during the year, such as those linked to the volatility of financial markets, as was the case in the first half of 2020, or the emergence of claims in both Life and Non-life businesses.

THE BOARD OF DIRECTORS

Verona, March 24th, 2021

Total assets

37,171 € mln

Total shareholders' equity

2,613 € mln

CONSOLIDATED FINANCIAL STATEMENTS

E-MARKET SDIR CERTIFIED

STATEMENT OF FINANCIAL POSITION

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2020
ASSETS

Company: CATTOLICA ASSICURAZIONI GROUP

(€ thousands)		2020	2019
1	**INTANGIBLE ASSETS**	**705,094**	**880,981**
1.1	Goodwill	410,325	548,412
1.2	Other intangible assets	294,769	332,569
2	**TANGIBLE ASSETS**	**226,539**	**237,613**
2.1	Property	201,314	210,291
2.2	Other tangible assets	25,225	27,322
3	**TECHNICAL PROVISIONS - REINSURANCE AMOUNT**	**580,280**	**618,776**
4	**INVESTMENTS**	**23,894,317**	**32,722,833**
4.1	Investment Property	974,683	850,449
4.2	Investments in subsidiaries, associated companies and joint ventures	174,094	159,846
4.3	Held to maturity investments	183,607	212,129
4.4	Loans and receivables	1,193,915	1,072,157
4.5	Available for sale financial assets	17,147,346	23,823,347
4.6	Financial assets at fair value through profit or loss	4,220,672	6,604,905
5	**SUNDRY RECEIVABLES**	**663,203**	**688,411**
5.1	Receivables deriving from direct insurance transactions	452,300	461,445
5.2	Receivables deriving from reinsurance transactions	81,767	107,421
5.3	Other receivables	129,136	119,545
6	**OTHER ASSET ITEMS**	**10,740,757**	**1,723,574**
6.1	Non-current assets or disposal group held for sale	9,362,508	197,164
6.2	Deferred acquisition costs	15,222	19,274
6.3	Deferred tax assets	634,170	687,387
6.4	Current tax assets	559,088	592,203
6.5	Other assets	169,769	227,546
7	**CASH AND CASH EQUIVALENTS**	**360,344**	**468,385**
	TOTAL ASSETS	**37,170,534**	**37,340,573**

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2020
SHAREHOLDERS' EQUITY AND LIABILITIES

Company: CATTOLICA ASSICURAZIONI GROUP

(€ thousands)		2020	2019
1	**SHAREHOLDERS' EQUITY**	**2,613,284**	**2,351,011**
1.1	**pertaining to the Group**	**2,140,175**	**1,893,631**
1.1.1	Share capital	685,044	522,882
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	847,277	712,031
1.1.4	Revenue reserves and other equity reserves	656,431	560,475
1.1.5	(Own shares)	-164,506	-49,927
1.1.6	Reserve for net exchange differences	0	0
1.1.7	Gains or losses on available for sale financial assets	78,022	77,649
1.1.8	Other gains or losses recognised directly in equity	1,474	-4,619
1.1.9	Profit (loss) for the year pertaining to the Group	36,433	75,140
1.2	**pertaining to minority interests**	**473,109**	**457,380**
1.2.1	Capital and reserves pertaining to minority interests	421,021	418,506
1.2.2	Profits or losses recognised directly in equity	17,886	10,988
1.2.3	Profit (loss) for the year pertaining to minority interests	34,202	27,886
2	**PROVISIONS AND ALLOWANCES**	**67,158**	**61,788**
3	**TECHNICAL PROVISIONS**	**22,694,567**	**30,891,612**
4	**FINANCIAL LIABILITIES**	**1,262,691**	**2,344,915**
4.1	Financial liabilities at fair value through profit or loss	361,800	1,494,274
4.2	Other financial liabilities	900,891	850,641
5	**PAYABLES**	**445,870**	**410,706**
5.1	Payables deriving from direct insurance transactions	118,381	134,238
5.2	Payables deriving from reinsurance transactions	79,039	27,999
5.3	Other payables	248,450	248,469
6	**OTHER LIABILITY ITEMS**	**10,086,964**	**1,280,541**
6.1	Liabilities of disposal group held for sale	9,132,268	193,783
6.2	Deferred tax liabilities	634,446	671,299
6.3	Current tax liabilities	188,518	263,577
6.4	Other liabilities	131,732	151,882
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**37,170,534**	**37,340,573**

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INCOME STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2020
INCOME STATEMENT

Company: CATTOLICA ASSICURAZIONI GROUP

(€ thousands)		2020	2019 (*)
1.1	Net premiums	4,405,251	5,205,632
1.1.1	*Gross premiums written*	4,665,411	5,477,701
1.1.2	*Ceded premiums*	-260,160	-272,069
1.2	Commissions income	1,814	5,329
1.3	Income and charges from financial instruments at fair value through profit or loss	65,782	241,745
1.4	Income from investments in subsidiaries, associated companies and joint ventures	5,318	5,446
1.5	Income from other financial instruments and investment property	618,345	620,635
1.5.1	*Interest income*	389,391	433,289
1.5.2	*Other income*	81,870	92,355
1.5.3	*Realised gains*	147,084	94,981
1.5.4	*Valuation gains*	0	10
1.6	Other revenues	112,647	123,706
1	**TOTAL REVENUES AND INCOME**	**5,209,157**	**6,202,493**
2.1	Net charges relating to claims	-3,618,466	-4,735,354
2.1.1	*Amounts paid and change in technical provisions*	-3,756,360	-4,904,171
2.1.2	*Reinsurance amount*	137,894	168,817
2.2	Commissions expense	-3,639	-5,185
2.3	Charges from investments in subsidiaries, associated companies and joint ventures	-18,371	-3,264
2.4	Charges from other financial instruments and investment property	-255,962	-228,774
2.4.1	*Interest expense*	-129,007	-152,872
2.4.2	*Other charges*	-2,412	-6,873
2.4.3	*Realised losses*	-75,712	-35,245
2.4.4	*Valuation losses*	-48,831	-33,784
2.5	Operating expenses	-745,437	-804,227
2.5.1	*Commission and other acquisition costs*	-497,242	-550,975
2.5.2	*Operating expenses relating to investments*	-48,245	-46,150
2.5.3	*Other administrative expenses*	-199,950	-207,102
2.6	Other costs	-454,450	-313,273
2	**TOTAL COSTS AND CHARGES**	**-5,096,325**	**-6,090,077**
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	**112,832**	**112,416**
3	Taxation	-103,126	-65,463
	PROFIT (LOSS) FOR THE YEAR NET OF TAXATION	**9,706**	**46,953**
4	**PROFIT (LOSS) FROM DISCONTINUED OPERATIONS**	**60,929**	**56,073**
	CONSOLIDATED PROFIT (LOSS)	**70,635**	**103,026**
	pertaining to the Group	**36,433**	**75,140**
	pertaining to minority interests	**34,202**	**27,886**

(*) 2019 figures have been restated in accordance with IFRS 5.

STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2020
STATEMENT OF COMPREHENSIVE INCOME – Net amounts

Company: CATTOLICA ASSICURAZIONI GROUP

(€ thousands)	2020	2019
CONSOLIDATED PROFIT (LOSS)	**70,635**	**103,026**
Other income components net of income taxes without reclassification in the income statement	**-336**	**-1,121**
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	9	0
Actuarial gains and losses and adjustments related to defined-benefit plans	-345	-1,121
Other items	0	0
Other income components net of income taxes with reclassification in the income statement	**13,700**	**120,508**
Change in reserve for net exchange differences	0	0
Gains or losses on available for sale financial assets	11,097	124,001
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	-1,555	-3,493
Income and charges relating to non-current assets or disposal group held for sale	4,158	0
Other items	0	0
TOTAL OF THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**13,364**	**119,387**
TOTAL OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**83,999**	**222,413**
pertaining to the Group	**42,899**	**183,649**
pertaining to minority interests	**41,100**	**38,764**

The undersigned declare that these financial statements are 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

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2020

Company: CATTOLICA ASSICURAZIONI GROUP

(€ thousands)	2020	2019
Profit (loss) for the year before taxation	**112,832**	**188,955**
Changes in non-monetary items	**629,530**	**987,069**
Change in non-life premium provision	11,672	56,548
Change in provision for outstanding claims and other non-life technical provisions	-219,194	-18,093
Change in mathematical provisions and other life technical provisions	410,338	955,712
Change in deferred acquisition costs	1,396	3,111
Change in provisions and allowances	6,230	2,481
Non-monetary income and charges from financial instruments, investment property and equity investments	123,449	-110,569
Other changes	295,639	97,879
Change in receivables and payables generated by operating activities	**65,992**	**25,536**
Change in receivables and payables deriving from direct insurance and reinsurance transactions	71,781	-35,501
Change in other receivables/payables, other assets/liabilities	-5,789	61,037
Taxes paid	**-200,225**	**-149,613**
Net liquidity generated/absorbed by monetary items pertaining to investments and financing activities	**-878,209**	**-218,840**
Liabilities from financial contracts issued by insurance companies	-878,209	-218,840
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	**-270,080**	**833,107**
Net liquidity generated/absorbed by investment property	-155,530	-91,836
Net liquidity generated/absorbed by investments in subsidiaries, associated companies and joint ventures	-28,855	-42,097
Net liquidity generated/absorbed by loans and receivables	-160,846	-202,835
Net liquidity generated/absorbed by held to maturity investments	8,638	13,990
Net liquidity generated/absorbed by available for sale financial assets	-621,067	507,133
Net liquidity generated/absorbed by tangible and intangible assets	-55,635	-61,227
Other net liquidity flows generated/absorbed by investment activities	925,973	-771,242
TOTAL NET LIQUIDITY DERIVING FROM INVESTMENT ACTIVITIES	**-87,322**	**-648,114**
Net liquidity generated/absorbed by capital instruments pertaining to the Group	273,908	-42,463
Net liquidity generated/absorbed by own shares	-114,579	0
Distribution of dividends pertaining to the Group	0	-70,403
Net liquidity generated/absorbed by capital and reserves pertaining to minority interests	19,330	-18,481
Net liquidity generated/absorbed by subordinated liabilities and by participative financial instruments	41,723	0
Net liquidity generated/absorbed by sundry financial liabilities	28,979	8,394
TOTAL NET LIQUIDITY DERIVING FROM FINANCING ACTIVITIES	**249,361**	**-122,953**
Effect of the exchange differences on cash and cash equivalents	**0**	**0**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	468,385	406,345
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-108,041	62,040
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	360,344	468,385

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2020

Company: CATTOLICA ASSICURAZIONI GROUP

(€ thousands)		Balance as at December 31st, 2018	Change in closing balances	Charges	Adjustments from reclassification to income statement	Transfers	Changes in investment holdings	Balance as at December 31st, 2019
Shareholders' equity pertaining to the Group	Share capital	522,882	0	0		0		522,882
	Other equity instruments	0	0	0		0		0
	Capital reserves	739,494	0	-27,463		0		712,031
	Revenue reserves and other equity reserves	495,982	0	136,885		-70,403	-1,989	560,475
	(Own shares)	-49,927	0	0		0		-49,927
	Profit (loss) for the year	106,934	0	-31,794		0		75,140
	Other components of the statement of comprehensive income	-35,479	0	95,894	12,615	0	0	73,030
	Total pertaining to the Group	**1,779,886**	**0**	**173,522**	**12,615**	**-70,403**	**-1,989**	**1,893,631**
Shareholders' equity pertaining to minority interests	Capital and reserves pertaining to minority interests	445,639	0	31,822		-18,481	-40,474	418,506
	Profit (loss) for the year	29,692	0	-1,806		0		27,886
	Other components of the statement of comprehensive income	110	0	8,170	2,708	0	0	10,988
	Total pertaining to minority interests	**475,441**	**0**	**38,186**	**2,708**	**-18,481**	**-40,474**	**457,380**
TOTAL		**2,255,327**	**0**	**211,708**	**15,323**	**-88,884**	**-42,463**	**2,351,011**

(€ thousands)		Balance as at December 31st, 2019	Change in closing balances	Charges	Adjustments from reclassification to income statement	Transfers	Changes in investment holdings	Balance as at December 31st, 2020
Shareholders' equity pertaining to the Group	Share capital	522,882	0	162,162		0		685,044
	Other equity instruments	0	0	0		0		0
	Capital reserves	712,031	0	135,246		0		847,277
	Revenue reserves and other equity reserves	560,475	0	76,585		0	19,371	656,431
	(Own shares)	-49,927	0	0		-114,579		-164,506
	Profit (loss) for the year	75,140	0	-38,707		0		36,433
	Other components of the statement of comprehensive income	73,030	0	50,027	-43,561	0	0	79,496
	Total pertaining to the Group	**1,893,631**	**0**	**385,313**	**-43,561**	**-114,579**	**19,371**	**2,140,175**
Shareholders' equity pertaining to minority interests	Capital and reserves pertaining to minority interests	418,506	0	69,608		-24,222	-42,871	421,021
	Profit (loss) for the year	27,886	0	6,316		0		34,202
	Other components of the statement of comprehensive income	10,988	0	43,353	-36,455	0	0	17,886
	Total pertaining to minority interests	**457,380**	**0**	**119,277**	**-36,455**	**-24,222**	**-42,871**	**473,109**
TOTAL		**2,351,011**	**0**	**504,590**	**-80,016**	**-138,801**	**-23,500**	**2,613,284**

The undersigned declare that these financial statements are true and consistent with the underlying accounting records.

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI ______________________ (**)

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RECONCILIATION STATEMENT OF THE RESULT OF THE YEAR AND SHAREHOLDERS' EQUITY OF THE GROUP AND THE PARENT COMPANY

RECONCILIATION STATEMENT OF THE RESULT OF THE YEAR AND SHAREHOLDERS' EQUITY OF THE GROUP AND THE PARENT COMPANY

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31st, 2020

Company: CATTOLICA ASSICURAZIONI GROUP

(€ thousands)	Capital and reserves	Profit (loss) for the year	Shareholders' equity
Parent Company amounts It Gaap	**1,992,424**	**3,583**	**1,996,007**
IAS/IFRS Adjustment - Parent Company	353,579	34,619	388,198
Parent Company IAS/IFRS amounts	**2,346,003**	**38,202**	**2,384,205**
Netting of the book values of the equity investments included in the consolidation area:			
- difference between the book value and the pro-quota value of the shareholders' equity	-490,601	0	-490,601
- pro-quota results of investee companies	0	109,156	109,156
- capital gains from sale of equity investments recorded in the consolidated fin. stat.	0	0	0
- goodwill	532,075	-138,086	393,989
- value of portfolio	125,623	-25,487	100,136
Netting of intercompany transactions:			
- dividends from consolidated companies	99,964	-99,964	0
- write-back of effects of equity investment transfers	0	0	0
- reversal of intercompany real estate transactions	0	0	0
- reversal of effects of mergers/disposals of business segments among Group companies	-318,505	0	-318,505
- writebacks of write-downs	-146,222	146,222	0
- reversal of the effects of business combinations	0	0	0
- reversal of intercompany transactions	8,980	21,407	30,387
Tax effects of above-mentioned consolidation adjustments	**-40,946**	**1,282**	**-39,664**
Effects associated with non-consolidated companies:	0	0	0
Effects associated with the valuation of non-consolidated companies	-21,447	-7,481	-28,928
Dividends from associated companies	8,818	-8,818	0
Shareholders' equity and profit pertaining to the Group	**2,103,742**	**36,433**	**2,140,175**
Shareholders' equity and profit pertaining to minority interests	**438,907**	**34,202**	**473,109**
CONSOLIDATED SHAREHOLDERS' EQUITY AND NET PROFIT	**2,542,649**	**70,635**	**2,613,284**

The undersigned declare that these financial statements are true and consistent with the underlying accounting records.

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI (**)

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NOTES TO THE ACCOUNTS

NOTES TO THE ACCOUNTS

Part A - Basis of presentation and consolidation area

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PART A
BASIS OF PRESENTATION AND CONSOLIDATION AREA

Applicable legislation

The Consolidated Financial Statements have been prepared by the Parent Company Cattolica di Assicurazione Soc. Coop. pursuant to Article 154-ter, paragraph 1, of Italian Legislative Decree No. 58 dated February 24th, 1998, "Regulations concerning financial brokers" and Article 95 of Italian Legislative Decree No. 209 dated 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 December 31st, 2020, and compliant with the instructions of 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 accounting standards (IAS/IFRS).

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.

Account has also been taken of the recommendations contained in the joint Bank of Italy/CONSOB/IVASS documents on the application of IAS/IFRS, the provisions of the 2020 ESMA guidelines on financial statements contained in the document of October 28th, 2020 ("European common enforcement priorities for 2020 annual financial reports") and the indications contained in CONSOB Notification No. 1 of February 16th, 2021.

Accounting reference date

The Consolidated Financial Statements closed as at December 31st, 2020, a date which coincides with that of the Financial Statements of all the companies included within the consolidation scope.

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 aforementioned international accounting standards for the purpose of drawing up the annual financial statements have been used for the preparation of the Consolidated Financial Statements. Vera Financial prepared its financial statements in compliance with international accounting standards. The statements drawn up by the management companies have been used for the funds.
The consolidated financial statements were authorised for issue on March 24th, 2021.

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 equity 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 "Goodwill" items. 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 "revenue reserves and other reserves" item.

The portions of shareholders' equity, expressed at the fair value of the assets and liabilities of the investee companies at the date of acquisition and of the net result for the year pertaining to minority interests, are recorded in specific statement of financial position liabilities 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 equity investment is adjusted in the consolidated financial statements in order to reflect the book value of the shareholders' equity pertaining to the Group, which can be taken from the last 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 scope 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 derecognition of balances and intercompany transactions, including revenues, costs and dividends collected;
- the derecognition 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 derecognition of gains or losses originating from intercompany transactions;
- the adjustment of the effects recorded in individual financial statements, generated by extraordinary intercompany transactions;
- amortisation of intangible assets recognised as a result of business combinations in accordance with IFRS 3.

The decreases in value emerging subsequent to intercompany transactions are maintained in the consolidated financial statements.

CONSOLIDATION AREA

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

The income statement figures and the assets and liabilities of the subsidiary Lombarda Vita, which as at December 31st, 2020 is included in the area of consolidation, have been reclassified to the appropriate "held for sale" items in accordance with IFRS 5.

During the year, 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 equity 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. Subsequently, a partial proportional demerger took place involving the Marine business unit of Satec S.r.l. in favour of the newly formed MUW S.r.l. ;
- purchase, through the Fondo Girolamo (wholly owned by the Group), of 100% of the units of the real estate fund called "Titan". Subsequently, on November 3rd and effective for accounting purposes as of August 1st, 2020, the Fondo Titan merged into Girolamo.

As at December 31st, 2020, the consolidation area comprised 11 insurance companies, one reinsurance company, two companies, which carry out agricultural-real estate activities, one holding company, one real estate services company, three service companies, four insurance and reinsurance brokerage companies and six real estate mutual funds.

In addition to companies in the consolidation area, the Group includes three service companies, an insurance company, an insurance and reinsurance brokerage company, the Fondo Immobiliare Mercury, structured into three segments, the Fondo HCampus, which is divided into two classes of units and the Fondo Mercury Nuovo Tirreno, measured at equity being 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 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 several 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, while in the LOANS category it is at amortised cost.

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

Table 22 - 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	100.00%	100.00%		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	69.33%	89.09%		100%
Fondo San Zeno	086	G	10	68.24%	89.22%		100%
Fondo Perseide	086	G	10	79.42%	94.27%		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	74.91%	81.94%		100%
Fondo Andromaca	086	G	10	100.00%	100.00%		100%
CattRe s.a.	092	G	5	100.00%	100.00%		100%
Estinvest s.r.l.	086	G	9		100.00%		100%
Meteotec s.r.l.	086	G	11		100.00%		100%
Satec s.r.l.	086	G	11		100.00%		100%
Qubo Insurance Solutions s.r.l.	086	G	11		51.00%		100%
All Risks Solutions s.r.l.	086	G	11		100.00%		100%
Mediterranea Underwriting s.r.l.		G	11		100.00%		100%
Fondo Girolamo	086	G	10	74.51%	95.09%		100%
Campo dei Fiori s.r.l.	086	G	11		89.22%		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 investment.

(*) Company being divested as at 12.31.2020 in accordance with IFRS 5.

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).

In fact, the Cattolica Group controls all the significant activities, with the exception of the sale of the product, carried out by the banking partner.

The agreements envisage also 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.

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 23 - 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 year	Dividends distributed to minority interests	Gross premiums written
BCC Assicurazioni s.p.a.	30.00%		231	5,406	92,491	41,089	54,020	489	18,020	771	0	39,365
BCC Vita s.p.a.	30.00%		1,955	87,110	4,301,307	4,021,207	3,794,827	36,148	290,368	6,516	0	457,419
Fondo Euripide	10.91%		769	45,658	436,384	418,169	0	0	418,494	7,050	1,729	0
Fondo San Zeno	10.78%		377	17,606	166,177	159,039	0	0	163,321	3,493	714	0
Fondo Perseide	5.73%		462	6,564	121,865	93,190	0	3,405	114,558	8,066	613	0
Fondo Girolamo	4.91%		50	6,471	134,048	128,427	0	0	131,800	1,017	0	0
Lombarda Vita s.p.a.	40.00%		20,361	134,980	9,516,695	8,912,693	8,617,367	228,834	337,449	50,902	24,222	1,123,305
Vera Assicurazioni s.p.a.	35.00%		3,957	33,615	276,370	221,428	150,057	1,053	96,043	11,306	0	87,045
Vera Financial d.a.c.	35.00%		391	25,517	1,755,762	1,648,408	1,443,479	219,909	72,906	1,116	0	202,479
Vera Protezione s.p.a.	35.00%		4,844	37,360	423,433	358,352	288,546	953	106,742	13,840	0	75,012
Vera Vita s.p.a.	35.00%		10,488	139,753	8,362,883	7,974,269	7,523,257	233,117	399,295	29,965	0	1,289,848
Fondo Innovazione Salute	18.06%		230	13,324	107,678	102,209	0	32,670	73,776	1,275	0	0
Qubo Insurance Solutions s.r.l.	49.00%		195	232	883	0	0	0	474	397	0	0

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

The non-consolidated structured entities identified by the Group include a total of € 788.332 million represented by special purpose vehicles (SPVs) with underlying securities issued by the Italian government and swaps and € 77.019 million represented 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 and IFRS 11:

Associated companies and Joint Ventures

- **Multi-segment real estate investment fund** known as "**Mercury**". The Parent Company holds approximately 51% in the Tyrrhenian and Central-Northern sectors and 33.97% in the Adriatic sector. The total value recorded in the financial statements amounts to € 80.286 million;

- **Real estate investment fund** called "**HCampus**" divided into two classes of units. The Parent Company holds Class A and Class B units equal to 59.76% for a total book value of € 30.387 million;

- **Real estate investment fund** called "**Mercury Nuovo Tirreno**". The Group holds 90.04% of the shares with a book value of € 53.71 million;

- **Ima Italia Assistance S.p.A.** with registered office in Sesto San Giovanni, share capital of € 11.091 million, exercises non-life insurance and reinsurance activities. The Parent Company's direct equity investment is 35% for a book value of € 9.020 million;

- **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 Assistance, which controls it with an 81% interest. The Group holds an equity investment of 10% while the equity interest is 37.7%. The figure recorded in the financial statements is € 166 thousand;

- **H-FARM S.p.A.** with registered office in Roncade, share capital of € 12.867 million, engaged in the field of innovation. The direct equity investment of the Parent Company amounts to 3.67% for a book value of € 466 thousand including participating financial instruments;

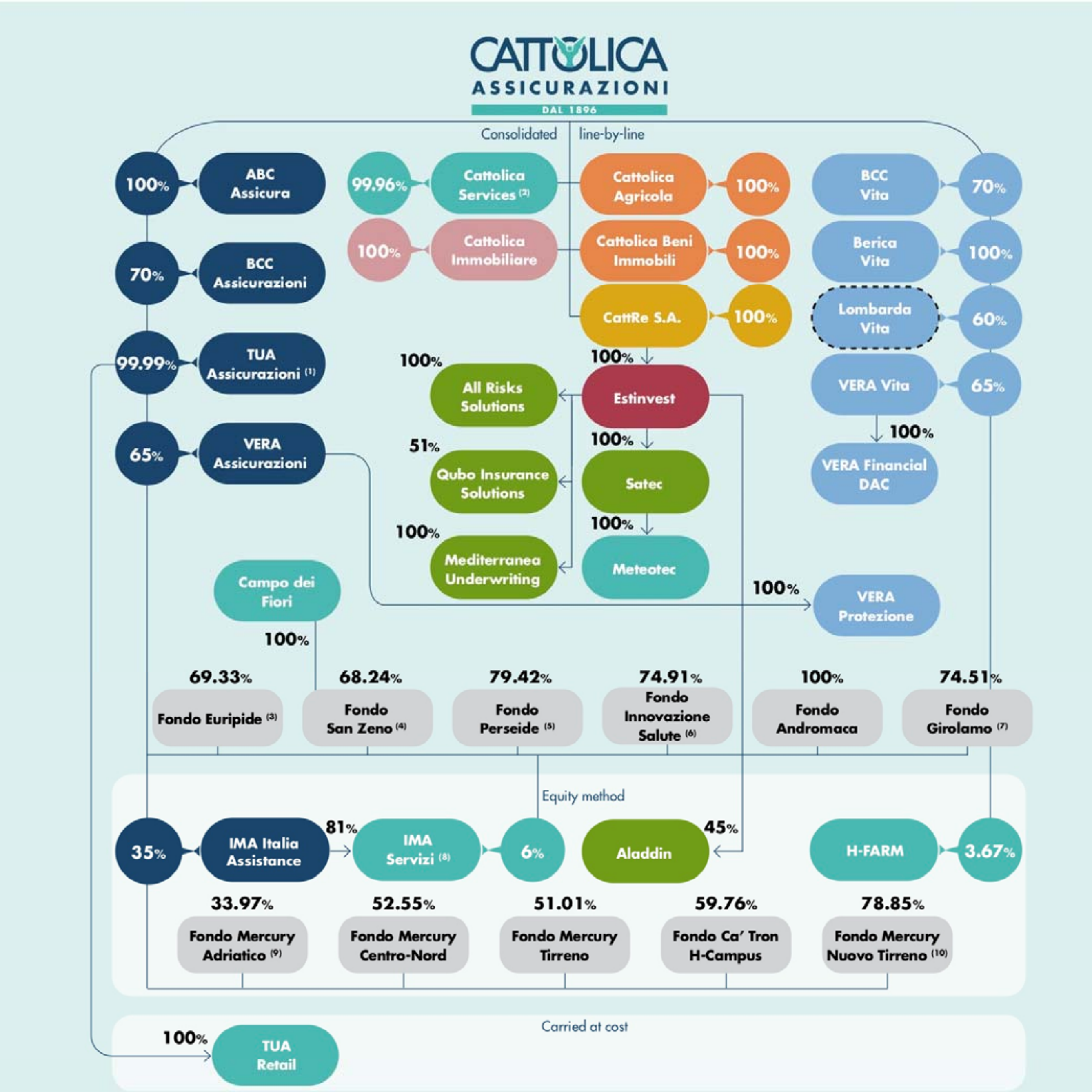
- **ALADDIN S.r.l.**, a newly-established company whose business is insurance and reinsurance brokerage in which Estinvest holds 45% of the share capital, amounting to € 20 thousand. The figure recorded in the financial statements is € 9 thousand.

2) The following company has been valued at **cost** in the consolidated financial statements, since it is not significant and its exclusion from the consolidation area does not prejudice the reliability of the representation of the financial and equity standing, the economic result and the cash flows of the Group:

Subsidiary company

- **TUA Retail s.r.l.** with registered office 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 30.67% is held as follows: 16.72% by Lombarda Vita, 10.19% by VERA Vita, 1.89% by TUA Assicurazioni, 1.35% by VERA Protezione and 0.52% by VERA Assicurazioni.
(4) The remaining 31.76% is held as follows: 19.19% by BCC Vita and 12.57% by Lombarda Vita.
(5) The remaining 20.58% is held as follows: 10.86% by Lombarda Vita, 5.09% by TUA Assicurazioni and 4.63% by BCC Vita.
(6) The remaining 7.23% is held as follows: 6.56% by TUA Assicurazioni and 0.67% by BCC Assicurazioni.
(7) The remaining 25.49% is held as follows: 9.13% by TUA Assicurazioni, 15.75% by BCC Vita and 0.61% by BCC Assicurazioni.
(8) The remaining 4% is held individually by Cattolica Services for 1%, BCC Assicurazioni for 1%, TUA Assicurazioni for 1% and VERA Assicurazioni for 1%.
(9) The remaining 17.08% is held by BCC Vita.
(10) The remaining 11.19% is held by TUA Assicurazioni.

Non-life insurance
Life insurance
Holding
Operating services
Agricultural-real estate sector
Real estate services
Reinsurance
Insurance and reinsurance brokerage (MGA)
Funds
Assets held for sale as at December 31st, 2020 pursuant to IFRS 5

As at December 31st, 2020

NOTES TO THE ACCOUNTS

Part B - Accounting standars

PART B
ACCOUNTING STANDARDS

Format

The statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and these notes to the accounts have been drawn up in accordance with the formats laid down by the instructions in ISVAP Regulation No. 7 dated July 13th, 2007, amended by means of IVASS Provision No. 53 dated December 6th, 2016.

Accounting standards

The accounting standards adopted for the preparation of the consolidated financial statements are consistent with the provisions of each IAS/IFRS standard and each SIC/IFRIC, taking as reference those endorsed by the European Commission.

New accounting standards

IFRS 17

On May 18th, 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information so that the rights and obligations arising from insurance contracts issued are faithfully represented. IASB developed the standard for eliminating the inconsistencies of the existing accounting policies by providing a single principle-based picture to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds.

It is intended to be applied from January 1st, 2023.

The new standard will have a significant impact on the measurement and representation of the financial statement items involved. The Group conducted the methodological analysis of IFRS 9 and IFRS 17 accounting standards, also carrying out several impact analyses, and is preparing for the start of the implementation phase.

Finally, it should be remembered that the Cattolica Insurance Group has decided to avail itself of the "Temporary Exemption" provided for by IFRS 4, which allows the deferral of the application of IFRS 9 (and consequently the continued application of IAS 39), until IFRS 17 comes into force.

To this end, the requirements of paragraph 20 B of IFRS 4 in terms of predominance of the insurance business were verified. For further information, see the paragraph "Additional information" in Part C Statement of Financial Position - Assets in the notes to the accounts.

Reporting currency used in the financial statements

The reporting currency for the consolidated financial statements is the Euro. The report has been drawn up in thousands 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 the monetary assets and liabilities in foreign currency, 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 recognised to the income statement.

Section 1

Illustration of the accounting principles

The accounting principles used to draw up the consolidated financial statements 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 aforementioned international accounting standards for the purpose of drawing up the financial statements. Vera Financial prepared its financial statements in compliance with international accounting standards.

No consolidation adjustments were necessary to bring the accounting standards and valuation criteria of the consolidated companies in line with those of the Parent Company, with the exception of investment property held by real estate funds that, in their accounts, value these properties at fair value and therefore, for the purposes of the consolidated financial statements, are reported at historical cost net of the related accumulated depreciation.

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 financial statements and, consequently, the financial statements have been prepared with the intention of clarity and provide a true and fair view of the capital and business-performance status and cash flows for the year. However, it must be noted that changes in these estimates and assumptions could have a significant effect on the capital and business-performance status if different elements of judgement intervene compared to those expressed. In this regard, it should be noted that the continuation of the Covid-19 emergency situation could have an impact on the assumptions used as a basis for the estimates carried out, which at present cannot be quantified.
The main areas of the financial statements that involve significant recourse to discretionary judgements, assumptions, estimates and assumptions about issues, which by nature are uncertain, are set out below:

- the analysis for the purpose of the impairment test on intangible assets;
- the recoverable nature of the prepaid taxes;
- the technical provisions;
- the fair value of the assets and liabilities if not directly observable on active markets;
- the disclosure of the fair value of non-financial assets and liabilities;
- 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 linked to the current situation following the spread of Covid-19, the solidity of the Group's fundamentals does not generate or leave any doubt as to its ability to continue as a going concern. In this regard, we report the forecasts of the rolling plan approved by the Board of Directors on January 28th, 2021, which envisages, for the current year, an operating result of between € 265 million and € 290 million with total premiums written of € 5.2 billion. This plan includes also the first effects of the industrial partnership with Assicurazioni Generali agreed on June 24th, 2020. The Solvency Ratio stands at 187% as at December 31st, 2020 and estimates as at 31 March see a further improvement to around 200%.

E-MARKET SDIR CERTIFIED

STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

Goodwill

The item comprises the goodwill acquired in the business combinations as established by IFRS 3.

The goodwill deriving from consolidation represents the additional value of the purchase cost when compared with the value of the assets, liabilities and potential liabilities, valued at fair value, of the subsidiary company. The goodwill is stated as an asset and recorded at cost less the cumulative impairment losses. As prescribed by IAS 36, an impairment test is carried out at least once a year, the procedure having been approved by the Board of Directors. On the basis of the provisions of IAS 36, it is analysed whether any trigger events have taken place such as stock market capitalisation lower than the Group shareholders' equity or whether the flows of the cash-generating units (CGUs) to which the goodwill is allocated have registered significant negative deviations; if this occurs, the value of the goodwill is subjected to a specific impairment test. An impairment loss is recorded if the book value of the CGU to which the goodwill refers is greater than its recoverable value, or the greater value between the value in use and the fair value net of the sales costs; this loss in value reduces the book value of the goodwill and, residually, if the conditions required by IAS 36 are met, of the other assets of the CGU proportionally to their book value.

In the event of the disposal of a subsidiary company, the residual amount of the goodwill ascribable to the same is included in the disposal value and therefore in the determination of the capital gain or loss on the disposal.

Other intangible assets

The item comprises the assets defined and governed by IAS 38. It includes also the value of the insurance portfolio acquired as part of the business combination and by contrast, excludes deferred purchase costs.

An intangible asset is recorded among the assets, and therefore capitalised, only when it is subject to the control of the company, it is identifiable and it is probable that it will generate future economic benefits and when the cost can be reliably determined.

These assets are valued at cost net of accumulated amortisation and write-downs to impairment losses.

There are no intangible assets present in the financial statements with an indefinite useful life as established in IAS 38.

The amortisable value is systematically allocated to the accounting periods, which make up the useful life of the asset, starting from the moment that said asset becomes available for use, or finds itself in the position and under the conditions necessary for being used according to the intentions of the Company.

In general, except in specific cases, the useful life is established as five years with an amortisation rate of 20% per annum for all the intangible assets with the exclusion of insurance portfolios whose amortisation period ranges from six to twelve years.

Intangible assets are periodically subject to the impairment test.

TANGIBLE ASSETS

Property

This item includes the property intended to be used for business activities.

These assets are valued at cost net of related accumulated depreciation and any impairment losses. Cost comprises the related charges directly ascribable to the purchase and the putting into operation of the asset.

For entire premises, the value of the land is separated from the value of the building; the latter is depreciated.

The depreciation of the buildings is calculated, on a straight-line basis, in relation to the useful life estimated as thirty-three years.

Ordinary maintenance costs are charged to the income statement; those, which by contrast lead to an increase in value, or of the functionality or useful life of the assets, are allocated to the assets and depreciated.

Property intended to be used for business activities is periodically subject to verification of whether the book value is recoverable or not and is eliminated from the financial statements following disposal or in the event of the depletion of the expected economic benefits.

Other tangible assets

This category includes movable assets, furnishings, office machines, means of transport, plant and equipment.

These assets are valued at cost net of accumulated depreciation and any impairment losses.

The depreciation is calculated, on a straight-line basis, in relation to the estimated useful life of the related assets using economic-technical rates.

The book value of the tangible assets is subject to verification so as to reveal any impairment losses.

INVESTMENTS

Investment Property

This item includes the property held for investment purposes (IAS 40), whose ownership is intended to allow the Company to receive rental payments, or to increase the value of the investments, or both. This category includes also property intended to be sold, which in any event does not comply with the requisites anticipated by IFRS 5, since these are assets originally held so as to gain profit from the appreciation of the capital.
For entire premises, the value of the land is separated from the value of the building; the latter is depreciated.

These assets are valued at cost net of related accumulated depreciation and any impairment losses.
The depreciation of the buildings is calculated, on a straight-line basis, in relation to the useful life.

Ordinary maintenance costs are charged to the income statement in the year that they are incurred; those, which, by contrast, lead to an increase in value, or of the functionality or useful life of the assets, are allocated to the assets and depreciated.

Investment property is periodically subject to verification of whether the book value is recoverable or not and are derecognised from the financial statements following disposal or in the event of the depletion of the expected economic benefits.

Taking into account the macroeconomic context linked to Covid-19, which has generated financial difficulties for several tenants, the Group has taken steps to strengthen the valuation process for property activities. In particular, 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"), evaluating, where deemed appropriate, the application of further sensitivity valuations.

Investments in subsidiaries, associated companies and joint ventures

When determining the investment relationship, the definitions of control, significant influence and joint control anticipated by IFRS 10 and IFRS 11 have been used.

This item includes also equity investments in subsidiaries considered to be of an insignificant entity with respect to the Group.

Equity investments in associated companies and joint ventures are accounted for in the financial statements using the equity method.
The book value is subject to assessment so as to reveal any impairment losses.
Equity investments in subsidiary, associated companies and joint ventures are derecognised from the financial statements when, following disposal or other events, the requisites envisaged by IFRS 10 and IFRS 11 for their recording cease to exist.

FINANCIAL ASSETS

The definition of financial assets includes the receivables from financing activities, debt securities and equities, units in mutual investment funds, loans on policies, reinsurance deposits and other assets.

Financial assets are derecognised from the financial statements when, subsequent to maturity, disposal or another event, the contractual rights on the related cash flows are transferred, in addition to the associated risks and benefits.

The purchases and sales of a financial asset are recorded as at the transaction date.

The main accounting criterion with regard to financial assets is the fair value, which is determined by means of the use of prices acquired from public listings, in the event of instruments listed on active markets, or by means of the use of valuation models. An instrument is considered as listed on an active market if the listed prices are promptly and duly available via stock markets, brokers, intermediaries, companies specialised in the sector, listing services or regulatory bodies and represent effective and regular market transactions, which have taken place within an adequate reference interval promptly adapting to market changes. In the absence of an active market or a market, which does not have a sufficient or permanent number of transactions, the fair value is determined by means of the use of valuation models, generally applied and accepted by the market, with the aim of determining the exchange price of a hypothetical transaction that has taken place under market conditions, which can be defined as "normal and independent".

Recourse to the valuation techniques aims to minimise the use of the inputs not observable on the market, favouring the use of observable data.
The main techniques used are as follows:

- market approach: prices and other significant information are used, generated by market transactions carried out on identical or similar instruments;
- cost approach: this reflects the approach, which would be requested at the time of the valuation to replace the service capacity of an asset;
- income approach: the future cash flows are converted to their current value.

For the financial assets and liabilities in the portfolio as at the valuation date, the "market approach" and "income approach" type techniques are mainly used.

The fair value hierarchical levels are based on the nature and the degree of observability of the inputs used in the valuation techniques employed:

- level 1: these are listed prices (not adjusted) observed on active markets;
- level 2: these are inputs other than the prices listed on active markets as per level 1 and which can be observed for the asset or liability both directly and indirectly (for example prices listed on active markets for similar assets and liabilities, prices listed for identical assets and liabilities on non-active markets, input other than listed prices, which can be observed on the market, input corroborated by the market);
- level 3: these are inputs that cannot be observed for the asset or liability, which reflect the assumptions that the market participants should use in the recognition of the assets and liabilities, including the risk hypotheses.

The identification of the hierarchical level to be assigned to a financial instrument is carried out on the basis of the hierarchical level corresponding to that of the lowest significant input used.

Suitable controls are carried out on all the valuations used, including those deriving from third parties. The instruments for which the inputs used are not corroborated by the market are considered at level 3 of the fair value hierarchy.
Unlisted securities or those listed on non-active markets, such as corporate and government bonds, securities issued by Special Purpose Vehicles and unlisted derivatives valued using models that use inputs, which can be observed on the market, mortgage debt securities, unlisted UCITS and SICAV units, are classified as level 2 in the fair value hierarchy.

Corporate and government bonds, securities issued by Special Purpose Vehicles and unlisted derivatives valued using models that use inputs, which cannot be observed on the market, instruments unlisted or listed on non-active and illiquid markets such as unlisted real estate funds, unlisted hedge funds, private equity, are classified as level 3 in the fair value hierarchy. This level includes also debt securities and equities in default if valued at the recovery value on the basis of non-observable input and Enel Ania notes.
With regard to financial liabilities valued at fair value, the estimate of the fair value is carried out with reference to the level of the corresponding asset.

Held to maturity investments (HTM)

Financial assets considered to be of long-term use, excluding financial derivative instruments, with a pre-established maturity and fixed or determinable payments, which the individual Group companies intend to and have the ability to hold until maturity, are classified in this category.
The initial recording takes place at cost inclusive of the charges and income directly attributable thereto. Subsequently, investments are valued at amortised cost, using the effective interest rate, net of any impairment losses. The amortisation rate thus calculated is recorded in the income statement.

On the closure of each set of financial statements, it is assessed if objective proof exists of any impairment losses.
In accordance with the provisions of IAS 39, it is possible to make a reversal of impairment, if the reasons for the impairment losses have been removed, up to the limit of the previous write-down.

In the event of early disposal or transfer to another category of a significant amount not justified by particular events, the entire category is reclassified among the assets available for sale.

Loans and receivables

Assets, excluding financial derivative instruments, with a pre-established maturity and payments, which are fixed or can be determined, not listed on active markets, are classified in this category.
Specifically, the category includes all the loans and financing, the deposits from re-insurers with ceding

companies and bonds not listed on active markets considered to be of long-term use.

Loans and receivables are valued at amortised cost, net of any impairment losses, using the effective interest rate. The amortisation rate thus calculated is recorded in the income statement.
On the closure of each set of financial statements, it is assessed if objective proof exists of any impairment losses.

Available for sale financial assets (AFS)

On a residual basis, this category includes all the equities, debt securities that are not classified as "loans and receivables", "held to maturity investments", and "financial assets at fair value through profit or loss".

As a rule, equities classified as available for sale are valued at fair value with a matching balance represented by a net equity reserve. In the event that the equities do not have a market price listed on an active market and whose fair value cannot be reliably determined, they are valued at cost. By contrast, the mixed accounting method is used for debt securities, characterised by the joint existence of the amortised cost method and the valuation at fair value (with a matching balance represented by the same net equity reserve anticipated for equities).

The net equity reserve remains recorded until the assets are disposed of or undergo a permanent loss. On occurrence of such events, the gains and losses recorded in the reserve are freed up and recorded in the income statement.
On the closure of each financial statements, it is assessed if proof exists of a reduction in value of the financial assets.

Indicators of a possible reduction in value of the financial assets are for example:

- significant financial difficulties of the issuer;
- defaults or lack of payment of interest and principal;
- the disappearance of an active market.

The process for recognising any impairment in particular envisages the identification of the assets, which have lost value, by checking of the presence:

- for equities, open-ended mutual investment funds and ETFs, for all sectors, as well as real estate funds and closed-end non real estate funds with a fair value trend more than 30% lower than the initial book value or with a price lower than the initial book value for a continuous period of more than 12 months; for closed-end non real estate funds the 12 months are counted from the closing of the investment period of each fund;
- for debt securities, factors originating inside the company subject to the evaluation; for example, significant difficulties of the issuer with deviations from budget targets, announcement of restructuring plans, downward review of the rating assigned by specialised companies greater than class "C".

Financial assets at fair value through profit or loss

This category comprises all the financial assets included under trading activities, including derivatives, and all those that, despite not having been acquired in order to be sold over the short term, are included therein due to the Group's decision as from their initial recognition.
Specifically, the designated assets include the financial assets covering insurance or investment polices whose investment risk is borne by the policyholders and those relating to the management of pension funds.

Initial recognition takes place at cost, understood to be the fair value of the instrument net of costs or income directly or indirectly ascribable. Valuation gains and losses emerging subsequently from the changes in the fair value, are recorded directly in the income statement.

SUNDRY RECEIVABLES

This category comprises the amounts receivable for premiums relating to policyholders not yet received, amounts receivable from insurance agents and brokers and distributing banks, and co-insurance and reinsurance companies, amounts receivable for liability excesses and other receivables. The receivables are recorded at nominal value; discounting back methods are not used.

On the closure of each financial statements, an assessment is carried out on whether there is objective proof of any impairment losses and, following the implementation of the impairment test, steps may be taken to effect a write-down.

OTHER ASSET ITEMS

Non-current assets or disposal group held for sale

All the non-current assets or those undergoing disposal whose sale is highly probable in accordance with the provisions established by IFRS 5, are recorded in this item.

The non-current assets or disposal group held for sale are recorded at their book value or the fair value, whichever is the lower, net of the sales costs (discounted back in the event of sales, which will conclude beyond 12 months).

Deferred acquisition costs

This category includes the acquisition commissions relating to life insurance contracts.

Life acquisition commissions are divided up, net of reinsurance amount, for a period of no longer than the duration of the contracts and in any event within the limit of the premium loadings present in the tariff.

Acquisition commissions relating to non-life insurance contracts are not capitalised as a result of the so-called Italian "Bersani bis" Decree, which introduced the faculty - for the policyholders - of withdrawing annually from long-term policies, without charges and by giving notice of sixty days.

Deferred tax assets

Deferred tax assets are recorded - except in the cases expressly anticipated by IAS 12 - for all the temporary differences, to the extent that it is probable that taxable income against which they can be used will be generated.

In the presence of tax losses, which can be carried forward, or tax credits not utilised, deferred tax assets are recorded to the extent that it is probable that future taxable income will be available against which the aforementioned tax losses or unused tax credits can be used.

The deferred tax assets are calculated on the basis of the tax rates and tax legislation in force or effectively in force as at the date of the financial statement and are subject to verification with regards to the recoverable nature if changes in the applicable tax legislation have occurred.

Current tax assets

Current tax assets include the assets relating to current taxes as established and governed by IAS 12. These assets are recorded on the basis of the tax rates in force.

Other assets

Other assets comprise deferred acquisition costs relating to investment contracts.

The deferred acquisition costs are spread out over the estimated life of said policies according to a constant percentage of the current value of the income generated by the investment contracts for the entire period of their permanence in the portfolio.
The income margin determined at the time of the issue of policies is checked on a periodic basis and any discrepancies are recorded directly in the income statement as additional amortisation of capitalised acquisition costs.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents and on-demand deposits recorded at nominal value are classified in this category.

SHAREHOLDERS' EQUITY

Shareholders' equity pertaining to the Group

This account group includes the instruments representative of the share capital, the components representative of capital included in compound financial instruments and the associated equity reserves pertaining to the Group.

Share capital

The ordinary shares are stated at their nominal value as share capital.

Capital reserves

In particular, the item includes the share premium reserve of the Parent Company.

Revenue reserves and other equity reserves

The item includes:

- the gains and losses deriving from the initial application of the international accounting standards in accordance with the provisions of IFRS 1;
- the disaster reserves and the equalisation reserves not permitted among the technical liabilities in accordance with IFRS 4;
- the reserves anticipated prior to the adoption of the international accounting standards;
- the consolidation reserves;
- the reserve for equity-settled share-based payment in accordance with IFRS 2.

Own shares

In accordance with the provisions of IAS 32, this item includes any instruments representative of the share capital of the company, which draws up the consolidated financial statements, held by the company itself and the other consolidated companies.

Reserve for net exchange differences

This item includes the exchange differences to be charged against the shareholders' equity, in accordance with IAS 21, deriving from foreign currency transactions.

Gains or losses on available for sale financial assets

The item includes the gains and losses deriving from the valuation of available for sale financial assets, as previously described in the corresponding item of the financial investments.

The amounts are stated net of the corresponding deferred taxation and the portions pertaining to the policyholders.

Other gains or losses recognised directly in equity

The item includes the reserve deriving from changes in the shareholders' equity of the investee companies in accordance with IAS 28, the gains and losses on instruments hedging cash flows and the actuarial gains and losses and adjustments relating to defined-benefit plans as per IAS 19 and income and charges relating to non-current assets or disposal group held for sale recognised directly in the shareholders' equity in accordance with IFRS 5.

Shareholders' equity pertaining to minority interests

This account group comprises the instruments and components representative of the share capital, which make up the shareholders' equity pertaining to minority interests. Specifically, the account group includes "gains or losses on available for sale financial assets" referable to shareholders' equity pertaining to minority interests.

PROVISIONS AND ALLOWANCES

The provisions and allowances are recorded when it is believed that steps will have to be taken to meet an obligation (legal or implied) deriving from a past event or in relation to which deployment of resources is possible whose amount can be reliably calculated.

TECHNICAL PROVISIONS

Life provisions

This item includes the technical provisions associated with insurance contracts, insurance policies involving discretionary participation features and investment contracts involving discretionary participation features.

Annually, at year end, an assessment is made of the adequacy of these provisions by means of the liability adequacy test. This test is carried out by comparing the mathematical provisions, net of the deferred acquisition costs and the value of any other related intangible assets, with the current value of the future cash flows expected by the portfolio. These flows are obtained by projecting the expected flows as at the valuation date on the basis of hypothesis, considered reasonable, relating to the trend in reversals, expenses, redemption and the mortality.

With regards to investment contracts without discretionary participations features, the separation of the component relating to the insurance risk is carried out if present.

The technical provisions, for the exercise of private life assurance, have been valued on the basis of the Actuarial Standards set forth by Attachment No. 14 of ISVAP Regulation No. 22 dated April 4th, 2008, introduced by IVASS Provision No. 53 dated December 6th, 2016.

The process of forming technical provisions is based, among other things, on data flows deriving from the main characteristic processes and, by its nature, is affected by risks typical of an insurance company, linked to the financial management of investments and the complexity and variety of the insurance portfolio. The process of forming technical provisions includes also the determination of additional provisions provided to cover mortality or other risks, such as guaranteed benefits on maturity or guaranteed redemption values, which are included among the actuarial provisions.

The provisions as per Articles 21 et seq. of the aforementioned attachment, have been applied, regarding the determination of the foreseeable return of the additional provisions for financial risk, along with those of Articles 36 et seq., regarding the establishment and calculation of an additional provision for demographic risk.

Furthermore, Article 41 of said attachment has been applied, envisaging the coverage of the credit risk of index-linked policies with benefits falling due guaranteed by the companies.

The provisions relating to acceptances are calculated in relation to the criteria envisaged in title I, chapter II, section I of the Part III of the ISVAP Regulation No. 33 dated March 10th, 2010.
The reinsurance amount of technical provisions include the gross amounts pertaining to the same and are determined in compliance with the contractual reinsurance agreements, on the basis of the gross amounts of the technical provisions.

Provisions for outstanding claims

The provisions for outstanding claims are made up of the amounts necessary for covering the payment of capital and accrued returns, redemptions and claims to be settled.

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

The provisions relating to index-linked and unit-linked policies and pension funds have been calculated taking into account both the contractual commitments and the financial assets linked to said policies.

They are formed in accordance with Articles 39 et seq. of Attachment No. 14 of ISVAP Regulation No. 22 dated April 4th, 2008, as amended by IVASS Provision No. 53 dated December 6th, 2016, and cover the commitments deriving from the insurance of the life business whose return is determined in relation to investments for which the policyholder bears the risk or in relation to an index.

Shadow accounting

In relation to life contracts linked to segregated management arrangements, by means of an accounting technique known as shadow accounting, IFRS 4 makes it possible to limit the effects of misalignments between the valuation of assets and liabilities. The misalignments can be traced back to the recording in the accounts of both the capital losses and capital gains from the valuation of the assets at fair value against liabilities, which are not affected by these changes. This technique makes it possible to allocate part of the fair value changes in the related hedging assets to the technical provisions associated with segregated management.

Provision for default and liquidity risk

The need for an additional provision has been assessed, based on Article 41 of ISVAP Regulation No. 22, for the hedging of the default risk, which constitutes an allocation aimed at protecting the company from the risk of bankruptcy of securities issuers, hedging technical reserves of contracts with maturity guarantees provided by the company.
On the basis of said article of the aforementioned regulation, the need for a provision against the liquidity risk of the assets hedging the reserves of index-linked contracts has also been ascertained.

Non-life provisions

This item includes the technical provisions associated with insurance contracts.

Premium provision

The provision for the fraction of premiums shall be calculated analytically using the pro rata temporis method in accordance with Article 2, paragraph 2, of Attachment 15 to ISVAP Regulation No. 22 of April 4th, 2008, on the basis of gross premiums written, as defined in Article 45 of Italian Legislative Decree No. 173 of May 26th, 1997, less acquisition commissions and other acquisition costs, limited to directly attributable costs, for the portion attributable to the financial year.
The book value thus obtained has been supplemented by the provisions for suretyship, calculated according to the criteria envisaged by Article 9 of attachment 15 of the ISVAP Regulation No. 22, dated April 4th, 2008.

The provision for current risks is calculated by class and represents the value to make provision for, covering the risks threatening individual Companies after the end of the accounting period, so as to cover all the compensation and costs deriving from insurance policies stipulated by the end of the accounting period, if their amount exceeds that of the provision for unearned premiums and the premiums, which will be collectable by virtue of these policies, according to Article 6, paragraph 1, of Attachment No. 15 of ISVAP Regulation No. 22, dated April 4th, 2008.

The premium provisions relating to transfers to re-insurers have been determined on the basis of methods consistent with those for direct business and, in any event, in accordance with reinsurance contractual agreements.

The premium provisions relating to acceptances are calculated in relation to the criteria envisaged in title I, chapter III, section I of the Part III of ISVAP Regulation No. 33 dated March 10th, 2010.

Provision for outstanding claims

The provision for outstanding claims is determined on the basis of a prudent evaluation of the claims, which occurred during that accounting period or in previous ones that have not yet been settled, based on objective elements, as well as of the related settlement costs.

The Companies make reference, when defining the provisions for outstanding claims, to the concept of last estimated cost, identifying this value in accordance with the mixed assessment system, in compliance with the provisions set out in Articles 23 et seq. of Attachment No. 15 of ISVAP Regulation No. 22 dated April 4th, 2008.

In particular, when establishing the liability relating to the claims, steps are taken to separately evaluate each claim (inventory method), based on the analysis of the documentation relating to each individual damage case, implemented by the staff assigned to settle the claims. With regard to the classes characterised by slow settlement processes and for which the analytical valuation does not make it possible to take into account all anticipated charges, the inventory method is flanked by an additional valuation by means of statistical-actuarial procedures or forecast systems on the evolution of the costs.

The main assumptions used in applying the statistical-actuarial methods concern technical variables, including the time interval for deferring payments and the trend in the cost of claims, linked to the length of time taken to pay, as well as prospective assessments of the economic scenario.

The actuarial analysis was carried out with reference to simulations deriving from the use of different statistical-actuarial methods; in particular, reference was made to the following stochastic methods: Mack Paid, Mack Incurred and Dahms Complementary Loss Ratio.

The above methods are based on the run-off triangles of the cumulative paid, technical provisions and cost of claims at various valuation dates (cost being the sum of the cumulative paid per year and the residual inventory provision per year).

With regard to the assessment of the cost of the current generation, the Companies avail themselves, as envisaged by Article 25, paragraph 1, of Attachment No. 15 of ISVAP Regulation No. 22 dated April 4th, 2008, of the average cost approach (with the exception of the credit and suretyship classes) for classes, which due to technical features lend themselves to the application of the same criteria. With regard to the claims for the current generation, which do not present sufficient numerousness and quantitative and qualitative standardisation, the inventory method is applied.

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

With regard to average costs used, the triangle of inflated and stripped reported averages as at December 31st, 2020 for non-delayed claims of the 2017-2020 generations (claims that occurred and were reported in the year i) was analysed.

With reference to credit and suretyship classes, the provision for outstanding claims is established on the basis of the provisions laid down by Articles 32, 33 and 34 of Attachment No. 15 of ISVAP Regulation No. 22 dated April 4th, 2008.

The provision for outstanding claims includes also the evaluation of the claims, which have occurred but have not been reported as at the year end, determined on the basis of the provisions set out in Articles 27 et seq. of Attachment No. 15 of ISVAP Regulation No. 22 dated April 4th, 2008.

The amount was determined on the basis of experience acquired in previous years, separately estimating the expected number of claims and the relative average cost per each class and in the case of Motor TPL per management type.

The number of expected claims was estimated, where the conditions for their applicability were met, by using the chain ladder method applied to the triangle of claims reported over the 2014-2020 time period.

The average cost was obtained by observing the average costs reported late for the 2015-2020 generations.

The provision for outstanding claims regarding Card and No Card claims of the land vehicle TPL class are established on the basis of Article 30 of Attachment No. 15 of ISVAP Regulation No. 22 dated April 4th, 2008; the overall amount of the provision is calculated in relation to the matters laid down by Article 31 of the same attachment.

The portions of the provisions for outstanding claims pertaining to re-insurers are determined adopting the same criteria used for the direct business provisions and taking into account the contractual clauses of the agreements.

The provisions for outstanding claims relating to acceptances are calculated in relation to the criteria provided for in title I, chapter III, section II of the Part III of ISVAP Regulation No. 33 dated March 10th, 2010.

The criteria used for the determination of the non-life technical provisions, the premium provisions (supplemented by a possible allocation to the current risk provisions) and provisions for outstanding claims are consistent with the matters envisaged by the LAT according to IFRS 4.

Other technical provisions

They include the ageing provision of the health class for the rise in the age of policyholders, in accordance with Articles 42 et seq. of Attachment No. 15 of ISVAP Regulation No. 22, dated April 4th, 2008, and title I, chapter III, section IV of Part III of ISVAP Regulation No. 33 dated March 10th, 2010.

FINANCIAL LIABILITIES

This account group includes the financial liabilities at fair value through profit or loss and the financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss

This item includes the financial liabilities falling within the sphere of trading activities, and the liabilities relating to index-linked and unit-linked investment contracts and pension funds, where the risk of the investments is borne by the policyholders.
The valuation is made at fair value and the gains or losses, which emerge, are booked to the income statement.

Other financial liabilities

The item includes the financial liabilities defined and governed by IAS 39 not included in the financial liabilities at fair value through profit or loss but valued at amortised cost. Subordinated liabilities, for which the right to reimbursement by the creditor - in the event of winding up of the company - may only be exercised after all the other creditors and bonds have been satisfied, are classified in this item. The item includes also deposits received from re-insurers, other loans obtained and provisions linked to contracts with specific provision of assets.

PAYABLES

The item includes the payables deriving from insurance and other transactions. In particular, the account group includes the payables from direct and indirect insurance transactions. The account group includes also the liabilities associated with defined benefit plans in favour of the employees, which involve disbursements subsequent to the termination of the employment relationship and the other long-term benefits (including therein the employee severance indemnity), which, in compliance with IAS 19R, are subject to an actuarial assessment by means of use of the so-called "Project Unit Credit Method". According to this method, the liability is determined by taking into account a series of variables (such as the mortality rate, the forecast of future salary changes, the estimated rate of inflation, the foreseeable return on the investments, etc.). The liability recorded in the financial statements 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 actuarial assumptions used for the purposes of the calculation are periodically reviewed so as to confirm their validity.

The other long-term benefits concern the health bonuses for retired staff and seniority bonuses, which mature in the 25th and 35th year of service with some companies as envisaged by the related CCNL (National Collective Labour Agreement). The frequency of the evaluations and the method of accounting are similar to those used for the defined benefit pension plans.
Following the reform of the employee severance indemnity scheme, culminating in the Italian decrees implementing the 2007 Finance Law on the contribution of employee severance indemnities and supplementary pension planning (Italian Official Gazette No. 26 of February 1st, 2007), the application of the above-mentioned method varies depending on whether the company being valued has less than or at least 50 employees.

On the basis of Italian Law No. 296/06, for companies with at least 50 employees, the transfer of the portions of employee severance indemnities (TFR) to a specific Treasury Fund set up with INPS (national social security institute) is envisaged. In line with the matters indicated by the OIC (Italian Accounting Organisation) in the attachment to Operating Guide No. 1 for the transition to international accounting standards (chapter 13), for companies with at least 50 employees, steps were not taken to make the actuarial calculation relating to the employee severance indemnity (TFR) accruing as from January 1st, 2007. This is equivalent to considering the employee severance indemnity accrued up until December 31st, 2006 as a defined benefit plan (and therefore subject to actuarial calculation) and the employee severance indemnity as from January 1st, 2007 to the Treasury Fund set up with INPS as a fixed contribution plan (and therefore not subject to actuarial calculation). With reference to the employee severance indemnity accrued up until December 31st, 2006, since the contribution period has fully matured, the weighting of the outlays no longer applies.

With regards to companies with less than 50 employees, in the absence of transfer of the contributions subsequent to December 31st, 2007, to the Treasury Fund set up with INPS, the entire liability has been considered to be a defined benefit plan. Actuarial gains and losses realised during the year have been recorded in the financial statements for all companies of the Group.

OTHER LIABILITY ITEMS

Liabilities of disposal group held for sale

This item contains all the non-current liabilities or liabilities of disposal group whose sale is highly probable.
The non-current liabilities or liabilities of disposal group held for sale are stated at their book value or the fair value, whichever is lower, net of the sales costs (discounted back in the event of sales that will be finalised beyond 12 months).

Current and deferred tax liabilities

Current taxes are calculated on the basis of the taxable income for the year. The liabilities for current taxes are stated at the value, which is expected to be paid, applying the rates and tax legislation in force.
Deferred taxes are included, 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 in subsequent accounting periods when the aforementioned revenues will be taxed.
When the results of the transactions are booked directly to the shareholders' equity, the current taxes and liabilities for deferred taxes are also booked to shareholders' equity.

Other liabilities

The other liabilities include deferred revenues (DIR - deferred income reserve) relating to investment contracts.

The IAS/IFRS standards envisage a different method for determining and representing the provision for management costs; specifically, the component referring to contracts no longer classified as insurance but as "investment" (DIR - deferred income reserve) is classified among the other liabilities and booked to the income statement on the basis of the timing of the costs incurred for the management of the contracts.

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INCOME STATEMENT

REVENUES

Net premiums

This item includes the net premiums relating to insurance policies and investment contracts with discretionary participation features, net of transfers under reinsurance.

Income and charges from financial instruments at fair value through profit or loss

This item comprises realised gains and losses, interest, dividends and positive and negative changes in the value of the financial assets and liabilities at fair value through profit or loss.

The item includes also the charges on the financial liabilities linked to investment contracts without discretionary participation features.

Income from investments in subsidiaries, associated companies and joint ventures

This account group includes the income generated by investments in subsidiaries, associated companies and joint ventures recorded in the corresponding asset item.

Income from other financial instruments and investment property

The income from financial instruments and other investments includes the income deriving from financial instruments not valued at fair value through profit or loss and from investment property.

In particular, the following are included: interest income on financial instruments valued using the effective interest method; other income from investments, including dividends and revenues, which derive from the use, by third parties, of the properties intended for investment purposes; the gains realised following the sale of a financial asset or liability or investment property, and the positive changes deriving from the reversal of impairment.

Other revenues

Other revenues include the commissions income for financial services provided, revenues deriving from the sale of assets, from the provision of services other than those of a financial nature and from the use by third parties of the tangible assets and the other assets of the Company. They include also realised gains and reversal of impairment relating to intangible assets and other assets, the exchange differences to be charged to the income statement in accordance with IAS 21 and other net technical income associated with insurance contracts. Specifically, the account group includes commissions income associated with investment contracts.

COSTS

Net charges relating to claims

The charges relating to claims include the amounts paid out during the period for claims, maturities and redemptions as well as the amount relating to the changes in the technical provisions, net of the recoveries and the transfers under reinsurance. This account includes also the component to be booked to the income statement concerning the change in the deferred liabilities due to policyholders and the change in the provision for the default risk.

Charges from investments in subsidiaries, associated companies and joint ventures

This item includes the charges deriving from investments in subsidiaries, associated companies and joint ventures recorded in the corresponding asset item.

Charges from other financial instruments and investment property

The item includes the charges deriving from financial instruments not valued at fair value with effects on the income statement and charges deriving from investment property.

Specifically, the costs relating to investment property include condominium fees and maintenance and repair expenses not increasing the value of the investment property, the losses realised following the derecognition of an investment property, amortisation and depreciation and impairment.

Charges deriving from financial instruments include interest expenses stated using the criteria of the effective interest rate, the losses realised following the derecognition of a financial asset or liability and impairment.

Operating expenses

For the insurance companies, operating expenses include mainly commissions, other acquisition costs and the administrative expenses relating to contracts falling within the scope of IFRS 4 and to investment contracts without discretionary participation features. The item also includes the administrative expenses of the companies who do not carry out insurance activities.

It includes also administrative expenses, comprising general expenses and expenses for employees, as well as those relating to the management of financial instruments, investment property and equity investments.

Other costs

The item includes commissions expense for financial services received, the other net technical charges associated with insurance contracts, the exchange differences to be charged to the income statement in accordance with IAS 21, the portions of provisions for the year, the losses generated, the impairment losses and the depreciation/amortisation relating to both the tangible assets, not otherwise allocated to other cost items, and intangible assets.

Current taxes

The income taxes calculated in accordance with current legislation is recorded in this item.

Compliance with the tax consolidation scheme does not lead to exceptions or changes to the standards illustrated above.

Deferred taxes

The item includes income taxes due in future accounting periods, relating to taxable or deductible temporary differences.

Profit (loss) from discontinued operations

This item includes the economic results relating to discontinued operations.

NOTES TO THE ACCOUNTS

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

PART C
STATEMENT OF FINANCIAL POSITION - ASSETS

In accordance with ISVAP Regulation No. 7 dated July 13th, 2007, the statement of financial position by sector of activities is presented below.

Table 24 - Statement of financial position by sector of activities (ISVAP Regulation No. 7 dated July 13th, 2007)

	Non-life business		Life business		Other		Eliminations between sectors		Total	
(€ thousands)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1 INTANGIBLE ASSETS	**226,861**	**225,375**	**109,802**	**109,619**	**139,825**	**140,490**	**228,606**	**405,497**	**705,094**	**880,981**
2 TANGIBLE ASSETS	**53,713**	**85,180**	**4,285**	**14,370**	**168,545**	**138,063**	**-4**	**0**	**226,539**	**237,613**
3 TECHNICAL PROVISIONS - REINSURANCE AMOUNT	**573,707**	**557,039**	**104,328**	**141,967**	**0**	**0**	**-97,755**	**-80,230**	**580,280**	**618,776**
4 INVESTMENTS	**5,690,149**	**5,669,067**	**21,288,751**	**30,053,869**	**35,309**	**38,621**	**-3,119,892**	**-3,038,724**	**23,894,317**	**32,722,833**
4.1 Investment property	427,242	398,956	515,841	417,117	32,445	35,222	-845	-846	974,683	850,449
4.2 Investments in subsidiaries, associated companies and joint ventures	1,681,168	1,697,589	412,468	407,848	1	1	-1,919,543	-1,945,592	174,094	159,846
4.3 Held to maturity investments	106,397	105,795	77,210	106,334	0	0	0	0	183,607	212,129
4.4 Loans and receivables	574,234	499,043	699,588	569,043	1,308	1,222	-81,215	2,849	1,193,915	1,072,157
4.5 Available for sale financial assets	2,823,296	2,916,063	15,442,285	22,002,345	54	74	-1,118,289	-1,095,135	17,147,346	23,823,347
4.6 Financial assets at fair value through profit or loss	77,812	51,621	4,141,359	6,551,182	1,501	2,102	0	0	4,220,672	6,604,905
5 SUNDRY RECEIVABLES	**563,660**	**589,033**	**230,527**	**216,104**	**59,577**	**44,480**	**-190,561**	**-161,206**	**663,203**	**688,411**
6 OTHER ASSET ITEMS	**450,826**	**387,718**	**10,427,830**	**1,322,409**	**23,127**	**15,717**	**-161,026**	**-2,270**	**10,740,757**	**1,723,574**
6.1 Deferred acquisition costs	0	0	15,222	19,274	0	0	0	0	15,222	19,274
6.2 Other assets	450,826	387,718	10,412,608	1,303,135	23,127	15,717	-161,026	-2,270	10,725,535	1,704,300
7 CASH AND CASH EQUIVALENTS	**107,285**	**67,249**	**245,736**	**390,980**	**7,323**	**10,156**	**0**	**0**	**360,344**	**468,385**
TOTAL ASSETS	**7,666,201**	**7,580,661**	**32,411,259**	**32,249,318**	**433,706**	**387,527**	**-3,340,632**	**-2,876,933**	**37,170,534**	**37,340,573**
1 SHAREHOLDERS' EQUITY									**2,613,284**	**2,351,011**
2 PROVISIONS AND ALLOWANCES	**46,912**	**44,118**	**11,769**	**10,586**	**8,477**	**7,084**	**0**	**0**	**67,158**	**61,788**
3 TECHNICAL PROVISIONS	**3,596,373**	**3,787,085**	**19,256,532**	**27,276,139**	**0**	**0**	**-158,338**	**-171,612**	**22,694,567**	**30,891,612**
4 FINANCIAL LIABILITIES	**579,023**	**590,431**	**674,708**	**1,704,740**	**93,050**	**49,762**	**-84,090**	**-18**	**1,262,691**	**2,344,915**
4.1 Financial liabilities at fair value through profit or loss	0	0	361,800	1,494,274	0	0	0	0	361,800	1,494,274
4.2 Other financial liabilities	579,023	590,431	312,908	210,466	93,050	49,762	-84,090	-18	900,891	850,641
5 PAYABLES	**320,644**	**247,607**	**221,524**	**228,028**	**77,678**	**71,623**	**-173,976**	**-136,552**	**445,870**	**410,706**
6 OTHER LIABILITY ITEMS	**259,184**	**295,884**	**9,843,184**	**944,717**	**2,020**	**1,751**	**-17,424**	**38,189**	**10,086,964**	**1,280,541**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES									**37,170,534**	**37,340,573**

1. INTANGIBLE ASSETS

Table 25 - Intangible assets

(€ thousands)	2020	2019	Changes Amount	%
Goodwill	410,325	548,412	-138,087	-25.2
Other intangible assets:	294,769	332,569	-37,800	-11.4
insurance portfolios	148,722	187,372	-38,650	-20.6
software	116,880	107,930	8,950	8.3
models and projects	715	1,967	-1,252	-63.6
patent rights, trademarks and similar rights	10,660	8,355	2,305	27.6
other	17,792	26,945	-9,153	-34.0
Total	**705,094**	**880,981**	**-175,887**	**-20.0**

1.1 Goodwill

The goodwill item decreased by € 138.087 million compared to December 31st, 2019, due to write-downs.

Table 26 - Goodwill - changes during the year

(€ thousands)	Goodwill
Net balance as at December 31st, 2019	**548,412**
Decreases due to:	**138,087**
write-downs	138,087
Net balance as at December 31st, 2020	**410,325**
of which cumulative impairment losses as at December 31st, 2020	*231,435*

Goodwill is recorded at the relative value resulting from the Purchase Price Allocation (PPA) process net of any impairment losses in accordance with 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 Estinvest, Satec, Meteotec and Qubo) and legal entities included within the consolidation scope.
In detail, the goodwill recognised in relation to the various CGUs as at December 31st, 2020, is the following:

- € 150.641 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;
- € 2.977 million in Berica Vita, relating to the initial purchase of 50% of the company;
- € 61.089 million in Vera Assicurazioni, following the acquisition of 65% of the company;

- € 52.037 million in Vera Protezione, following the acquisition of 65% of the company;
- € 131.336 million in Vera Vita, following the acquisition of 65% of the company;
- € 12.245 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 for the purpose of preparing the annual financial statements and only in the presence of trigger events is the test updated at the time of the interim report. The impairment test conducted as at December 31st, 2020, is based on the guidelines and projections of economic results for the 2021-2023 period approved by the Parent Company's Board of Directors on January 28th, 2021. These projections will form the basis of the ORSA 2021-2023 Evaluation (pursuant to Regulation No. 32/2016). For Vera Assicurazioni, Vera Protezione and Vera Vita CGUs, reference was made to the agreement entered into with the shareholder Banco BPM on March 5th, 2021. In fact, on this date, Banco BPM and Cattolica Assicurazioni announced that they had reached an agreement by which their respective differences were overcome and the terms and methods for adjusting and continuing the partnership in the bancassurance sector and the related exit rights were defined, thus combining their respective interests and taking into account the changed economic context. The agreement reached between Banco BPM and Cattolica envisages, in exchange for Banco BPM's waiver of the call already exercised, recognition for Banco BPM of an early exit right from the partnership, the original duration of which was fixed until 2033, which can be exercised in the period between 1.1.23 and 6.30.23, possibly postponed by the Bank from six months to six months for three times up to December 31st,.2024. In particular, the parties have agreed, in favour of Banco BPM, a non-conditional option to purchase the 65% held by the Company; the exercise price of the purchase option was set at the so-called "own funds" - excluding subordinated liabilities and including any profits up to the date of transfer of the equity investments - to be calculated for the six months prior to the exercise of the option. To this value will be added (i) a fixed component of €
60 million, of which € 26 million against Cattolica's waiver of the right to extend the distribution agreement to the Branches currently served by another insurance partner, and (ii) a possible component of € 50 million to be paid on a deferred basis, exclusively in the event that for a period of 4 years there are no events, which affect the control of Cattolica by the current majority shareholder or other parties, including jointly. The agreement provides for protection mechanisms for both parties linked to the exercise price of the call (cap and floor on the value of the own funds as calculated on the reference date) and price adjustments deriving from any undistributed profits, distribution of reserves/extraordinary dividends or any capital increases or capital contributions by the joint ventures.

If Banco BPM decides not to exercise the purchase option within the aforementioned term, the Bank will pay Cattolica the same € 26 million against Cattolica's waiver to extend the distribution agreement to the Branches currently served by another insurance partner and the partnership between Banco BPM and Cattolica will continue until December 31st, 2030 (without prejudice to subsequent annual renewals), at the expiry of which Banco BPM may once again exercise its option to purchase 65% of the capital of the joint ventures or, in the event that the Bank fails to exercise said option, Cattolica may exercise an option to sell the aforementioned shares. In this case, the exercise price of the purchase and sales options will remain anchored to the own funds (as defined above) as at December 31st, 2030 without any additional components and without the application of protection mechanisms.

The agreement between Banco BPM and Cattolica envisages also a revision of the production targets to which under-performance penalties and over-performance premiums are correlated, charged to/favoured by Banco BPM, as distributor. Cattolica Assicurazioni was granted adjustments to the servicing contracts with the investee companies and greater supervision of the product mix.

The impairment test was carried out taking into account this agreement by means of a multi-scenario model, assigning to each scenario a fair probability of realisation in the absence of elements suggesting a higher probabilistic valuation of a particular scenario. If the information available in the future were to lead to a different probability of these scenarios, the results deriving from the valuation exercise could have different values, even significantly, both upwards and downwards.
Lastly, as part of the impairment test of the consolidated report, the overall results were reconciled with the consolidated Group estimates made by the equity analysts who follow the Cattolica stock on the basis of external information.

With reference to the Berica Vita CGU affected by the bancassurance agreement with BPVI, a methodology based on "Market Consistent Embedded Value" 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.
On the basis of these elements, the cost of own capital (Rs) was estimated for each business unit, equal to 8.51% for the life business CGUs (Cattolica Vita, BCC Vita, Vera Protezione, Vera Vita, Berica Vita) and 6.43% for the non-life business CGUs (Cattolica Danni, TUA, BCC Assicurazioni, ABC, Vera Assicurazioni, CattRe). The long-term growth rate ("g") was 1.40% 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 the non-life business CGUs with a view to valorising all the cash flows that can potentially be extracted. In the life business 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 December 31st, 2020, led to a write-down of € 138.087 million on the value of goodwill recognised in the Consolidated Report (of which € 60.874 million in the first half-year in relation to Vera Vita), entirely attributable to:

- Vera Protezione for € 48.436 million;
- Vera Vita CGU for € 79.249 million;
- Vera Assicurazioni for € 10.402 million.

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 (RV) with respect to the pro rata book value (C) and the estimates of the cost of capital, the long-term growth rate (g) 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 27 - Changes in the cost of own capital and the long-term growth rate necessary for rendering the recoverable value 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
NON-LIFE			
Cattolica Danni CGU	27.7	6.63%	2.24%
CattRe CGU	54.7	10.71%	n.s.

n.s. = not significant

1.2 Other intangible assets

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

Table 28 - Other intangible assets - changes during the year

(€ thousands)	Insurance portfolios	Software	Models and projects	Patent rights, trademarks and similar rights	Other intangible assets	Total
Gross balance as at December 31st, 2019	**279,181**	**376,629**	**7,729**	**12,854**	**30,010**	**706,403**
Accumulated amortisation	91,809	268,699	5,762	4,499	3,065	373,834
Net balance as at December 31st, 2019	**187,372**	**107,930**	**1,967**	**8,355**	**26,945**	**332,569**
Increases due to:	**0**	**56,448**	**0**	**4,853**	**10,611**	**71,912**
purchase	0	38,603	0	2,107	10,611	51,321
other	0	17,845	0	2,746	0	20,591
Decreases due to:	**0**	**0**	**0**	**0**	**20,107**	**20,107**
other	0	0	0	0	20,107	20,107
Gross balance as at December 31st, 2020	**279,181**	**433,077**	**7,729**	**17,707**	**20,514**	**758,208**
Amortisation	38,650	46,906	557	2,548	489	89,150
Other changes in acc. amortisation	0	592	695	0	-832	455
Accumulated amortisation	**130,459**	**316,197**	**7,014**	**7,047**	**2,722**	**463,439**
Net balance as at December 31st, 2020	**148,722**	**116,880**	**715**	**10,660**	**17,792**	**294,769**
of which cumulative impairment losses as at December 31st, 2020	*1,969*	*1,334*	*0*	*0*	*0*	*3,303*

The "other intangible assets" held by the Group are characterised by a finite useful life and as such these are subjected, as indicated in the accounting principles, 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 item includes € 145.647 million attributable to the insurance portfolios acquired in 2018 with reference to the subsidiaries Vera Vita, Vera Financial, Vera Assicurazioni and Vera Protezione. This value corresponds to the estimate of the implied earnings in the insurance portfolios subject to the purchase, which is an intangible asset with finite useful life and, as a result, its amortisation process was determined consistent with the estimate of the run-down of the insurance portfolios of reference (expected cash flows).

The item includes also € 5.466 million relating to the Cattolica Danni CGU, deriving from the incorporation of FATA, which took place in December 2016. In particular, the following intangible assets were reported: agency and customer relationship network (reported under insurance portfolios), for a total of € 3.075 million and brands (reported under patent, trademarks and similar rights), for a total of € 2.391 million.

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 year, as well as software "under construction" referring to projects launched but not yet concluded and therefore not yet used during the year.

The increases in the other item are mainly attributable to the commissioning of assets under development.
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

Tangible assets, governed by IAS 16, showed the following changes during the year:

Table 29 - Tangible assets

			Changes	
(€ thousands)	2020	2019	Amount	%
Property	201,314	210,291	-8,977	-4.3
Other tangible assets:	25,225	27,322	-2,097	4.4
furniture, office machines and internal means of transport	7,731	10,307	-2,576	21.7
movable assets recorded in public registers	2,368	2,174	194	0.1
plant and equipment	14,173	14,164	9	40.8
inventories and miscellaneous assets	953	677	276	n.a.
Total	**226,539**	**237,613**	**-11,074**	**-3.6**

n.a. = not applicable

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, € 34.318 million in property under right of use pursuant to IFRS 16 have been recognised.
The fair value of the properties held by the Group, at the end of the year, came to € 215.739 million.

The current value of the properties was updated on the basis of the market value as at December 2020.

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 € 4.288 million and movable
assets recorded in public registers for € 2.229 million.

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Table 30 - Property and other tangible assets - changes during the year

(€ thousands)	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	**233,201**	**68,226**	**3,534**	**20,074**	**677**	**325,712**
Accumulated depreciation	22,910	57,919	1,360	5,910	0	88,099
Net balance as at December 31st, 2019	**210,291**	**10,307**	**2,174**	**14,164**	**677**	**237,613**
Increases due to:	**2,923**	**1,138**	**1,551**	**1,272**	**276**	**7,160**
purchases	85	626	289	809	276	2,085
new contracts IFRS 16	2,019	48	1,262	0	0	3,329
other	819	464	0	463	0	1,746
Decreases due to:	**6,963**	**454**	**620**	**46**	**0**	**8,083**
sales	0	0	287	35	0	322
end of contracts IFRS 16	5,791	224	278	0	0	6,293
write-downs	1,128	40	0	0	0	1,168
other	44	190	55	11	0	300
Gross balance as at December 31st, 2020	**229,161**	**68,910**	**4,465**	**21,300**	**953**	**324,789**
Depreciation	5,990	3,202	1,104	1,229	0	11,525
Other changes in acc. depreciation	-1,053	58	-367	-12	0	-1,374
Accumulated depreciation	**27,847**	**61,179**	**2,097**	**7,127**	**0**	**98,250**
Net balance as at December 31st, 2020	**201,314**	**7,731**	**2,368**	**14,173**	**953**	**226,539**
of which cumulative impairment losses as at December 31st, 2020	*1,236*	*40*	*0*	*0*	*0*	*1,276*

As indicated in the accounting principles, 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 25% for other agricultural assets.

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

3. TECHNICAL PROVISIONS - REINSURANCE AMOUNT

Table 31 - Analysis of technical provisions - reinsurance amount (ISVAP Regulation No. 7 dated July 13th, 2007)

	Direct business		Indirect business		Total book value	
(€ thousands)	2020	2019	2020	2019	2020	2019
Non-life provisions	**443,240**	**457,478**	**33,337**	**19,332**	**476,577**	**476,810**
Premium provision	90,122	93,136	10,368	7,099	100,490	100,235
Provision for outstanding claims	352,295	363,475	21,363	12,233	373,658	375,708
Other provisions	823	867	1,606	0	2,429	867
Life provisions	**103,703**	**141,966**	**0**	**0**	**103,703**	**141,966**
Provision for outstanding claims	16,006	18,280	0	0	16,006	18,280
Mathematical provisions	86,981	123,027	0	0	86,981	123,027
Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	0	0	0	0	0	0
Other provisions	716	659	0	0	716	659
Total technical provisions - reinsurance amount	**546,943**	**599,444**	**33,337**	**19,332**	**580,280**	**618,776**

The reinsurance amount of technical provisions is calculated using the method adopted for provisions pertaining to direct business, taking into account individual agreement provisions.

4. INVESTMENTS

Table 32 - Investments

			Changes	
(€ thousands)	2020	2019	Amount	%
Investment Property	974,683	850,449	124,234	14.6
Investments in subsidiaries, associated companies and joint ventures	174,094	159,846	14,248	8.9
Held to maturity investments	183,607	212,129	-28,522	-13.4
Loans and receivables	1,193,915	1,072,157	121,758	11.4
Available for sale financial assets	17,147,346	23,823,347	-6,676,001	-28.0
Financial assets at fair value through profit or loss	4,220,672	6,604,905	-2,384,233	-36.1
Total	**23,894,317**	**32,722,833**	**-8,828,516**	**-27.0**

4.1 Investment property

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

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

Table 33 - Investment property – changes during the year

(€ thousands)	Investment Property	Property under construction and advance payments	Total
Gross balance as at December 31st, 2019	**920,854**	**1,784**	**922,638**
Accumulated depreciation	72,189	0	72,189
Net balance as at December 31st, 2019	**848,665**	**1,784**	**850,449**
Increases due to:	**157,322**	**33**	**157,355**
purchase	148,339	33	148,372
other	8,983	0	8,983
Decreases due to:	**14,576**	**1,687**	**16,263**
write-downs	14,438	0	14,438
other	138	1,687	1,825
Gross balance as at December 31st, 2020	**1,063,600**	**130**	**1,063,730**
depreciation	16,862	0	16,862
other changes in acc. depreciation	-4	0	-4
Accumulated depreciation	**89,047**	**0**	**89,047**
Net balance as at December 31st, 2020	**974,553**	**130**	**974,683**
of which cumulative impairment losses as at December 31st, 2020	*29,982*	*0*	*29,982*

The increases refer to purchases made mainly by Cattolica Beni immobili for € 4.868 million and by the real estate funds Girolamo for € 101.387 million, Innovazione Salute for € 31.966 million, Euripide for € 5.959 million and Perseide for € 4.178 million.
The other increases, on the other hand, refer to incremental expenses incurred on property owned and the commissioning of assets under construction.
The decreases are mainly attributable to depreciation and write-downs (€ 9.043 million for properties owned by Cattolica Beni Immobili, € 3.727 million for properties owned by the Parent Company and € 1.668 million for properties owned by Fondo Euripide).

Revenues for rents generated during the year amounted to € 55.334 million (€ 58.437 million as at December 31st, 2019).

As indicated in the accounting principles, 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.

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

The fair value of the investment property held by the Group, estimated by an external and independent expert, at the end of the reporting period, amounted to € 1,173.138 million.

Taking into account the macroeconomic context linked to Covid-19, which has generated financial difficulties for several tenants, the Group has taken steps to strengthen the valuation process for property activities. In particular, 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"), evaluating, where deemed appropriate, the application of further sensitivity valuations.
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 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:
  - o the estimate of the current value of the land referring to the purchase cost of similar land in terms of location and intended use;
  - o 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;
  - o 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:
  - o direct capitalisation: this is based on the capitalisation at a rate taken from the property market, of the net future income generated;
  - o discounted cash flows, 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 at the date of assessment, of the net income (cash flows).

As explained in the accounting principles 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 34 - Analysis of tangible and intangible assets (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ thousands)	At cost	At re-determined value or at fair value	Total book value
Investment Property	974,683		974,683
Other property	201,314		201,314
Other tangible assets	25,225		25,225
Other intangible assets	294,769		294,769

4.2 Investments in subsidiaries, associated companies and joint ventures

Table 35 - Investments in subsidiaries, associated companies and joint ventures

			Changes	
(€ thousands)	2020	2019	Amount	%
Subsidiaries	50	50	0	0.0
Associated companies and joint ventures	174,044	159,796	14,248	8.9
Total	**174,094**	**159,846**	**14,248**	**8.9**

The item includes investments in subsidiaries excluded from the consolidation scope, 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, H-FARM and Aladdin.

As at December 31st, the investment in H-Farm was written down by € 5.572 million and the assets of the Fondo H-Campus, of which H-Farm is the sole manager of the real estate project, were written down by € 11.111 million as a result of the recent economic results of the investee company, impacted by the effects of the spread of the pandemic, which weakened its financial situation. The result of the Fondo H-Campus, including the aforementioned write-down, amounted to € -15.4 million.

Table 36 - Analysis of non-consolidated equity investments (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ thousands) **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%		9,020
Ima Servizi S.c.a.r.l.	086	11	b	10.00%	37.70%		166
TUA Retail S.r.l.	086	11	a	100.00%	99.99%		50
Fondo Mercury Centronord	086	10	c	52.55%	52.55%		27,072
Fondo Mercury Adriatico	086	10	c	33.97%	45.93%		25,717
Fondo Mercury Tirreno	086	10	c	51.01%	51.01%		27,497
Fondo Mercury Nuovo Tirreno	086	10	c	90.04%	90.04%		53,710
Fondo Ca' Tron Hcampus	086	10	c	59.76%	59.76%		30,387
H-Farm S.p.A.	086	11	b	3.67%	3.67%		466
Aladdin S.r.l.	086	11	b	45.00%	45.00%		9
Total							**174,094**

(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 investment.

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

Table 37 - Summary data of non-consolidated subsidiaries, associated companies and joint ventures

(€ thousands) Name or business name		Registered offices	Share capital	Total assets	Total liabilities	Shareholders' equity	of which profit (+) or loss (-) for the year	Revenues	Dividends received in the year
Subsidiaries									
TUA Retail S.r.l.		Milan	50	1,662	1,554	108	5	886	0
Associated companies									
Ima Italia Assistance S.p.A.	(1)	Sesto San Giovanni (Mi)	3,857	45,423	23,295	22,128	609	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.	115,494	63,981	51,513	2,854	7,763	2,558
Fondo Mercury Adriatico		Milan	n.a.	110,909	61,486	49,423	1,296	5,508	1,672
Fondo Mercury Tirreno		Milan	n.a.	129,724	75,823	53,901	3,559	9,301	2,874
Fondo Mercury Nuovo Tirreno		Milan	n.a.	108,405	48,753	59,652	1,006	3,543	1,714
Fondo Ca' Tron Hcampus		Roncade (Tv)	n.a.	86,782	35,935	50,847	-25,772	1,530	0
H-Farm S.p.a.	(1) (2)	Roncade (Tv)	12,867	64,208	47,099	17,109	-12,820	55,708	0
Aladdin S.r.l.		Milan	20	22	3	19	-1	0	0

(1) The balances as at December 31st, 2019 have been provided since the 2020 financial statements had not yet been approved as at the date of approval of Cattolica Assicurazioni's financial statements by the Board of Directors. The Share Capital of H-Farm S.p.A. is instead updated as at 12.31.2020.

(2) The shareholders' equity and the result for the year of H-Farm S.p.A. refer to group figures.

n.a. = not applicable

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 € 22.009 million as at December 31st, 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 € 1.028 million.

Table 38 - Financial investments

					Changes	
(€ thousands)	2020	%	2019	%	Amount	%
Held to maturity investments	183,607	0.8	212,129	0.7	-28,522	-13.4
Loans and receivables	1,193,915	5.2	1,072,157	3.4	121,758	11.4
Available for sale financial assets	17,147,346	75.4	23,823,347	75.1	-6,676,001	-28.0
Financial assets at fair value through profit or loss	4,220,672	18.6	6,604,905	20.8	-2,384,233	-36.1
Total	**22,745,540**	**100.0**	**31,712,538**	**100.0**	**-8,966,998**	**-28.3**

Table 39 - Analysis of financial assets (ISVAP Regulation No. 7 dated July 13th, 2007)

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**				**Total book value**	
							Financial assets held for trading		**Financial assets at fair value through profit or loss**			
(€ thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**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	44,926	101,021	2,882	1,814	40,677	36,258	88,485	139,093
of which listed securities	*0*	*0*	*0*	*0*	*17,700*	*54,520*	*2,882*	*1,814*	*40,677*	*36,258*	*61,259*	*92,592*
Debt securities	183,607	212,129	1,115,730	1,003,417	16,306,797	22,921,778	629,391	700,539	877,720	1,541,205	19,113,245	26,379,068
of which listed securities	*183,607*	*212,129*	*0*	*0*	*16,262,688*	*22,875,379*	*629,208*	*699,988*	*877,720*	*1,541,204*	*17,953,223*	*25,328,700*
UCIT units	0	0	0	0	795,623	800,548	8,348	537	2,653,346	4,315,995	3,457,317	5,117,080
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	13,595	9,818	0	0	0	0	0	0	13,595	9,818
Receivable financial components of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	64,590	58,922	0	0	0	0	0	0	64,590	58,922
Non-hedging derivatives	0	0	0	0	0	0	8,308	8,557	0	0	8,308	8,557
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	**183,607**	**212,129**	**1,193,915**	**1,072,157**	**17,147,346**	**23,823,347**	**648,929**	**711,447**	**3,571,743**	**5,893,458**	**22,745,540**	**31,712,538**

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 fixed and determinable payments, which the Group intends to or has the ability to hold until maturity, are classified in this category.

In detail, the item includes mainly Italian government securities. The decrease is attributable for € 20.302 million to the reclassification of Lombarda Vita's investments under IFRS 5.

4.4 Loans and receivables

This category includes assets with a pre-established maturity and payments, which are fixed or can be determined, that are not listed on active markets.

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. The reclassification carried out in accordance with IFRS 5 resulted in a reduction of € 7,147.125 million.

The item includes financial instruments amounting to € 17,147.346 million, of which € 15,905.044 million are classified in level 1 of the fair value hierarchy (€ 15,874.237 million in debt instruments and € 30.807 million in shares and funds), € 536.683 million in level 2 (€ 380.062 million in debt instruments and € 156.621 million in shares and funds) and € 705.619 million in level 3 (€ 52.497 million in debt instruments and € 653.122 million in shares and funds).

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 impairment losses, in line with maximum prudence principles, at its February 18th, 2021 meeting.

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, impairment losses were revealed, before tax effects, on shares totalling € 9.563 million and on mutual investment funds for € 7.497 million. If Lombarda Vita were also included, impairment losses on available-for-sale assets would have amounted to € 24.99 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 includes also 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.

The reclassification made in accordance with IFRS 5 had an impact of € 1,579.322 million.

Derivatives

The consolidated statement of financial position assets include non-hedging derivatives amounting to € 8.308 million, held for trading and thus classified. Derivatives recognised on the liabilities side of the consolidated statement of financial position are discussed in the appropriate section of the notes to the accounts.

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The tables below provide a breakdown of the Cattolica Group's residual exposures as at December 31st, 2020, in debt securities issued or guaranteed by European Union countries.

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Table 40 - Exposure in government debt securities issued or guaranteed by EU zone countries - Available for sale financial assets

Country (€ thousands)	Maturity up to 5 years	Maturing from 6 to 10 years	Maturity beyond 10 years	Total fair value	Gross AFS provision
Italy	2,869,796	1,923,231	3,400,109	**8,193,136**	887,122
Spain	195,818	937,641	159,665	**1,293,124**	114,001
Portugal	2,489	28,938	62,270	**93,697**	15,290
Ireland	3,119	117,727	17,947	**138,793**	10,792
Greece	0	0	0	**0**	0
France	44,887	810,667	363,624	**1,219,178**	62,748
Germany	4,742	346,757	517,396	**868,895**	25,300
Other EU countries	66,433	364,657	323,862	**754,952**	56,328
TOTAL	**3,187,284**	**4,529,618**	**4,844,873**	**12,561,775**	**1,171,581**

Table 41 - Exposure in government debt securities issued or guaranteed by EU zone countries - Financial assets at fair value through profit or loss

Country (€ thousands)	Maturity up to 5 years	Maturing from 6 to 10 years	Maturity beyond 10 years	Total fair value*
Italy	191,520	28,565	39,450	**259,535**
Spain	21,612	7,243	6,906	**35,761**
Portugal	9,689	3,599	2,747	**16,035**
Ireland	0	122	1,059	**1,181**
Greece	0	0	0	**0**
France	170,767	6,342	10,090	**187,199**
Germany	321,411	5,059	4,109	**330,579**
Other EU countries	25,201	7,217	6,361	**38,779**
TOTAL	**740,200**	**58,147**	**70,722**	**869,069**

* Of which the value of financial assets at fair value through profit or loss amounted to € 241.067 million.

Table 42 - Exposure in debt securities issued or guaranteed by EU zone countries - Held to maturity investments

Country (€ thousands)	Maturity up to 5 years	Maturity from 6 to 10 years	Maturity beyond 10 years	Total book value	Total fair value
Italy	136,855	43,421	0	**180,276**	199,962
Spain	0	0	0	**0**	0
Portugal	0	0	0	**0**	0
Ireland	0	0	0	**0**	0
Greece	0	0	0	**0**	0
TOTAL	**136,855**	**43,421**	**0**	**180,276**	**199,962**

***

Table 43 - Assets and liabilities valued at fair value on a recurrent and non-recurrent basis: breakdown by fair value hierarchy (ISVAP Regulation No. 7 dated July 13th, 2007)

		Level 1		Level 2		Level 3		Total	
(€ thousands)		2020	2019	2020	2019	2020	2019	2020	2019
Assets and liabilities valued at fair value on a recurrent basis									
Available for sale financial assets		15,905,044	22,404,241	536,683	825,237	705,619	593,869	17,147,346	23,823,347
Financial assets at fair value through profit or loss	Financial assets held for trading	638,762	695,873	1,186	5,958	8,981	9,616	648,929	711,447
	Financial assets at fair value through profit or loss	1,113,329	2,527,435	2,380,631	3,142,302	77,783	223,721	3,571,743	5,893,458
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		**17,657,135**	**25,627,549**	**2,918,500**	**3,973,497**	**792,383**	**827,206**	**21,368,018**	**30,428,252**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	0	0	0	0	9,369	0	9,369	0
	Financial liabilities at fair value through profit or loss	0	0	352,431	1,494,274	0	0	352,431	1,494,274
Total liabilities at fair value on a recurrent basis		**0**	**0**	**352,431**	**1,494,274**	**9,369**	**0**	**361,800**	**1,494,274**

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 in 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 in level 2 or level 3.

UCITS

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 Discounted Cash Flow, which estimates the value of a company or of a business unit on the basis of the future cash flows.

Table 44 - Analysis of changes in level 3 financial assets and liabilities valued at fair value on a recurrent basis (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ thousands)	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	Investments 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	**593,869**	**9,616**	**223,721**	**0**	**0**	**0**	**0**	**0**
Purchases/Issues	189,533	0	21,280	0	0	0	0	0
Sales/Repurchases	-35,849	0	-134	0	0	0	87	0
Reimbursements	-6	-535	0	0	0	0	0	0
Gain or loss through profit or loss	-1,068	-100	-36,990	0	0	0	9,282	0
- of which valuation profits/losses	-9,648	0	0	0	0	0	0	0
Gain or loss recorded in other components of the statement of comprehensive income	-28,369	0	0	0	0	0	0	0
Transfers to level 3	62,798	0	0	0	0	0	0	0
Transfers to other levels	0	0	-130,094	0	0	0	0	0
Other changes (1)	-75,289	0	0	0	0	0	0	0
Closing balance	**705,619**	**8,981**	**77,783**	**0**	**0**	**0**	**9,369**	**0**

(1) Other changes refer to the reclassification carried out in accordance with IFRS 5 of the financial instruments held by Lombarda Vita.

Transfers from level 2 to level 3 amounted to € 62.798 million and concerned financial assets available for sale: bonds for € 52.228 million and funds for € 10.57 million;

The transfers from level 3 to 2 involved bonds classified in "Financial assets at fair value through profit or loss" for € 130.094 million.

The transfers from level 1 to 2, for € 79.264 million, concerned:

- bonds classified as financial assets available for sale amounting to € 27.237 million;
- financial assets at fair value through profit or loss: bonds for € 566 thousand, funds for € 51.274 million and shares for € 187 thousand.

In conclusion, the transfers from level 2 to 1 amounted to € 41.322 million and concerned:

- bonds classified as available for sale financial assets amounting to € 38.148 million;
- bonds classified as financial assets at fair value through profit or loss of € 3.174 million.

Table 45 - Assets and liabilities not valued at fair value: breakdown by fair value hierarchy (ISVAP Regulation No. 7 dated July 13th, 2007)

	Book value		**Fair Value**							
			Level 1		**Level 2**		**Level 3**		**Total**	
(€ thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Assets										
Held to maturity investments	183,607	212,129	199,962	237,106	5,319	4,862	0	0	205,281	241,968
Loans and receivables	1,193,915	1,072,157	0	0	221,674	224,038	1,199,538	1,016,334	1,421,212	1,240,372
Investments in subsidiaries, associated companies and joint ventures	174,094	159,846	0	0	0	0	191,942	181,210	191,942	181,210
Investment Property	974,683	850,449	0	0	0	0	1,173,138	1,058,144	1,173,138	1,058,144
Tangible assets	226,539	237,613	0	0	0	0	240,964	283,491	240,964	283,491
Total assets	**2,752,838**	**2,532,194**	**199,962**	**237,106**	**226,993**	**228,900**	**2,805,582**	**2,539,179**	**3,232,537**	**3,005,185**
Liabilities	**900,891**	**850,641**	**0**	**0**	**897,626**	**805,772**	**30,127**	**35,753**	**927,753**	**841,525**
Other financial liabilities	900,891	850,641	0	0	897,626	805,772	30,127	35,753	927,753	841,525

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 46 - Analysis of assets and liabilities relating to contracts issued by insurance companies where the investment risk is borne by the policyholder and deriving from pension fund management (ISVAP Regulation No. 7 dated July 13th, 2007)

	Benefits associated with investment funds and stock market indices		Benefits associated with the management of pension funds		Total	
(€ thousands)	2020	2019	2020	2019	2020	2019
Assets in the financial statements	3,543,158	0	161,287	0	3,704,445	0
Intercompany assets*	0	0	0	0	0	0
Total Assets	**3,543,158**	**0**	**161,287**	**0**	**3,704,445**	**0**
Financial liabilities in the financial statements	344,953	811,247	7,340	682,884	352,293	1,494,131
Technical provisions in the financial statements	3,198,205	4,220,808	153,947	144,128	3,352,152	4,364,936
Intercompany liabilities*	0	0	0	0	0	0
Total Liabilities	**3,543,158**	**5,032,055**	**161,287**	**827,012**	**3,704,445**	**5,859,067**

* Assets and liabilities derecognised during the consolidation process

5. SUNDRY RECEIVABLES

Table 47 - Sundry receivables

			Changes	
(€ thousands)	2020	2019	Amount	%
Receivables deriving from direct insurance transactions	**452,300**	**461,445**	**-9,145**	**-2.0**
Policyholders	211,498	212,047	-549	-0.3
Insurance brokers	178,564	180,048	-1,484	-0.8
Insurance companies - current accounts	27,761	29,139	-1,378	-4.7
Policyholders and third parties for claims to be settled	34,477	40,211	-5,734	-14.3
Receivables deriving from reinsurance transactions	**81,767**	**107,421**	**-25,654**	**-23.9**
Insurance and reinsurance companies	81,767	107,421	-25,654	-23.9
Reinsurance brokers	0	0	0	n.a.
Other receivables	**129,136**	**119,545**	**9,591**	**8.0**
Total	**663,203**	**688,411**	**-25,208**	**-3.7**

n.a. = not applicable

On the basis of the experience of previous accounting periods, the item was adjusted for a total of € 70.693 million for write-downs due to doubtful collection.

Other receivables include mainly receivables from tenants, receivables for management fees arising from the management of internal and external funds of unit-linked products, receivables for advances to suppliers, receivables from employees, receivables from guarantee funds and receivables due for guarantee and restricted deposits.

6. OTHER ASSET ITEMS

Other asset items are made up as follows:

Table 48 - Other asset items

(€ thousands)	2020	2019	Changes	
			Amount	%
Non-current assets or disposal group held for sale	9,362,508	197,164	9,165,344	n.s.
Deferred acquisition costs	15,222	19,274	-4,052	-21.0
Deferred tax assets	634,170	687,387	-53,217	-7.7
Current tax assets	559,088	592,203	-33,115	-5.6
Other assets	169,769	227,546	-57,777	-25.4
Total	**10,740,757**	**1,723,574**	**9,017,183**	**n.s.**

n.s. = not significant

6.1 Non-current assets or disposal group held for sale

This item comprises the total assets of Lombarda Vita net of the elimination of intercompany items and consolidation adjustments, due to the agreements for the sale of the subsidiary, which is expected to be completed in April 2021. Following the signing of these agreements on December 23rd with UBI Banca, the assets of Lombarda Vita were reclassified in accordance with IFRS 5 under assets and liabilities held for sale at the value determined on the basis of the relevant accounting standards as being lower than the disposal value.
For details of the values see Part E - Transfers.

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 portfolios, 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 € 61.983 million, of the prepaid taxes recorded on goodwill and on other intangible assets.

They comprise also 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 IAS 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 Article1, 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 No. 98 of July 6th, 2011, containing "Urgent provisions for financial stabilisation" (so-called corrective manoeuvre), as well as the regulatory provisions referred to in 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 indemnity 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 scheme. Amounts due from tax authorities include also 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 49 - Other assets

			Changes	
(€ thousands)	2020	2019	Amount	%
Deferred commissions expense associated with investment contracts	25	1,449	-1,424	-98.3
Accruals and deferrals	13,422	9,382	4,040	43.1
Sundry assets	156,322	216,715	-60,393	-27.9
Total	**169,769**	**227,546**	**-57,777**	**-25.4**

The "deferred commissions expense associated with investment contracts" item 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 refers mainly to usage licences and software maintenance.

Sundry assets include mainly the amount relating to taxation on the mathematical provisions of the life business accrued during the year for € 65.341 million, the balance of the liaison account between the life and non-life businesses of the Group insurance companies for € 28.506 million, which has a matching balance under other liabilities, and the balances of transactions to be settled for € 7.266 million.

7. CASH AND CASH EQUIVALENTS

The "Cash and cash equivalents" item represents the balance as at the end of the accounting period of the current accounts held with various banks. Cash and cash equivalents amount to € 360.344 million. During the year, the item reported a decrease of € 108.041 million. The book value of these assets approximates significantly their fair value. Deposits and bank current accounts are remunerated at both fixed and floating rates.

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PART C
STATEMENT OF FINANCIAL POSITION - LIABILITIES

1. SHAREHOLDERS' EQUITY

As at December 31st, 2020, shareholders' equity was made up as follows:

Table 50 - Shareholders' equity

			Changes	
(€ thousands)	**2020**	**2019**	**Amount**	**%**
Shareholders' equity				
pertaining to the Group	**2,140,175**	**1,893,631**	**246,544**	**13.0**
Share capital	685,044	522,882	162,162	31.0
Other equity instruments	0	0	0	n.a.
Capital reserves	847,277	712,031	135,246	19.0
Revenue reserves and other equity reserves	656,431	560,475	95,956	17.1
(Own shares)	-164,506	-49,927	-114,579	n.s.
Reserve for net exchange differences	0	0	0	n.a.
Gains or losses on available for sale financial assets	78,022	77,649	373	0.5
Other gains or losses recognised directly in equity	1,474	-4,619	6,093	n.s.
Profit (loss) for the year pertaining to the Group	36,433	75,140	-38,707	-51.5
pertaining to minority interests	**473,109**	**457,380**	**15,729**	**3.4**
Capital and reserves pertaining to minority interests	421,021	418,506	2,515	0.6
Gains and losses recognised directly in equity	17,886	10,988	6,898	62.8
Profit (loss) for the year pertaining to minority interests	34,202	27,886	6,316	22.6
Total	**2,613,284**	**2,351,011**	**262,273**	**11.2**

n.s. = not significant
n.a. = not applicable

1.1 Shareholders' equity pertaining to the Group

This totalled € 2,140.175 million and comprises the following items:

1.1.1 Share capital

The fully subscribed and paid in share capital amounts to € 685.044 million and is divided into 228,347,980 ordinary shares. The change with respect to the previous year, as detailed in the Management Report, is attributable to the issue of 54,054,054 shares for an increase in nominal share capital of € 162.162 million.

1.1.3 Capital reserves

This item includes the share premium reserve of the Parent Company. The positive change with respect to last year is due to the capital increase by way of share premium net of related costs, amounting to € 135.246 million.

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), 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 in the year is attributable to the allocation of profit for the previous year, the performance of consolidation reserves and the capital reserve connected to the aforementioned Performance Shares plan. The change compared to the previous period is mainly due to the carry-forward of last year's result of € 75.14 million.

1.1.5 Own shares

As at December 31st, 2020, the Parent Company held 28,045,201 own shares.
During 2020, the Parent Company purchased 21,008,294 shares, of which 20,720,350 shares were subject to the exercise of withdrawal rights.

1.1.7 Gains or losses on available for sale financial assets

The changes reported during the year are mainly attributable to:

- the transfer of net capital gains to the income statement following disposals for € 46.395 million, and net capital losses from impairment for € 2.834 million;
- net positive fair value changes in financial instruments included in the corresponding asset item for € 43.934 million.

1.1.8 Other gains or losses recognised directly in equity

The change is attributable to the increase of € 7.911 million following the reclassification of income and charges cumulatively recognised directly in equity of the assets classified as held for sale of Lombarda Vita being transferred as at December 31st, and referring mainly to the change in the reserve for unrealised gains and losses on available for sale financial assets, the decrease of € 1.555 million in the valuation reserve for associates and joint ventures and the decrease of € 263 thousand in actuarial gains and losses deriving from the valuation of employee benefits in accordance with IAS 19 revised.

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”, changes during the year, net of the related deferred taxation, are due to:

- net positive fair value changes in financial instruments included in the corresponding assets item for € 38.607 million;
- net capital losses from impairment of € 98 thousand;
- the transfer of net capital losses of € 36.553 million.

2. PROVISIONS AND ALLOWANCES

Table 51 - Provisions and allowances - changes during the year

(€ thousands)	2019	Increases	Decreases	2020
Provisions and allowances	**61,788**	25,348	19,978	**67,158**

As at December 31st, the item comprised mainly amounts set aside for:

- legal disputes and costs for € 21.908 million (€ 7.833 million was set aside and € 3.858 million used during the year);
- intersectoral solidarity fund of € 17.778 million (€ 11.023 million was set aside and € 4.649 million was used during the year);
- the provision for the agents' leaving indemnity of € 9.050 million (€ 635 thousand was set aside in the year);
- claims division fund for € 4.902 million (€ 842 thousand was set aside and € 100 thousand used during the year);
- probable future liabilities relating to CPI products of € 1.679 million (€ 972 thousand was set aside during the year);
- formal notices or reports on findings, which can be served for violations of law or for other findings for € 1.334 million (€ 685 thousand was set aside and € 786 thousand used during the year);
- amounts allocated to cover the risk of assistance to employees in the event of non-self-sufficiency (long term care) amounting to €1.313 million (no significant changes took place during the year);
- disputes outstanding with regard to labour or tax issues for € 1.230 million (€ 542 thousand was set aside and € 1.127 million was used during the year);
- provision relating to rulings filed with the Court of Cassation concerning the applicability of VAT exemption to delegation fees on co-insurance contracts amounting to € 692 thousand (€ 114 thousand was set aside and € 1.651 million used during the year).
- the risk provision for defence costs of € 442 thousand (no changes occurred during the year).

It should be noted that during the year, the amount of € 3.955 million, allocated as at December 31st, 2019, and relating to penalties that can be recorded in the register following the rulings of the Court of Cassation in relation to intercompany VAT Article 6, was used in full.

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, as mentioned in the accounting principles, provisions associated with insurance contracts, and those deriving from investment contracts with discretionary participation features (DPF), gross of reinsurance.

The fairness of the liabilities as at December 31st, 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.

With regard to non-life business, for the purpose of checking the fairness of the insurance liabilities, a check is carried out at ministerial class level by testing the calculation of the supplementary provision for current risks 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 year were valued at ultimate cost, and not discounted back, it is possible to consider the future flows of the payments as implicitly checked.

The analyses carried out have confirmed that the provisions as at December 31st, 2020, are adequate and therefore no supplementary provision is required.

Table 52 - Analysis of technical provisions (ISVAP Regulation No. 7 dated July 13th, 2007)

	Direct business		Indirect business		Total book value	
(€ thousands)	2020	2019	2020	2019	2020	2019
Non-life provisions	**3,478,926**	**3,689,226**	**20,317**	**17,771**	**3,499,243**	**3,706,997**
Premium provision	888,968	876,522	3,155	3,674	892,123	880,196
Provision for outstanding claims	2,586,833	2,809,916	17,161	14,096	2,603,994	2,824,012
Other provisions	3,125	2,788	1	1	3,126	2,789
of which provisions allocated following the assessment of fairness of the liabilities	*0*	*0*	*0*	*0*	*0*	*0*
Life provisions	**19,191,983**	**27,181,104**	**3,341**	**3,511**	**19,195,324**	**27,184,615**
Provision for outstanding claims	356,749	577,096	0	0	356,749	577,096
Mathematical provisions	14,145,927	20,776,873	3,268	3,446	14,149,195	20,780,319
Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	3,352,152	4,364,936	0	0	3,352,152	4,364,936
Other provisions	1,337,155	1,462,199	73	65	1,337,228	1,462,264
of which provisions allocated following the assessment of fairness of the liabilities	*0*	*0*	*0*	*0*	*0*	*0*
of which deferred liabilities due to policyholders	*1,269,949*	*1,363,216*	*0*	*0*	*1,269,949*	*1,363,216*
Total Technical Provisions	**22,670,909**	**30,870,330**	**23,658**	**21,282**	**22,694,567**	**30,891,612**

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 current risks.

Provision for outstanding claims

The table below provides an analysis of the provision for outstanding claims per direct and indirect class.

Table 53 - Analysis of the provision for outstanding claims per class

(€ thousands)	2020	2019	Changes Amount	%
Classes:				
01 - Accident and injury	96,367	132,182	-35,815	-27.1
02 - Health	60,785	56,594	4,191	7.4
03 - Land vehicle hulls	29,538	31,037	-1,499	-4.8
04 - Railway rolling stock	69	253	-184	-72.8
05 - Aircraft hulls	52	33	19	55.3
06 - Ships (sea and inland water vessels)	13,324	8,896	4,428	49.8
07 - Goods in transit	11,535	11,127	408	3.7
08 - Fire & natural forces	157,443	166,465	-9,022	-5.4
09 - Other damage to assets	74,250	76,397	-2,147	-2.8
10 - TPL - Land motor vehicles	1,382,513	1,469,433	-86,920	-5.9
11 - TPL - Aircraft	12	10	2	23.8
12 - TPL - Sea and inland water vessels	4,373	3,594	779	21.7
13 - TPL - General	707,584	802,410	-94,826	-11.8
14 - Credit	884	1,080	-196	-18.1
15 - Suretyship	32,156	33,779	-1,623	-4.8
16 - Sundry financial losses	17,682	15,872	1,810	11.4
17 - Legal protection	10,121	9,807	314	3.2
18 - Assistance	5,306	5,043	263	5.2
TOTAL	**2,603,994**	**2,824,012**	**-220,018**	**-7.8**

LIFE BUSINESS

Mathematical provisions

The mathematical provisions include those envisaged by Attachment 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 deriving from the management of pension funds.

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

Other provisions

Other provisions comprise mainly provisions for future costs associated with insurance contracts for € 63.224 million (€ 92.689 million as at December 31st, 2019) and the shadow accounting provision totalling € 1,269.949 million (€ 1,363.216 million as at December 31st, 2019).

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 54 - Analysis of financial liabilities (ISVAP Regulation No. 7 dated July 13th, 2007)

	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 year	
(€ thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Participative financial instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	722,497	678,735	722,497	678,735
Liabilities from financial contracts issued by insurance companies deriving	0	0	352,431	1,494,274	6	6	352,437	1,494,280
from contracts where the investment risk is borne by the policyholders	*0*	*0*	*344,953*	*811,247*	*0*	*0*	*344,953*	*811,247*
from the management of pension funds	*0*	*0*	*7,340*	*682,884*	*0*	*0*	*7,340*	*682,884*
from other contracts	*0*	*0*	*138*	*143*	*6*	*6*	*144*	*149*
Deposits received from re-insurers	0	0	0	0	30,121	35,747	30,121	35,747
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	9,369	0	0	0	0	0	9,369	0
Sundry financial liabilities	0	0	0	0	148,267	136,153	148,267	136,153
Total	**9,369**	**0**	**352,431**	**1,494,274**	**900,891**	**850,641**	**1,262,691**	**2,344,915**

4.1 Financial liabilities at fair value through profit or loss

The item, which represents 28.7% 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 71.3% of total financial liabilities.
The item includes the financial liabilities defined and regulated by IAS 39 not included in the category financial liabilities at fair value through profit or loss.
Other financial liabilities include loans of € 106.066 million and liabilities recognised by effect of the adoption of IFRS 16 of € 42.201 million.

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

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Table 55 - Analysis of other financial liabilities

(€ thousands)

Beneficiary company	Type of liability	Amount	Contracting bank	Stipulation date	Maturity	Repayment plan
Società Cattolica di Assicurazione	Subordinated loan	80,000	UBI	September 2010	Unspecified	The agreement signed in December with Ubi Banca envisages Cattolica's commitment to proceed with the repayment of the loan upon obtaining the necessary authorisations, within six months of the completion of the transfer of Cattolica's equity investment in Lombarda Vita or, in the event that such authorisations are obtained after September 30th, 2021, no later than 30 days from receipt of the same.
Società Cattolica di Assicurazione	Subordinated loan	99,920		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 principles implemented by the rating agencies.
Società Cattolica di Assicurazione	Subordinated loan	499,264		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 principles implemented by the rating agencies.
Cattolica	Balance due for credit facility	8,827		June 2020		
Vera Vita	Subordinated loan	17,923	Banco BPM	July 2020	July 2030	Reimbursement on the relevant due date. Optional early repayment options are provided after 5 years from the issue, in whole or in part (for an amount of at least € 5 million and its multiples), giving creditors at least 10 days written notice. Securities may also be redeemed early for regulatory and/or tax reasons.
Vera Vita	Subordinated loan	17,723	Banco BPM	October 2020	October 2030	Reimbursement on the relevant due date. Optional early repayment options are provided after 5 years from the issue, in whole or in part (for an amount of at least € 5 million and its multiples), giving creditors at least 10 days written notice. Securities may also be redeemed early for regulatory and/or tax reasons.
BCC Vita	Subordinated loan	7,667	Iccrea Banca Impresa	August 2020	August 2030	Reimbursement on the relevant due date. Optional early repayment options for all securities (and not in part) are provided at the first Call Date and at each subsequent interest payment date, giving creditors no less than 30 and no more than 60 calendar days notice. Securities may also be redeemed early for regulatory and/or tax reasons.
Cattolica Agricola	Mortgage	2,500	Banca di Verona	October 2020	October 2025	The loan is repayable in half-yearly instalments.
Cattolica Services	Unsecured loan	20,033	Banca Popolare di Sondrio	June 2019	June 2022	The loan is repayable in quarterly instalments.
Cattolica Services	Loan	3,005	Banca di Verona	July 2019	July 2021	Single repayment at the maturity date.
Cattolica Services	Loan	10,005	UBI	December 2019	December 2022	The loan is repayable in quarterly instalments.
Cattolica Services	Loan	10,005	Banca Popolare di Sondrio	June 2020	June 2023	Single repayment at the maturity date.

Cattolica Services	Loan	3,500	Banca di Verona	September 2020	June 2022	Single repayment at the maturity date.
Cattolica Services	Loan	12,013	UBI	October 2020	October 2023	The loan is repayable in quarterly instalments.
Fondo Perseide	Financial lease	2,280	Iccrea Banca Impresa	June 2009	January 2029	The loan is repayable in monthly instalments.
Fondo Perseide	Financial lease	1,125	Unicredit leasing	December 2020	April 2028	The loan is repayable in monthly instalments.
Fondo Innovazione Salute	Mortgage loan	32,670	UBI, BPER	July 2018	July 2025	Single repayment at the maturity date.
Satec	Unsecured loan	103	Credem	April 2017	May 2023	The debt will be extinguished by the system of gradual amortisation in constant deferred instalments including capital and interest.
TOTAL		**828,563**				

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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 56 - Payables

(€ thousands)	2020	2019	Changes Amount	%
Payables deriving from direct insurance transactions	**118,381**	**134,238**	**-15,857**	**-11.8**
Insurance brokers	74,864	86,163	-11,299	-13.1
Insurance companies - current accounts	8,647	7,379	1,268	17.2
Policyholders for guarantee deposits and premiums	34,383	40,051	-5,668	-14.2
Guarantee funds in favour of policyholders	487	645	-158	-24.5
Payables deriving from reinsurance transactions	**79,039**	**27,999**	**51,040**	**n.s.**
Insurance and reinsurance companies	79,039	27,999	51,040	n.s.
Other payables	**248,450**	**248,469**	**-19**	**-0.0**
For taxes payable by policyholders	44,852	49,901	-5,049	-10.1
Amounts due to social security and welfare institutions	5,107	5,301	-194	-3.7
Sundry payables	198,491	193,267	5,224	2.7
Total	**445,870**	**410,706**	**35,164**	**8.6**

n.s. = not significant

5.1 Payables deriving from direct insurance transactions

"Payables deriving from direct insurance transactions" comprise mainly 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 year-end registrations pertaining to the assessment of the production premiums and the timing mismatch registered in the settlement of the commissions 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

Other payables include mainly trade payables of € 111.635 million and payables to employees of € 51.718 million; the latter include employee benefits pursuant to revised IAS 19, of which €12.795 million in employee severance indemnities, € 9.143 million in seniority bonuses and € 11.607 million in health bonuses for retired employees.

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 at 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 at 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.

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 assumptions used are: discount rate of 0.35%, inflation rate of 1%, revaluation rate of 1.87% (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/incapacity, 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.

The categories of employee benefits, which are governed by revised IAS 19 include the indemnities represented by seniority bonuses.

In compliance with the revised IAS 19, the actuarial valuations were carried out on the basis of the method of the benefits accrued using the Projected Unit Credit Method.
This method makes it possible to calculate the seniority bonuses at their maturity date in an actuarial sense, distributing the liability for all the years of residual permanence of the outstanding workers. No longer as a liability to be settled in the event the company ceases its business activities as at the financial statements date, but gradually providing for this liability in relation to the residual duration of the workers in service.
The method makes it possible to calculate certain demographic and financial variables at the reference date of the valuation, including in particular the liability relating to the service already provided by the workers represented by the DBO - Defined Benefit Obligation (also known as Past Service Liability). It is obtained by calculating the current value of the services due to the workers deriving from the seniority already accrued as at the valuation date.
The demographic and financial assumptions used are identical to those used for the valuation of the employee severance indemnity described previously.

Among the categories of benefits, identified by revised IAS 19 as other long-term benefits, for which an actuarial-type valuation is required, are the indemnities represented by health bonuses provided to retired staff.
With reference to the health bonuses for retired employees, revised IAS 19 confirms the need to make assessments taking into due consideration the period in which the aforementioned benefits will presumably be provided with the consequent need to quantify them in terms of average current values.
The provisions, which discipline the aforementioned benefits, are presented in the National Collective Labour Agreement for employees and executives and in the in-house collective contract of the Cattolica Assicurazioni Group companies. Explicit reference was made to these provisions and rules for the creation of the technical valuation model.

The actuarial valuations of the health bonuses were carried out, in compliance with the revised IAS 19, on the basis of the method of the benefits accrued using the projected unit credit method.
With reference to the demographic hypotheses, the recent ANIA A62 mortality tables were used. For the retirement age of the generic asset (officer or executive), it was assumed that the pension requirements valid for Compulsory General Insurance (AGO, 67 years of age for males and females) were met. With regard to the probability of ceasing work activities, for reasons other than death, the turn-over probabilities detected in the companies were used, both for active officials and active executives. The financial assumptions used are identical to those used for the valuation of the employee severance indemnity described previously.
In accordance with revised IAS 19, sensitivity analysis has been carried out on the value of defined benefit obligation (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 57 - Sensitivity test hypothesis

	Central hypothesis	**Hypothesis 1**	**Hypothesis 2**	**Hypothesis 3**	**Hypothesis 4**	**Hypothesis 5**	**Hypothesis 6**	**Hypothesis 7**	**Hypothesis 8**	**Hypothesis 9**	**Hypothesis 10**
		Discount rate +0.5%	Discount rate -0.5%	Retirement age +2 years	Retirement age -2 years	Inflation rate +0.5%	Inflation rate -0.5%	Mortality table increase of 10%	Mortality table decrease of 10%	Resignation frequency increase of 10%	Resignation frequency decrease of 10%
Discount rate	0.4%	0.9%	-0.2%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Retirement age	67	67	67	69	65	67	67	67	67	67	67
Inflation rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.5%	0.5%	1.0%	1.0%	1.0%	1.0%
Salary increase rate	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Employee severance indemnity revaluation	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
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	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.2%	1.8%

The results of the sensitivity test on the value of the DBO as at December 31st, 2020, are shown in the table below.

Table 58 - Sensitivity test results

(€ thousands)	**Value of the obligation for defined benefits as at December 31st, 2020**	**% Sensitivity**
Central hypothesis	33,887	
Hypothesis 1	32,541	-4.0%
Hypothesis 2	35,715	5.4%
Hypothesis 3	33,961	0.2%
Hypothesis 4	33,806	-0.2%
Hypothesis 5	34,828	2.8%
Hypothesis 6	32,004	-5.6%
Hypothesis 7	33,419	-1.4%
Hypothesis 8	34,006	0.4%
Hypothesis 9	32,729	-3.4%
Hypothesis 10	34,464	1.7%

Table 59 - Employee severance indemnity, seniority bonuses and premiums on health contracts

(€ thousands)	Liabilities for employee benefits
Balance as at December 31st, 2019	**32,117**
Interest cost	224
Service cost	2,472
Change in the demographic actuarial component	466
Change in the rate actuarial component	21
Disbursements and transfers	-1,328
Other	-427
Balance as at December 31st, 2020	**33,545**

6. OTHER LIABILITY ITEMS

Table 60 - Other liability items

			Changes	
(€ thousands)	2020	2019	Amount	%
Liabilities of disposal group held for sale	9,132,268	193,783	8,938,485	n.s.
Deferred tax liabilities	634,446	671,299	-36,853	-5.5
Current tax liabilities	188,518	263,577	-75,059	-28.5
Other liabilities	131,732	151,882	-20,150	-13.3
Total	**10,086,964**	**1,280,541**	**8,806,423**	**n.s.**

n.s. = not significant

6.1 Liabilities of disposal group held for sale

This item comprises the total liabilities of Lombarda Vita net of the derecognition of intercompany items and consolidation adjustments, due to the agreements for the sale of the subsidiary, which is expected to be completed in April 2021. Following the signing of these agreements on December 23rd with UBI Banca, the assets of Lombarda Vita were reclassified in accordance with IFRS 5 under assets and liabilities held for sale at the value determined on the basis of the relevant accounting standards as being lower than the disposal value.
For details of the values see Part E - Transfers.

6.2 Deferred tax liabilities

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

As at December 31st, 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;
- 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 recognition 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 comprises essentially 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

Table 61 - Other liabilities

(€ thousands)	2020	2019	Changes Amount	Changes %
Deferred income revenue (DIR)	2,652	6,471	-3,819	-59.0
Transitory reinsurance accounts - payable	105	105	0	0
Liaison account	28,506	70,112	-41,606	-59.3
Other liabilities	87,848	64,599	23,249	36.0
Accrued expenses and deferred income	12,621	10,595	2,026	19.1
of which for interest	*2,697*	*3,409*	*-712*	*-20.9*
Total	**131,732**	**151,882**	**-20,150**	**-13.3**

The "deferred income revenue" item was mainly chargeable to unit-linked investment contracts, where the investment risk is borne by the policyholders.

The liaison account between the life and non-life businesses for Group companies that provide both non-life and life insurance is recognised equally among the other assets.

Other liabilities include mainly balances for premiums collected on policies being issued amounting to € 15.408 million and commissions on premiums being collected amounting to € 41.709 million.

Deferred income includes the Parent Company's portion of the coupon relating to bonds acquired with reference to the restructuring transaction of the segregated life management, deferred to subsequent years on the basis of the residual maturity of these securities, greater than 5 years.

PART C
INCOME STATEMENT

The income statement closed with a consolidated profit of € 70.635 million (€ 103.026 million as at December 31st, 2019).

INSURANCE BUSINESS

With reference to insurance business, in addition to the matters illustrated below, reference should be made to the "Reclassified consolidated income statement by business segment" table in the management report. The table below shows the breakdown of the gross premiums written relating to direct and indirect business.

Table 62 - Breakdown of direct and indirect gross premiums written

(€ thousands)	Direct business	Indirect business			%
Classes	Italy	Italy	Abroad	Total business	of total
Accident and injury	202,924	0	363	203,287	4.3
Health	93,118	0	22	93,140	2.0
Land vehicle hulls	154,432	0	0	154,432	3.3
Goods in transit	6,702	0	55	6,757	0.1
Fire & natural forces	168,128	278	18,987	187,393	4.0
Other damage to assets	234,834	0	207	235,041	5.0
TPL - Land motor vehicles	878,518	0	1,243	879,761	18.7
TPL - General	206,749	454	6	207,209	4.4
Credit	93	0	0	93	n.s.
Suretyship	22,298	3	32	22,333	0.5
Sundry financial losses	31,917	0	0	31,917	0.7
Legal protection	22,229	0	0	22,229	0.4
Assistance	54,753	0	0	54,753	1.2
Other classes (1)	26,802	0	347	27,149	0.6
Total non-life business	**2,103,497**	**735**	**21,262**	**2,125,494**	**45.2**
Class I	1,912,873	20	0	1,912,893	40.6
Class III	602,522	0	18	602,540	12.8
Class IV	1,266	0	0	1,266	n.s.
Class V	22,350	0	0	22,350	0.5
Class VI	13,061	0	0	13,061	0.3
Total life business	**2,552,072**	**20**	**18**	**2,552,110**	**54.2**
Total insurance premiums	**4,655,569**	**755**	**21,280**	**4,677,604**	**99.4**
Class III	19	0	0	19	n.s.
Class VI	27,461	0	0	27,461	0.6
Total investment contracts	**27,480**	**0**	**0**	**27,480**	**0.6**
TOTAL PREMIUMS WRITTEN	**4,683,049**	**755**	**21,280**	**4,705,084**	**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 derecognitions between sectors.

Table 63 - Insurance business

(€ thousands)	2020			2019		
	Gross balance	**Reinsurance amount**	**Net balance**	**Gross balance**	**Reinsurance amount**	**Net balance**
Non-life business						
NET PREMIUMS	**2,113,301**	**-245,594**	**1,867,707**	**2,142,637**	**-255,071**	**1,887,566**
a Premiums written	2,125,494	-234,968	1,890,526	2,172,715	-234,827	1,937,888
b Change in premium provision	-12,193	-10,626	-22,819	-30,078	-20,244	-50,322
NET CHARGES RELATING TO CLAIMS	**-1,157,622**	**132,556**	**-1,025,066**	**-1,352,173**	**162,018**	**-1,190,155**
a Claims paid	-1,402,515	178,256	-1,224,259	-1,447,852	175,517	-1,272,335
b Change in provision for outstanding claims	219,954	-45,656	174,298	68,468	-13,542	54,926
c Change in recoveries	25,744	0	25,744	28,373	0	28,373
d Change in other technical provisions	-805	-44	-849	-1,162	43	-1,119
Life business						
NET PREMIUMS	**2,552,110**	**-14,566**	**2,537,544**	**3,335,064**	**-16,998**	**3,318,066**
NET CHARGES RELATING TO CLAIMS	**-2,598,738**	**5,338**	**-2,593,400**	**-3,551,998**	**6,799**	**-3,545,199**
a Claims paid	-2,731,741	11,877	-2,719,864	-3,060,443	11,808	-3,048,635
b Change in provision for outstanding claims	-20,518	-1,018	-21,536	-5,728	3,946	-1,782
c Change in mathematical provisions	197,790	-5,577	192,213	-116,560	-8,985	-125,545
d Change in technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	-133,721	0	-133,721	-474,908	0	-474,908
e Change in other technical provisions	89,452	56	89,508	105,641	30	105,671

Table 64 - Analysis of insurance operating expenses

(€ thousands)	Non-life business		Life business	
	2020	**2019**	**2020**	**2019**
Commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers	-396,283	-413,375	-100,959	-137,600
Acquisition commissions	*-369,154*	*-359,918*	*-71,641*	*-103,724*
Other acquisition expenses	*-74,036*	*-94,130*	*-24,221*	*-26,869*
Change in deferred acquisition costs	*0*	*0*	*-1,683*	*-2,887*
Collection commissions	*-13,917*	*-16,938*	*-5,110*	*-5,156*
Commissions and profit-sharing received from re-insurers	*60,824*	*57,611*	*1,696*	*1,036*
Operating expenses relating to investments	-10,079	-10,001	-35,193	-33,570
Other administrative expenses	-148,220	-147,907	-51,642	-59,111
Total	**-554,582**	**-571,283**	**-187,794**	**-230,281**

In addition to the matters observed in the above table, operating expenses relating to the investments, recorded during the year, 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 below discloses the income and charges deriving from financial operations as presented in the income statement for the year.

Table 65 - Financial operations

			Changes	
(€ thousands)	2020	2019	Amount	%
Net income from financial instruments at fair value through profit or loss	**65,782**	**241,745**	**-175,963**	**-72.8**
Income from investments in subsidiaries, associated companies and joint ventures	5,318	5,446	-128	**-2.3**
Charges from investments in subsidiaries, associated companies and joint ventures	-18,371	-3,264	-15,107	**n.s.**
Result deriving from equity investments in subsidiaries, associated companies and joint ventures	**-13,053**	**2,182**	**-15,235**	**n.s.**
Income from other financial instruments and investment property	618,345	620,635	-2,290	**-0.4**
Charges from other financial instruments and investment property	-255,962	-228,774	-27,188	**-11.9**
Result deriving from other financial instruments and investment property	**362,383**	**391,861**	**-29,478**	**-7.5**

n.s. = not significant

The table below shows financial income and charges from investments in accordance with ISVAP Regulation No. 7 of July 13th, 2007.

Table 66 - Financial and investment income and charges (ISVAP Regulation No. 7 dated July 13th, 2007)

							Valuation gains		Valuation losses				
(€ thousands)	Interest	Other income	Other charges	Realised gains	Realised losses	Total realised income and charges	Valuation capital gains	Value write-back	Valuation capital losses	Write-down	Total unrealised income and charges	Total income and charges 2020	Total income and charges 2019
Result of investments	**313,221**	**92,319**	**-36,789**	**181,705**	**-140,717**	**409,739**	**131,022**	**0**	**-77,098**	**-34,467**	**19,457**	**429,196**	**709,572**
a Deriving from investment property	0	55,334	-2,227	0	0	53,107	0	0	-16,862	-14,438	-31,300	21,807	26,925
b Deriving from investments in subsidiaries, associated companies and joint ventures	0	5,318	-15,402	0	0	-10,084	0	0	0	-2,969	-2,969	-13,053	2,182
c Deriving from held to maturity investments	8,772	0	0	0	0	8,772	0	0	0	0	0	8,772	9,457
d Deriving from loans and receivables	43,893	712	0	0	0	44,605	0	0	-471	0	-471	44,134	45,649
e Deriving from available for sale financial assets	242,279	25,731	-185	147,084	-75,712	339,197	0	0	0	-17,060	-17,060	322,137	343,156
f Deriving from financial assets held for trading	500	248	-1,081	2,065	-3,916	-2,184	11,741	0	-11,976	0	-235	-2,419	-18
g Deriving from financial assets at fair value through profit or loss	17,777	4,976	-17,894	32,556	-61,089	-23,674	119,281	0	-47,789	0	71,492	47,818	282,221
Result of sundry receivables	**798**	**93**	**0**	**0**	**0**	**891**	**0**	**0**	**0**	**0**	**0**	**891**	**1,238**
Result of cash and cash equivalents	**-203**	**0**	**0**	**0**	**0**	**-203**	**0**	**0**	**0**	**0**	**0**	**-203**	**-486**
Result of financial liabilities	**-34,834**	**0**	**0**	**0**	**0**	**-34,834**	**0**	**0**	**20,383**	**0**	**20,383**	**-14,451**	**-73,986**
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	20,383	0	20,383	20,383	-40,458
c Deriving from other financial liabilities	-34,834	0	0	0	0	-34,834	0	0	0	0	0	-34,834	-33,528
Result of payables	**-321**	**0**	**0**	**0**	**0**	**-321**	**0**	**0**	**0**	**0**	**0**	**-321**	**-550**
Total	**278,661**	**92,412**	**-36,789**	**181,705**	**-140,717**	**375,272**	**131,022**	**0**	**-56,715**	**-34,467**	**39,840**	**415,112**	**635,788**

Commissions income

Commissions income, amounting to € 1.814 million, comprises mainly 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, amounting to € 3.639 million, includes acquisition costs related to investment contracts (DAC) pertaining to the year.

OTHER REVENUES AND OTHER COSTS

Other revenues

The item amounted to € 112.647 million, of which € 49.544 million in other net technical income associated with insurance contracts. Other revenues amounted to € 63.103 million, of which mainly € 19.012 million relating to recoveries from provisions for liabilities and charges, € 9.591 million for withdrawals from the write-down allowance, € 2.526 million for retrocession commissions and € 5.574 million relating to the sale of agricultural products.

Other costs

The item, amounting to € 454.450 million, includes other net technical charges related to insurance contracts for € 142.202
million and other charges of € 312.248 million, the latter consisting mainly of amortisation of intangible assets
for € 89.150 million, adjustments to receivables of € 21.828 million, provisions for risks and charges of € 25.242 million, impairment of goodwill recorded in the Consolidated Financial Statements of € 138.086 million and charges incurred for the sale of agricultural products of € 4.799 million.

INCOME TAXES

Table 67 - Income taxes for the year

			Changes	
(€ thousands)	2020	2019	Amount	%
Current taxes	**-89,562**	**-115,072**	**25,510**	**22.2**
Change in prepaid taxes	-8,154	44,292	-52,446	n.s.
Change in deferred taxes	-5,410	5,317	-10,727	n.s.
Balance of deferred taxes	**-13,564**	**49,609**	**-63,173**	**n.s.**
TOTAL	**-103,126**	**-65,463**	**-37,663**	**-57.5**

n.s. = not significant

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.
The reconciliation between the effective average tax rate and the applicable tax rate is illustrated below.

Table 68 - Reconciliation of the tax rate - analysis

(value as %)	2020	2019
Applicable rate	30.82%	30.82%
Impairment and write-downs	39.57%	4.63%
Non-deductible costs and charges	4.91%	9.15%
Tax effect and other taxation	5.11%	9.26%
Other	10.99%	4.37%
Tax rate on pre-tax profit	**91.40%**	**58.23%**

The overall tax rate was most affected by the non-deductibility of impairment losses on the goodwill of the business units belonging to the life business.

The figures for the year and the previous year shown in the table do not include the results of discontinued operations.

STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income for the year 2020 amounted to € 83.999 million, of which € 42.899 million pertaining to the Group.
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 69 - 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	
(€ thousands)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Other income components net of income taxes without reclassification in the income statement	**-336**	**-1,121**	**0**	**0**	**0**	**0**	**-336**	**-1,121**	**-150**	**-499**	**-2,566**	**-2,230**
Provisions deriving from changes in the shareholders' equity of investee companies	0	0	0	0	0	0	0	0	0	0	0	0
Intangible assets revaluation reserve	0	0	0	0	0	0	0	0	0	0	0	0
Tangible assets revaluation reserve	0	0	0	0	0	0	0	0	0	0	0	0
Income and charges relating to non-current assets or disposal group held for sale	9	0	0	0	0	0	9	0	4	0	9	0
Actuarial gains and losses and adjustments related to defined-benefit plans	-345	-1,121	0	0	0	0	-345	-1,121	-154	-499	-2,575	-2,230
Other items	0	0	0	0	0	0	0	0	0	0	0	0
Other income components net of income taxes with reclassification in the income statement	**93,716**	**105,185**	**-80,016**	**15,323**	**0**	**0**	**13,700**	**120,508**	**6,103**	**53,687**	**99,948**	**86,248**
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	91,113	108,678	-80,016	15,323	0	0	11,097	124,001	4,944	55,243	99,729	88,632
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	-1,555	-3,493	0	0	0	0	-1,555	-3,493	-693	-1,556	-3,939	-2,384
Income and charges relating to non-current assets or disposal group held for sale	4,158	0	0	0	0	0	4,158	0	1,852	0	4,158	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	**93,380**	**104,064**	**-80,016**	**15,323**	**0**	**0**	**13,364**	**119,387**	**5,953**	**53,188**	**97,382**	**84,018**

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.

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Table 70 - Income statement by sector of activities (ISVAP Regulation No. 7 dated July 13th, 2007)

	Non-life business		Life business		Other		Eliminations between sectors		Total	
(€ thousands)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1.1 Net premiums	1,869,227	1,889,011	2,538,680	3,319,202	0	0	-2,656	-2,581	4,405,251	5,205,632
1.1.1 Gross premiums written	2,214,508	2,203,076	2,553,490	3,336,200	0	0	-102,587	-61,575	4,665,411	5,477,701
1.1.2 Ceded premiums	-345,281	-314,065	-14,810	-16,998	0	0	99,931	58,994	-260,160	-272,069
1.2 Commissions income	0	0	1,814	5,329	0	0	0	0	1,814	5,329
1.3 Income and charges from financial instruments at fair value through profit or loss	-1,265	-581	67,050	242,322	-3	4	0	0	65,782	241,745
1.4 Income from investments in subsidiaries, associated companies and joint ventures	48,481	28,979	19,077	5,988	0	0	-62,240	-29,521	5,318	5,446
1.5 Income from other financial instruments and investment property	144,420	148,212	514,966	508,411	753	1,054	-41,794	-37,042	618,345	620,635
1.6 Other revenues	221,975	211,847	102,663	108,511	11,020	11,158	-223,011	-207,810	112,647	123,706
1 TOTAL REVENUES AND INCOME	**2,282,838**	**2,277,468**	**3,244,250**	**4,189,763**	**11,770**	**12,216**	**-329,701**	**-276,954**	**5,209,157**	**6,202,493**
2.1 Net charges relating to claims	-1,062,628	-1,231,527	-2,602,864	-3,552,109	0	0	47,026	48,282	-3,618,466	-4,735,354
2.1.1 Amounts paid and change in technical provisions	-1,254,155	-1,431,475	-2,608,827	-3,558,908	0	0	106,622	86,212	-3,756,360	-4,904,171
2.1.2 Reinsurance amount	191,527	199,948	5,963	6,799	0	0	-59,596	-37,930	137,894	168,817
2.2 Commissions expense	0	0	-3,639	-5,185	0	0	0	0	-3,639	-5,185
2.3 Charges from investments in subsidiaries, associated companies and joint ventures	-111,999	-15,778	-39,796	-10,158	0	0	133,424	22,672	-18,371	-3,264
2.4 Charges from other financial instruments and investment property	-66,174	-56,945	-195,785	-162,763	-10,038	-9,555	16,035	489	-255,962	-228,774
2.5 Operating expenses	-654,609	-656,418	-221,772	-262,789	-4,306	-3,711	135,250	118,691	-745,437	-804,227
2.6 Other costs	-198,959	-173,657	-107,842	-117,699	-8,229	-9,087	-139,420	-12,830	-454,450	-313,273
2 TOTAL COSTS AND CHARGES	**-2,094,369**	**-2,134,325**	**-3,171,698**	**-4,110,703**	**-22,573**	**-22,353**	**192,315**	**177,304**	**-5,096,325**	**-6,090,077**
PROFIT (LOSS) FOR THE YEAR BEFORE INCOME TAXES	**188,469**	**143,143**	**72,552**	**79,060**	**-10,803**	**-10,137**	**-137,386**	**-99,650**	**112,832**	**112,416**

Table 71 - Analysis of technical insurance items (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ thousands)	2020 Gross balance	2020 Reinsurance amount	2020 Net balance	2019 Gross balance	2019 Reinsurance amount	2019 Net balance
Non-life business						
NET PREMIUMS	**2,214,508**	**-345,281**	**1,869,227**	**2,203,076**	**-314,065**	**1,889,011**
a Premiums written	2,234,887	-342,841	1,892,046	2,242,179	-302,926	1,939,253
b Change in premium provision	-20,379	-2,440	-22,819	-39,103	-11,139	-50,242
NET CHARGES RELATING TO CLAIMS	**-1,254,155**	**191,527**	**-1,062,628**	**-1,431,475**	**199,948**	**-1,231,527**
a Claims paid	-1,490,286	228,512	-1,261,774	-1,500,815	189,835	-1,310,980
b Change in provision for outstanding claims	211,239	-36,941	174,298	42,129	10,070	52,199
c Change in recoveries	25,744	0	25,744	28,373	0	28,373
d Change in other technical provisions	-852	-44	-896	-1,162	43	-1,119
Life business						
NET PREMIUMS	**2,553,490**	**-14,810**	**2,538,680**	**3,336,200**	**-16,998**	**3,319,202**
NET CHARGES RELATING TO CLAIMS	**-2,608,827**	**5,963**	**-2,602,864**	**-3,558,908**	**6,799**	**-3,552,109**
a Claims paid	-2,734,910	11,877	-2,723,033	-3,063,511	11,808	-3,051,703
b Change in provision for outstanding claims	-20,547	-989	-21,536	-5,728	3,946	-1,782
c Change in mathematical provisions	197,194	-4,981	192,213	-116,560	-8,985	-125,545
d Change in technical provisions related to contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	-133,721	0	-133,721	-474,908	0	-474,908
e Change in other technical provisions	83,157	56	83,213	101,799	30	101,829

Table 72 - Analysis of insurance operating expenses (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ thousands)	Non-life business 2020	Non-life business 2019	Life business 2020	Life business 2019
Gross commissions and other acquisition costs	-503,180	-502,500	-105,441	-141,080
a Acquisition commissions	*-401,373*	*-378,219*	*-71,641*	*-104,333*
b Other acquisition costs	*-87,885*	*-107,343*	*-27,007*	*-28,212*
c Change in deferred acquisition costs	*0*	*0*	*-1,683*	*-2,887*
d Collection commissions	*-13,922*	*-16,938*	*-5,110*	*-5,648*
Commissions and profit-sharing received from re-insurers	82,545	73,286	1,696	1,036
Operating expenses relating to investments	-13,444	-13,768	-46,023	-42,349
Other administrative expenses	-220,530	-213,436	-72,004	-80,396
Total	**-654,609**	**-656,418**	**-221,772**	**-262,789**

NOTES TO THE ACCOUNTS

Part D – Other information

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PART D OTHER INFORMATION

Group headcount

Group headcount calculated as per FTE, amounted to 1,746, compared with 1,717 as at December 31st, 2019.

Directors, Statutory Auditors' and strategic executives' fees.

CONSOB resolution No. 18049, published in 2011, implemented the provisions concerning remuneration contained in Article 123-ter of the Consolidated Finance Law (TUF) and envisages the drawing up and subsequent resolution by the Shareholders' Meeting of the report on remuneration for the companies, to be made public in accordance with the terms as per the formalities envisaged by current legislation, which in Section II includes the analytical indication of the fees paid during the year for any reason by the Parent Company and the subsidiary and associated companies.

Publication of the fees for the accounts audit and other services other than the audit

With reference to the fees for auditing and non-auditing services, for the Group, reference should be made to the table in the Notes to the Accounts - Part C - Other information in the Cattolica 2020 Financial Statements.

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 "Other information" section in the Management Report.

Earnings for shares in circulation

With reference to earnings per share in circulation, reference should be made to the "Significant events and other information" section in the Management Report.

Information on risks

With regard to the disclosure required by IFRS 13 concerning outstanding risks, reference should be made to the "Risk management" section in the Management Report.

Transactions with related parties

As already disclosed in the 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 table below shows the equity transactions and relationships resulting from the aforementioned related party transactions as at December 31st, 2020. The amounts shown include the amounts of the subsidiary Lombarda Vita being sold.

The balance presented in the "Joint ventures, associated companies and their subsidiaries" column represents investments in companies, over which the Group exercises significant influence: these include the real estate investment fund "Mercury", the real estate fund "HCampus", Ima Italia Assistance and its subsidiary Ima Servizi, H-Farm and Aladdin.

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.

In particular, it should be noted that on September 22nd, 2020, the Parent Company's Board of Directors, with a view to prudence and focusing on the state of maturity of the partnership and the state of fulfilment of many of the conditions envisaged by the Framework Agreement, resolved to include Assicurazioni Generali in the Company's list of related parties as of that date and, to this end, a specific investigation was carried out with regard to the conclusion of the implementing agreements aimed at regulating the aforementioned industrial and commercial collaborations in the asset management, internet of things, health business and reinsurance sectors. The signing of these agreements, at the end of the aforementioned preliminary investigation, was assessed as a transaction between related parties of greater significance (taking into account its total value for the entire duration of the contracts), of an ordinary nature (with reference to the specific subject matter of the individual contracts to be implemented, attributable to the core insurance business and, in any case, instrumental to the same) and carried out at market conditions.

As at December 31st, the Group held securities issued by the Assicurazioni Generali Group as well as reinsurance transactions with this counterparty; these transactions were concluded before Assicurazioni Generali was identified as a related party.

Table 73 - Transactions with related parties

Equity transactions (€ thousands)	**Joint Ventures, associated companies and their subsidiaries**	**Assicurazioni Generali and its subsidiaries**	**Other related parties**	**Total 2020**
Assets				
Equity investments and shares	174,094	1,815	0	175,909
Loans granted	0	0	0	0
Subordinated bonds	0	152,738	0	152,738
Unsubordinated bonds	180	9,128	0	9,308
Provisions	0	50,537	0	50,537
Derivatives	0	0	0	0
Other receivables	1,405	1,905	0	3,310
Current account transactions	0	0	0	0
Total	**175,679**	**216,123**	**0**	**391,802**
Liabilities				
Loans received	0	0	0	0
Other payables	1,463	10,040	1,361	12,864
Total	**1,463**	**10,040**	**1,361**	**12,864**

Economic transactions (€ thousands)	**Joint Ventures, associated companies and their subsidiaries**	**Assicurazioni Generali and its subsidiaries**	**Other related parties**	**Total 2020**
Revenues and income				
Premiums	0	0	0	0
Financial income	2	1,226	0	1,228
Capital gains for financial disposals	0	194	0	194
Other revenues	464	0	0	464
Total	**466**	**1,420**	**0**	**1,886**
Costs and charges				
Claims	144	26	0	170
Financial charges	0	169	0	169
Capital losses for financial disposals	0	0	0	0
Commissions	0	0	0	0
Other costs	6,950	0	8,947	15,897
Total	**7,094**	**195**	**8,947**	**16,236**

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 business, 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 business, 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 business.

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 area.

With reference to the requirement under letter a) above, the book value of liabilities arising from contracts falling within the scope of IFRS 4, amounting to € 18,899.621 million, is considered significant compared to the total book value of all liabilities, determined as the difference between total liabilities and shareholders' equity, as at December 31st, 2015 (€ 21,884.797 million).

Specifically, insurance liabilities account for about 86% of total liabilities.

With reference to point b), it should be noted that the percentage of the total book value of insurance-related liabilities out of the total book value of all liabilities as at December 31st, 2015, is 93.8%, which is above the 90% limit introduced by IFRS 4.

For the purposes of calculating the ratio, in addition to the technical reserves, liabilities arising from non-derivative investment contracts measured at fair value with a balancing entry in the income statement of € 1,622.526 million were taken into account.

Even with the entry into the Cattolica Group of Vera Vita, Vera Protezione, Vera Assicurazioni and Vera Financial, the requirements, envisaged by IFRS 4, to benefit from the temporary exemption are still met.

In light of the above, in compliance with the provisions set out in paragraph 39 E of IFRS 4, the following table indicates the fair value as at December 31st, 2020, and the amount of the fair value change for 2020, 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 74 – Change in the fair value of the financial instruments in the scope of IFRS 9

(€ thousands)	Group 1		Group 2	
Categories of financial instruments	**Fair Value**	**Fair value change**	**Fair Value**	**Fair value change**
Held to maturity investments	229,143	25,216	0	0
Loans and receivables - Debt securities	1,054,405	174,882	342,180	65,237
Available for sale financial assets	23,105,584	999,333	1,188,887	-15,852
Debt securities	*23,105,584*	*999,333*	*206,049*	*4,347*
Equities	*0*	*0*	*64,807*	*-8,183*
Units of mutual investment funds	*0*	*0*	*918,031*	*-12,016*
Total	**24,389,132**	**1,199,431**	**1,531,067**	**49,385**

As at December 31st, 2020, the financial statements include financial assets at fair value through profit or loss amounting to € 5,799.994 million with fair value change of € 144.382 million. The figures shown in the tables include the assets of Lombarda Vita as it is part of the Group as at December 31st, 2020.

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 75 – Book value and fair value by rating class of the debt securities that include Group 1 cash flows

(€ thousands)

Rating	Book Value	Fair Value
AAA	1,613,894	1,613,894
AA	2,532,907	2,532,907
A	1,302,080	1,299,566
BBB	16,918,657	16,944,177
BB	1,015,006	1,016,994
B	78,395	78,395
CCC	14,417	14,417
N.R.	713,680	888,782
Total	**24,189,036**	**24,389,132**

The following table shows, in relation to the financial assets per the previous table, which do not have a low credit risk at 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 76 – Group 1 financial instruments that do not have a low credit risk and have no rating

(€ thousands)

Financial instruments	Book value	Fair Value
Loans and receivables	656,452	831,553
Held to maturity investments	3,331	5,319
Available for sale financial assets	1,161,715	1,161,716

As at December 31st, 2020, the risk profile of the instruments listed in Group 1 is broken down as follows: financial instruments with a BBB rating account for 69.94% of the group total, those with a rating equal to or lower than BB, or unrated, account for approximately 7.53%, those with a rating equal to or higher than A account for 22.53%.

NOTES TO THE ACCOUNTS

Part E - Transfers

PART E
TRANSFERS

ADDITIONAL INFORMATION ON TRANSFERS

This section of the Notes to the accounts includes the information required by IFRS 5 relating to discontinued operations.

As required by IFRS 5, a non-current asset or disposal group is classified as held for sale if its book value will be recovered principally through a sales transaction, rather than through continued use, within a time horizon of one year, except in specific cases. Classification takes place when the sale is highly probable.
Assets or disposal groups of assets held for sale that meet the above criteria are valued, with the sole exception of those expressly indicated by IFRS 5, at the lower of their carrying amount and fair value net of sales costs; amortisation is interrupted from the moment they meet the requirements for reclassification.
As already mentioned in the "Significant transactions carried out during the year" section of the Management Report, on December 23rd, 2020, the Parent Company signed a binding agreement with UBI Banca concerning the early termination, with respect to the envisaged expiry date of June 30th, 2021, of the life bancassurance agreements existing between the parties, via the exercise by the bank of its option to purchase the 60% equity investment held by Cattolica in Lombarda Vita. The completion of the sales transaction is expected to take place in April 2021 and is subject to the necessary authorisations by the competent supervisory and control authorities. The sales price established in the sale agreement is approximately € 300 million.

For the purposes of preparing the Group's consolidated financial statements, the sale of Lombarda Vita involved the following:

- the reclassification of all the assets (and liabilities) relating to Lombarda Vita as assets (and liabilities) held for sale in accordance with IFRS 5;
- the reclassification of the result of Lombarda Vita as at December 31st, 2020, to item "4 Profit (loss) from discontinued operations", in compliance with the requirements of IFRS 5.

The following tables show details of the assets and liabilities and the costs and revenues of Lombarda Vita, net of derecognition of the related intercompany items and consolidation adjustments. They are recognised on the basis of the accounting principles used by the Group; please refer to Part B - Accounting principles in the notes to the accounts.
Subsequently, the statement of financial position items were reclassified, without offsetting assets and liabilities, to non-current assets or disposal groups held for sale and non-current liabilities or disposal groups held for sale. Revenues and expenses have been reclassified to Profit (loss) from discontinued operations.

The tables show also the statement of financial position and income statement figures for the previous period.

Table 77 - Statement of financial position of Lombarda Vita

STATEMENT OF FINANCIAL POSITION - ASSETS

	(€ thousands)	2020	2019
1	**INTANGIBLE ASSETS**	**0**	**0**
1.1	Goodwill	0	0
1.2	Other intangible assets	0	0
2	**TANGIBLE ASSETS**	**0**	**0**
2.1	Property	0	0
2.2	Other tangible assets	0	0
3	**TECHNICAL PROVISIONS - REINSURANCE AMOUNT**	**31,271**	**31,725**
4	**INVESTMENTS**	**8,787,516**	**8,714,417**
4.1	Investment Property	0	0
4.2	Investments in subsidiaries, associated companies and joint ventures	0	0
4.3	Held to maturity investments	20,320	20,305
4.4	Loans and receivables	40,749	40,035
4.5	Available for sale financial assets	7,147,125	7,108,441
4.6	Financial assets at fair value through profit or loss	1,579,322	1,545,636
5	**SUNDRY RECEIVABLES**	**5,295**	**6,137**
5.1	Receivables deriving from direct insurance transactions	1,039	1,150
5.2	Receivables deriving from reinsurance transactions	1,229	248
5.3	Other receivables	3,027	4,739
6	**OTHER ASSET ITEMS**	**412,338**	**325,619**
6.1	Non-current assets or disposal group held for sale		
6.2	Deferred acquisition costs	216	260
6.3	Deferred tax assets	250,065	177,384
6.4	Current tax assets	126,989	112,837
6.5	Other assets	35,068	35,138
7	**CASH AND CASH EQUIVALENTS**	**126,088**	**60,818**
	TOTAL ASSETS	**9,362,508**	**9,138,716**

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STATEMENT OF FINANCIAL POSITION - SHAREHOLDERS' EQUITY AND LIABILITIES

	(€ thousands)	2020	2019
1	**SHAREHOLDERS' EQUITY**		
1.1	**pertaining to the Group**		
1.1.1	Share capital		
1.1.2	Other equity instruments		
1.1.3	Capital reserves		
1.1.4	Revenue reserves and other equity reserves		
1.1.5	(Own shares)		
1.1.6	Reserve for net exchange differences		
1.1.7	Gains or losses on available for sale financial assets		
1.1.8	Other gains or losses recognised directly in equity		
1.1.9	Profit (loss) for the year		
1.2	**pertaining to minority interests**		
1.2.1	Capital and reserves pertaining to minority interests		
1.2.2	Profits or losses recognised directly in equity		
1.2.3	Profit (loss) for the year pertaining to minority interests		
2	**PROVISIONS AND ALLOWANCES**	**890**	**861**
3	**TECHNICAL PROVISIONS**	**8,591,283**	**8,365,482**
4	**FINANCIAL LIABILITIES**	**228,834**	**248,203**
4.1	Financial liabilities at fair value through profit or loss	214,485	233,882
4.2	Other financial liabilities	14,349	14,321
5	**PAYABLES**	**11,619**	**21,302**
5.1	Payables deriving from direct insurance transactions	8,334	17,966
5.2	Payables deriving from reinsurance transactions	448	358
5.3	Other payables	2,837	2,978
6	**OTHER LIABILITY ITEMS**	**299,642**	**229,726**
6.1	Liabilities of disposal group held for sale		
6.2	Deferred tax liabilities	260,448	184,739
6.3	Current tax liabilities	39,161	44,118
6.4	Other liabilities	33	869
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9,132,268**	**8,865,574**

Lombarda Vita's statement of financial position assets amounted to € 9,362.508 million, representing 20.11% of total consolidated assets. The contribution of Lombarda Vita's investments to total consolidated investments is 26.89%, with the individual items making up the total as follows:

- 29.42% available for sale assets;
- 27.23 % financial assets at fair value through profit or loss;
- 9.96 % held to maturity investments;
- 3.3% loans and receivables.

The contribution of cash and cash equivalents is 25.92% of the total value.

Lombarda Vita's statement of financial position liabilities comprise mainly technical reserves and financial liabilities, which account for 27.5% and 15.3% respectively of the specific total items.

Table 78 - Income statement of Lombarda Vita

INCOME STATEMENT

	(€ thousands)	2020	2019
1.1	Net premiums	1,118,347	1,338,536
1.1.1	*Gross premiums written*	1,123,305	1,350,186
1.1.2	*Ceded premiums*	-4,958	-11,650
1.2	Commissions income	1	0
1.3	Income and charges from financial instruments at fair value through profit or loss	59,905	124,297
1.4	Income from investments in subsidiaries, associated companies and joint ventures	0	0
1.5	Income from other financial instruments and investment property	226,076	200,838
1.5.1	*Interest income*	152,012	165,114
1.5.2	*Other income*	4,725	7,275
1.5.3	*Realised gains*	69,339	27,880
1.5.4	*Valuation gains*	0	569
1.6	Other revenues	23,031	18,627
1	**TOTAL REVENUES AND INCOME**	**1,427,360**	**1,682,298**
2.1	Net charges relating to claims	-1,249,550	-1,521,675
2.1.1	*Amounts paid and change in technical provisions*	-1,253,533	-1,528,544
2.1.2	*Reinsurance amount*	3,983	6,869
2.2	Commissions expense	-815	-1,250
2.3	Charges from investments in subsidiaries, associated companies and joint ventures	0	0
2.4	Charges from other financial instruments and investment property	-26,220	-15,348
2.4.1	*Interest expense*	-5,809	-3,625
2.4.2	*Other charges*	-744	-771
2.4.3	*Realised losses*	-11,004	-9,720
2.4.4	*Valuation losses*	-8,663	-1,232
2.5	Operating expenses	-22,445	-24,881
2.5.1	*Commission and other acquisition costs*	-15,821	-18,791
2.5.2	*Operating expenses relating to investments*	-5,010	-4,681
2.5.3	*Other administrative expenses*	-1,614	-1,409
2.6	Other costs	-44,702	-42,605
2	**TOTAL COSTS AND CHARGES**	**-1,343,732**	**-1,605,759**
	PROFIT (LOSS) FOR THE YEAR BEFORE TAXATION	**83,628**	**76,539**
3	Taxation	-22,699	-20,466
	PROFIT (LOSS) FOR THE YEAR NET OF TAXATION	**60,929**	**56,073**

Lombarda Vita's net premiums account for 20.25% of the total, net charges relating to claims for 25.67% and operating expenses for 2.92%. With regard to financial management, Lombarda Vita accounts for 47.66% of net income deriving from financial instruments at fair value through profit or loss and 35.55% of net income from other financial instruments and investment property.

The table below provides details of the premiums relating to Lombarda Vita.

Table 79 - Lombarda Vita premiums

Classes (€ thousands)	**2020**	**2019**
Class I	797,605	980,620
Class II	0	0
Class III	273,017	312,843
Class IV	134	100
Class V	52,549	56,623
Class VI	0	0
Total life business	**1,123,305**	**1,350,186**
Total direct business	**1,123,305**	**1,350,186**
Indirect business	**0**	**0**
Total insurance premiums	**1,123,305**	**1,350,186**
Class I	0	0
Class II	0	0
Class III	34,511	15,374
Class IV	0	0
Class V	0	0
Class VI	0	0
Total investment contracts	**34,511**	**15,374**
TOTAL PREMIUMS WRITTEN	**1,157,816**	**1,365,560**

The undersigned declare that these financial statements are 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.

CATTOLICA ASSICURAZIONI DAL 1896

Attestation of the consolidated financial statements pursuant to Article 154 bis, paragraphs 5 of Italian Legislative Decree No. 58 dated February 24th, 1998 and Article 81 ter of Consob Regulation No. 11971 dated May 14th, 1999 and subsequent amendments and additions

1. The undersigned, 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 consolidated financial statements as of financial year 2020.

2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated financial statements as at December 31st, 2020, has been assessed through a process established by Cattolica Assicurazioni Soc. Coop. on the basis of the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission), an internationally-accepted reference framework.

3. It is also certified that:

   3.1 the consolidated financial statements as at December 31st, 2020:

   a) are prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to EC Regulation No. 1606/2002 of the European Parliament and of the Council dated July 19th, 2002, as well as the provisions pursuant to Italian Legislative Decree No. 38 dated February 28th, 2005, the Italian Civil Code, Italian Legislative Decree No. 209 dated September 7th, 2005 and subsequent amendments and applicable provisions, regulations and circular letters issued by IVASS;

   b) correspond to the related books and accounting records;

   c) provide a true and fair representation of the equity, economic and financial situation of the issuer and of all the companies included in the scope of consolidation;

   3.2 The management report includes a reliable analysis of the performance and of the management result, as well as of the situation of the issuer and all the companies included in the scope of consolidation, together with the description of the main risks and uncertain situations to which they are exposed.

Verona, March 24th, 2021

Carlo Ferraresi	Atanasio Pantarrotas
Managing Director	Manager in charge of preparing the Company's financial reports

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010, ARTICLE 10 OF THE EU REGULATION *N. 537/2014* AND ARTICLE 102 OF LEGISLATIVE DECREE No.209 OF SEPTEMBER 7, 2005

To the Shareholders of
Società Cattolica di Assicurazione S.p.A.
(formerly Società Cattolica di Assicurazione – Società Cooperativa)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Società Cattolica di Assicurazione – Società Cooperativa (the "Company") and its subsidiaries (together the "Cattolica Assicurazioni Group" or the "Group", which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the regulation issued pursuant to art. 90 of Legislative Decree no. 209 of September 7, 2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to the audit of the financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the recoverability of goodwill

Description of the key audit matter

The consolidated financial statements of the Group as at December 31, 2020, in item "1. Intangible assets" includes goodwill for an amount of Euro 410.3 million.

As required by IAS 36 "Impairment of assets", goodwill is not amortized but it is subjected to the valuation of the recoverability of the carrying amount recognized in the financial statements ("impairment test"), by comparing the carrying amount with the recoverable amount of the "Cash Generating Unit "("CGU") to which the goodwill is allocated. The Directors, for the purposes of carrying out the impairment test, determine the recoverable amount of the CGUs defining the value of the assets based on their ability to generate future cash flows.

As indicated by the Directors in the "Part B – Accounting principles" of the notes, the impairment test involves a high recourse to discretionary evaluations, assumptions, estimates and hypotheses whose variation could cause deviations in relation to those figures. Moreover, the continued uncertainties arising from the emergency situation due to Covid-19 could also have effects on the assumptions based on the estimates made.

In particular, the valuation process adopted by the Group is based on assumptions concerning, among others, the forecast of expected cash flows of the CGUs, the determination of the cost of capital and the long-term growth rate, the definition of the Solvency Ratio level, the identification of the combined ratio for the CGUs included in the "non-life" business and the new business for the CGUs included in the "life" business. The expected cash flows are based on the projections of the economic result for the period 2021-2023 approved by the Board of Directors. For the companies Vera Vita, Vera Assicurazioni and Vera Protezione, a multi-year approach has been used, weighing the possible different effects deriving from the new agreement with Banco BPM S.p.A..

The paragraph related to goodwill in the "Part C - Information on the consolidated statement of financial position and income statement" of the explanatory notes, reports the information on the aspects described above, together with the adjustments made by the Group to the value of goodwill recorded following the impairment test performed.

In consideration of the complexity and subjectivity embedded in the estimate processes relating to the determination of the cash flows of the CGUs and the key variables used in the impairment test model and the relevance of the recorded item, even because of the uncertainty surrounding the pandemic situation and taking into account the importance of the amount of the item, we considered the valuation of the recoverability of the goodwill a key matter for the audit of the Group's consolidated financial statements as at December 31, 2020.

Audit procedures performed	The audit procedures carried out also taking into consideration the exceptional situation resulting from the pandemic emergency, with the support of experts belonging to the Deloitte network, have included, among others, the following:

- examination of the methods used to determine the recoverable amount of goodwill, analyzing methods and assumptions adopted in order to develop the evaluation models;
- understanding and recognition of the relevant controls carried out by the Group on the process for determining the recoverable amount;
- analysis of the reasonableness of the main assumptions adopted for the formulation of expected cash flow forecasts, also by analyzing available sector data and obtaining information from the Management;
- analysis and understanding of the process of determining cash flows with reference to CGUs Vera Vita, Vera Assicurazioni and Vera Protezione in the different scenarios used for the impairment test, also through the examination of the new agreement signed with Banco BPM S.p.A.;
- analysis of the reasonableness of the variables used in the impairment model used, such as the cost of capital and the long-term growth rate, the Solvency Ratio, the combined ratio for the non-life business CGUs and the new business for the life business CGUs;
- control of the mathematical accuracy of the calculations made to determine the recoverable amount of the CGUs and the related sensitivity analyses;
- control of the correct calculation of the carrying amount of the CGUs and of the adjustments made for permanent losses;
- control of the completeness and adequacy of the information provided by the Group in the consolidated financial statements on the impairment test with respect to the applicable accounting policies and reference legislation.

Valuation of unlisted debt securities and debt securities listed on non-active markets

Description of the key audit matter	In the consolidated financial statements as at December 31, 2020, are recorded in the item "4.5 Available for sale financial assets", unlisted debt securities and debt securities listed on non-active markets (hereinafter "Debt securities not listed on active markets") for a total amount of Euro 432.6 million. On the basis of the nature and degree of observability on the market of the inputs used in the valuation techniques adopted by the Group, Euro

380.1 million are classified as financial instruments at level 2 of the fair value hierarchy and Euro 52.5 million as financial instruments of level 3.

In the item "4.4 Loans and receivables" are also included Debt securities not listed on active markets for Euro 1,115.7 million.

As noted by the Directors in the "Part B – Accounting principles" of the explanatory notes, the identification of the fair value of financial instruments, if not directly observable on an active market, involves a high recourse to discretionary evaluations, assumptions, estimates and hypotheses, whose variation could cause deviations in relation to those figures. Moreover, the continued uncertainties arising from the emergency situation due to Covid-19 could also have effects on the assumptions based on the estimates made.

The Group describes in the "Part B - Accounting principles " and in the "Part C - Information on the consolidated statement of financial position and income statement" of the explanatory notes, in the section related to financial investments, the criteria used to determine the fair value of the financial assets and the main evaluation techniques applied for defining the fair value for the different kinds of instruments held in the portfolio.

In consideration of the relevance of the amount of Debt securities not listed on active markets, of the degree of subjectivity inherent in the valuation of these financial instruments, also taking into account the uncertainties related to the correct and complete identification of the same and those connected with the current situation characterized by the pandemic crisis, we considered the valuation of the Debt securities not listed on active markets a key audit matter for the audit of the Group's consolidated financial statements.

Audit procedures performed

We have preliminarily acquired a knowledge of the investment process followed by the Group, which included the understanding of operational and strategic guidelines. In this context, the audit procedures included the detection and understanding of the relevant controls implemented by the Group and the performance of procedures regarding compliance with corporate guidelines and investment policies.

With reference to Debt securities not listed on active markets, we have carried out also taking into consideration the exceptional situation resulting from the pandemic emergency and with the support of experts belonging to the Deloitte network, the following main procedures:

- understanding and recognition of the controls carried out by the Group in identifying and in the process of determining the fair value of these financial instruments;

- control, on a sample basis, of the correct identification by the Management of the kind of such financial instruments;

- understanding of the valuation models and related input data used by the Group for the determination of the fair value of Debt securities not listed on active markets and analysis of their reasonableness, also the market standards or market best practices;

- analysis of the sources used and verification of the reliability of the main inputs included in the evaluation model, by comparison with the main info providers;

- recalculation of the fair value on a selection of these financial instruments;

- control of the completeness and adequacy of the information provided by the Company with respect to the provisions of the applicable regulations.

Valuation of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes

Description of the key audit matter	At December 31, 2020, the Group recorded, in the item "3. Technical provisions", provisions for outstanding claims for a total amount of Euro 2,604 million, of which Euro 1,382.5 million related to the Ministerial class 10 TPL – Land motor vehicles class and Euro 707.6 million related to Ministerial class 13 TPL – General class (hereinafter the " Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes"). As indicated by the Directors in the "Part B – Accounting principles" of the explanatory notes, the provisions for outstanding claims are calculated according to the provisions of Attachment 15 of ISVAP regulation no. 22 of April 4, 2008. In particular, for the definition of the provision for outstanding claims reference was made to the concept of the ultimate cost, which consists in a separate assessment for each claim (inventory method), based on the analysis of the documentation relating to each individual damage case implemented made by the staff assigned to the claims settlement; with regard to the classes characterized by slow settlement processes or for which the analytical valuation does not make it possible to take into account all possible charges, the valuation based on the inventory method is supplemented by an additional valuation, which requires the use of methodologies and statistical-actuarial calculation models. As noted by the Directors in the "Part B - Accounting principles" of the explanatory notes, the valuation process of the provisions for outstanding claims involves an articulated valuation activity by the Management, which presumes the formulation of subjective hypotheses, the variation of which could impact on the final result. In particular, the main assumptions used in the application of the statistical-actuarial methodologies concern the

technical variables, including the time interval for deferring payments and the trend in the cost of claims, linked to the length of payments, as well as the prospective assessments of the economic scenario. In the financial statements for the year ended December 31, 2020, the process of determining provisions for outstanding claims has also considered the uncertainties related to the current macroeconomic context following the Covid-19 pandemic.

The Directors in the " Part B - Accounting principles" of the explanatory notes describe the Valuation Criteria followed in estimating the provisions for outstanding claims and the statistical-actuarial methodologies applied to verify the adequacy of the ultimate cost.

In consideration of the relevance of the amount of the Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes recorded in the financial statements, of the peculiarity of these classes of claims, of the complexity of the valuation models, that also require the use of statistical and actuarial techniques and calculations, of the uncertainty connected to the definition of the assumptions and hypotheses on the effects deriving from future events, that could be affected by the uncertainties arising from the current pandemic situation, we considered the evaluation of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes a key matter for the audit of the Group's consolidated financial statements for the year ended December 31, 2020.

Audit procedures performed

The audit procedures carried out also taking into consideration the exceptional situation resulting from the pandemic emergency and with the support of experts belonging to the Deloitte network, have included, among others, the following:

- understanding of the process of formation of the Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes which included the knowledge of corporate and settlement guidelines and any possible changes in the legal and regulatory framework of the sector;
- recognition and test of the relevant controls performed by the Group on the estimating process of the Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes;
- controls on the completeness and adequacy of the portfolios and the related key data used;
- reading and analyzing the Actuarial Function report, with reference to the TPL – Land motor vehicles classes;

- comparative analyses through the recalculation of relevant indices observed in historical series and examination of their correlation with other significant indicators. In particular, we analyzed appropriate technical indicators and relevant figures, comparing them with comparable data and information relating to previous periods and available sector data;

- comparison between the estimate of the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes performed in previous periods and what subsequently took place, with an analysis of the nature of the run-off;

- control, on a sample basis, of the coherence of the estimate of the Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes with the documentary evidences and with the results of written confirmations obtained from external lawyers, where applicable;

- analysis of the reasonableness of the methodologies and the main technical and evolutionary assumptions used to estimate the provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes, also by checking their coherence with those used in previous years and considering the applicable regulation;

- identification of a range of reasonable outcomes and verification that the estimated Provisions for outstanding claims of the TPL – Land motor vehicles classes and TPL – General classes fell into that range;

- control of the completeness and adequacy of the information provided by the Group in accordance with the applicable regulation.

Valuation of mathematical provisions

Description of the key audit matter

At December 31, 2020, the Group recorded in the consolidated financial statements in the item "3. Technical reserves" mathematical provisions for a total amount of Euro 14,149.2 million.

As reported in the "Part B – Accounting principles" of the explanatory notes, the mathematical provisions related to the life insurance business have been evaluated on the basis of the actuarial principles provided in Attachment 14 of ISVAP regulation no. 22 of April 4, 2008.

The process of formation the mathematical provisions is based on data flows deriving from the main characteristic processes that, by its nature, is affected by risks typical of an insurance company, linked to the financial management of investments and the complexity and variety of the insurance portfolio.

The process of formation of the mathematical provisions also includes the determination of additional provisions, provided to cover mortality or other risks, such as guaranteed benefits on maturity or guaranteed redemption values. The definition of the mathematical provisions therefore entails an high use of discretionary valuations, assumptions, estimates and hypotheses, the modification of which could lead to a change in the final result of the amounts recorded in the consolidated financial statements. In the financial statements for the year ended December 31, 2020, the process of determining mathematical provisions also took account of uncertainties related to the current macroeconomic context following the Covid-19 pandemic.

The Group reports in the "Part B – Accounting principles" of the explanatory notes the criteria followed and the methodologies applied in determining the mathematical provisions.

In consideration of the significance of the amount of the mathematical provisions recorded in the consolidated financial statements and the existence of the discretionary component inherent in the estimation of certain additional provisions that has also considered the uncertainty following the pandemic situation, we considered the process of evaluating the mathematical provisions a key matter for the audit of the consolidated financial statements of the Group closed as of December 31, 2020.

Audit procedures performed

The audit procedures carried out also taking into consideration the exceptional situation resulting from the pandemic emergency and with the support of experts belonging to the Deloitte network, have included, among others, the following:

- understanding of the process of evaluation of the mathematical provisions which included the knowledge of general and underwriting strategies and any possible changes in the legal and regulatory framework of the sector;

- recognition and test of the relevant controls performed by the Group on the process of preparing financial information in the area of mathematical provisions;

- controls on the completeness and appropriateness of the portfolios and the key data used;

- reading and analyzing the Actuarial reports prepared by the competent corporate departments;

- verification of the evaluation of the mathematical provisions through the application of simplified methods (so-called "recurring accounting method") in order to assess the reasonableness of the provision determined by the Management;

- recalculating, on a sample basis,, the value of the mathematical provision as at December 31 2020, using the calculation formulas contained in the technical documentation and analyzing the compliance of the calculation with the corporate procedures and the applicable legislation;

- analysis of the reasonableness of the methods and of the main technical and evolutionary hypotheses on which the estimates of the additional reserves included in the mathematical provisions were based, in accordance with the provisions of the applicable regulation;

- verification of the completeness and adequacy of the information provided by the Group in accordance with the provisions of the applicable regulation.

Responsibilities of the Directors and the Management Control Committee for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 90 of Legislative Decree no. 209 of September 7, 2005 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or unintentional behaviors or events.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, and, in preparing the consolidated financial statements, for the appropriateness of using the going concern assumption, as well as for adequate disclosure in matter.

The Directors use the going concern assumption in the preparation of the consolidated financial statements unless they have assessed that the conditions exist for the liquidation of the Parent Company Società Cattolica di Assicurazione S.p.A. or for the interruption of the activity or do not have realistic alternatives to such choices.

The Management Control Committee is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or unintended behaviors or events, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or unintended behaviors or events and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from unintended behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with *governance*, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with *governance* with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Cattolica di Assicurazione – Società Cooperativa has appointed us on April 21, 2012 as auditors of the Company for the years from December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Management Control Committee, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree no. 39 of January 27, 2010, and art. 123-bis, paragraph 4, of Legislative Decree no. 58 of February 24, 1998

The Directors are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structures as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree no. 58 of February 24, 1998, with the consolidated financial statements of Cattolica Assicurazioni Group as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Cattolica Assicurazioni Group as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree no. 39 of January 27, 2010, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree no. 254 of December 30, 2016

The Directors are responsible for the preparation of the non-financial statement pursuant to Legislative Decree no. 254 of December 30, 2016.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Paiola
Partner

Milan, April 21, 2021

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