2021

CONSOLIDATED INTERIM REPORT

AS AT MARCH 31ST, 2021

APPROVED BY THE BOARD OF DIRECTORS ON MAY 27TH, 2021

GRUPPO
CATTOLICA
ASSICURAZIONI

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CERTIFIED

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

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CORPORATE BODIES

CORPORATE BODIES

BOARD OF DIRECTORS

Chairman	Davide Croff
Vice Deputy Chairman	Camillo Candia
Deputy Chairman	Luigi Migliavacca
Managing Director and General Manager	Carlo Ferraresi
Directors	Silvia Arlanch (*) Laura Ciambellotti Stefano Gentili Roberto Lancellotti Cristiana Procopio Paolo Andrea Rossi Michele Rutigliano (*) Daniela Saitta Laura Santori (*) Giulia Staderini Elena Vasco

GENERAL MANAGEMENT

Deputy General Managers	Nazareno Cerni Marco Lamola Samuele Marconcini Atanasio Pantarrotas

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

Life / Non-life insurance companies

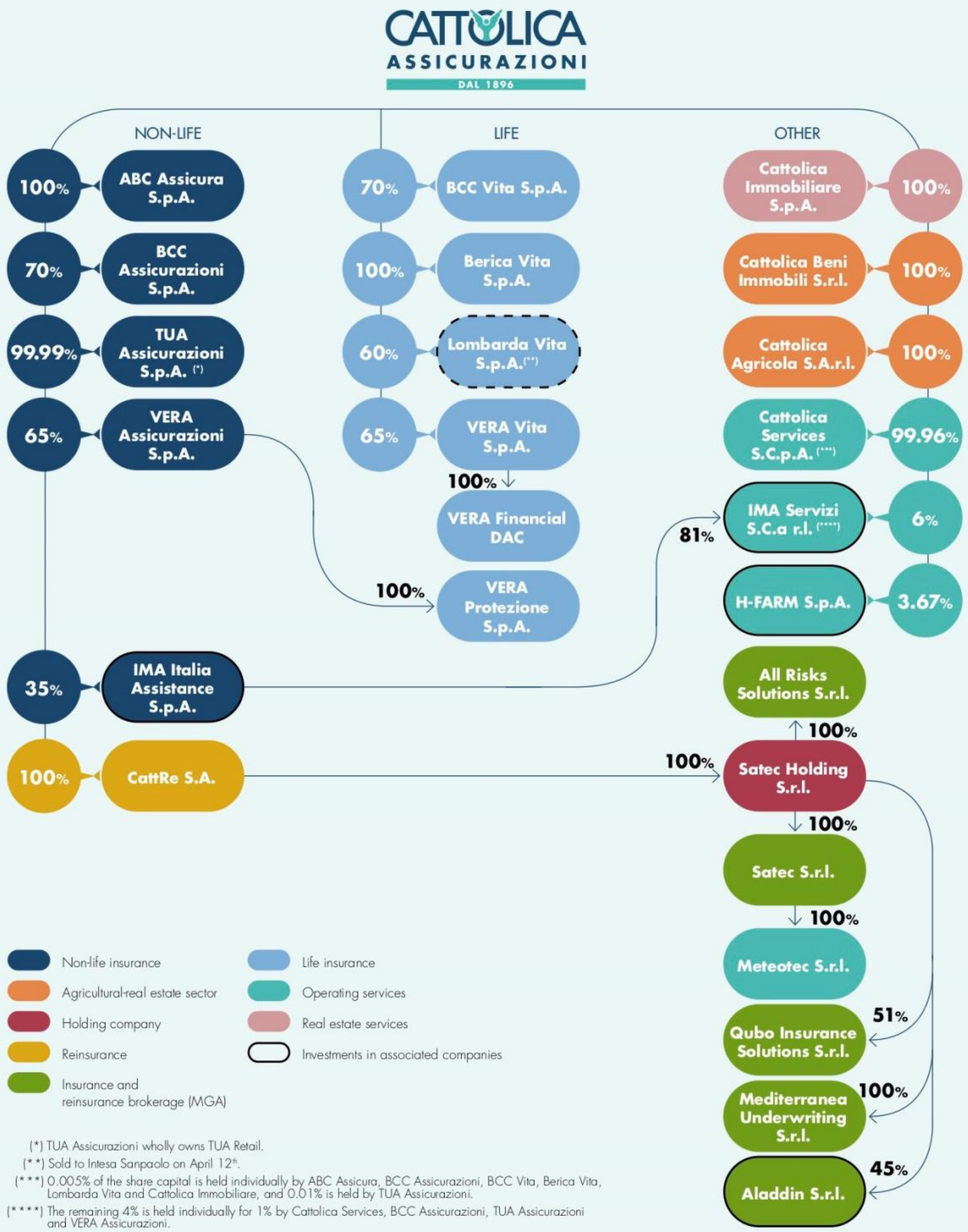
12

Non-insurance companies

10

GROUP STRUCTURE

GROUP STRUCTURE



(*) TUA Assicurazioni wholly owns TUA Retail.
(**) Sold to Intesa Sanpaolo on April 12th.
(***) 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 March 31st, 2021

FOREWORD

This Consolidated interim report as at March 31st, 2021, consisting of the interim management report and the condensed interim consolidated financial statements as at March 31st, 2021, has been prepared in accordance with IAS 34 (Interim Financial Reporting).
This choice stems from the share capital increase transaction resolved by the Shareholders' Meeting held on June 27th, 2020, which granted authorisation to the Board of Directors in accordance with Article 2443 of the Italian Civil Code, exercised on August 4th, 2020, and in particular from the postponement until July 31st, 2021 of the final deadline for executing the second tranche of the capital increase for the remaining € 200 million.

The disclosure level it contains must be considered closely related to that reason.

The condensed interim consolidated financial statements are composed of the following statements:

- statement of financial position;
- income statement;
- statement of comprehensive income;
- statement of changes in equity;
- cash flow statement;
- notes to the accounts.

The condensed interim consolidated financial statements are subject to a limited audit by Deloitte & Touche S.p.A. and present for comparative purposes the figures relating to the consolidated financial statements as at December 31st, 2020, for which Deloitte & Touche S.p.A. issued its audit report on April 21st, 2021, and the figures relating to March 31st, 2020, which were not subject to audit or limited audit.

The Consolidated interim report closed as at March 31st, a date which coincides with that of the corresponding reports of the companies included within the consolidation area.

REFERENCE SCENARIO

REFERENCE SCENARIO

MACROECONOMIC SCENARIO

2021 began with a decidedly positive note, with a first quarter that should be the first of a year marked by a rebound in growth and a gradually ending pandemic phenomenon. The final GDP of 2020 in the various areas of the planet was better than the initial forecasts and the development of the vaccines led to greater optimism on the speed and intensity of recovery.

The United States stood out on the international scene for the rapid implementation of the vaccination plan, with over a third of the population having received at least one dose at the end of the first quarter and a reduction of more than 70% in daily cases since the beginning of the year. In addition to the improvement in the health situation, a huge fiscal plan, the American Rescue Plan, consisting of 1.9 trillion dollars to support consumption and employment and accommodative monetary conditions by the Federal Reserve for the coming months, complete a general framework that is very encouraging and that should lead the US economy to grow by more than 6% overall in 2021, after the decline of 3.5% in 2020 and an year-on-year rebound of +6.4% in the first quarter of this year. In addition, the Biden administration's intention to develop a 3 trillion dollars plan for infrastructure and green transition would further support the recovery of the output gap and lower the unemployment rate, recorded at 6% at the end of March. Among the unknowns, in addition to a recovery in the pace of infections due to a particular resistance of the variants of the virus to vaccines, there is a possible marked increase in inflation as a result of the dynamics of raw materials and a reduction in the propensity to save by the citizens.

The European macroeconomic scenario at the beginning of 2021 is not so positive, troubled by a widespread resurgence of Covid-19 contagions and a rather slow vaccination plan. The restrictive measures adopted as a result of the third wave led to a slowdown in economic activities in the first quarter, marking a decrease of 0.6% compared to the previous quarter, after an overall decline of 6.8% in 2020. At the sector level, the manufacturing sector remains supportive of growth, with the related confidence indicators at 62.5 in March, driven to exceptionally high levels also due to exports. Services, albeit recovering to 49.6 in March, are struggling to return to an expansion level, held back especially by the retail trade. The unemployment rate also remains far from its pre-pandemic lows, standing at 8.1% in March. Fiscal policy has remained expansive in the Eurozone, albeit with intensity and speed not comparable to the overseas figures. The spending programs envisaged in the Next Generation EU will be added to the aggregate deficit of 7.2% in 2020, with positive effects on demand, but only in the coming years. The European Central Bank exploited the flexibility of the bond purchase program, expanding and extending it, as well as strengthening the long-term refinancing measures for banks through TLTRO III (targeted refinancing operations).

The severity of the third wave of infections and the hesitations in the management of the vaccination plan weigh on the first quarter performance of the Italian economy, with the GDP falling by 0.4% in the first part of the year compared to a 2020 that ended with a very negative result (-8.9%), albeit better than the initial estimates. The Draghi government, which took over from the outgoing Conte bis in mid-February, has maintained the system of classifying regions by risk areas and has introduced some restrictions on mobility and economic activities that will inevitably have repercussions on the results of the first half of the year, in parallel with an unemployment rate of 10.1% in March. Positive signs came from the manufacturing sector confidence index, up to 59.8 in March, thanks to the good level of output and new orders. Expectations in services were more modest, up compared to the levels at the end of 2020, but still showing a contraction standing at 48.6. Fiscal policy remained accommodative and aims to maintain the deficit/GDP ratio at around 9%. The effects of the implementation of the projects as part of the Recovery Plan will be fully noticed only starting from next year. During the quarter, the Italian ten-year rate moved in the comfort range between 0.5% and 0.8% thanks to the outlook for political stability and the buying action by the ECB.

Although less violently affected by the pandemic, Japan is vulnerable because of a slow-moving vaccination campaign. After a result of -4.9% in 2020, mitigated by fiscal stimuli aimed at protecting employment and supporting disposable income, in the first quarter the Japanese economy is expected to decline slightly, against a stable unemployment rate at 2.9%. Among the few countries to have recorded a positive growth figure in 2020 (+2.3%), China has extensively exploited the expansionary margins of monetary and fiscal policy to mitigate the impact of the pandemic. The constant improvement in demand, with consumption recovering, and in the supply, with the acceleration of services, has led to an 18.3% growth in the first quarter compared to the same period of the previous year. It is likely that the positive effects of these dynamics will consolidate in the coming quarters, albeit in parallel with a moderation of the stimuli implemented by the authorities in the most acute phase of the crisis.

Bond markets

The first quarter was characterised by a general rise in inflation expectations, although in a differentiated manner among the various geographical areas, based on the different speeds of implementation of the vaccination campaigns, the amount of fiscal stimuli and the consequent prospects of the economy and inflation recovery.

The greatest impact was recorded on the US curve, which saw the spread between 10 and 2-year rates hit a record high since 2015. If the Fed's monetary policy, which is still extremely accommodating, meant that the short-term rate remained anchored at historic lows, between 0.10% and 0.15%, the ten-year rate accelerated the movement that began last summer, closing the quarter at 1.74%, up by around 80 basis points since the beginning of the year.

A similar movement, but of lesser extent and more delayed in time, has occurred on the German interest rate curve. The two-year node has remained at the levels of the end of 2020, while the ten-year, at the turn of the year, began a path of recovery, in line with rising inflation expectations, closing the quarter at -0.29%, about a quarter of a point above the levels at the end of 2020.

Italian rates also did not change in the short term, while in the long term recorded a more modest and less linear increase, also affected by internal political events. After briefly following the rise in the German rate, the domestic rate fell sharply at the beginning of February, following the appointment of Mario Draghi, reaching an all-time low of 0.45%, to then close the quarter at 0.67%, 15 basis points above the level at the end of 2020. As a result, the Btp-Bund spread narrowed by 15 basis points in the first quarter, closing at 0.96%, after reaching 0.9% in mid-February.

Among the peripheral countries of the Eurozone, Italy recorded the best performance. The Spanish ten-year spread remained unchanged, while the Portuguese one narrowed by 8 basis points. The spreads of other semi-core and core countries, such as France, Belgium and the Netherlands, also remained almost unchanged during the quarter.

Stock markets

In the first quarter, global stock exchanges recorded a positive performance of 5% overall. The US stock exchanges, which continued the run that began in March 2020, were once again leading the way, bolstered by the considerable fiscal stimuli implemented. Households' accumulated savings were spent on financial assets rather than being spent on consumption. The S&P 500 was driven by sectors that had lagged behind, in particular those related to raw materials, such as oil, copper and steel. The consumer durables and home-related sectors also performed very well. The sector rotation, on the other hand, has penalised industries that had led the rally in 2020, such as the technological and home entertainment sectors, as well as those that are still affected by the restrictions, such as certain non-durable goods and services. The S&P 500 closed the quarter at an all-time high, recording a performance of +6.2%, including dividends, while the Nasdaq recorded a decline of 6% compared to the highs of February, however, closed the quarter in positive territory at +3%.

The European stock markets recorded positive performances in the first quarter, but, unlike the US markets, they have not yet recovered their pre-pandemic levels, with the exception of the German stock exchange. Among the best sectors at European level are those that had been most impacted by the lock-down, such as cars, travel and leisure, the banking sector, supported by the rise in long-term rates and raw materials-related sectors. In general, the expectations of an economic recovery favoured the shares of the companies most closely tied to the economic cycle.

Among the main European stock exchanges, the FTSE MIB, driven by banking stocks, stood out with a performance of +11% before dividends. There are further back the German DAX with +9.4%, the French CAC40 at +8.6% and the Spanish IBEX at +5.6%.

Among the Asian markets, the Japanese Nikkey index recorded a performance of +7%, Hong Kong of +4.9%, while the Shanghai stock exchange recorded a decline of 1.3%. In general, emerging markets underperformed significantly the markets of developed countries, with an overall gain of 2.4%.

Foreign exchange markets

The transition from 2020 to 2021 coincided with a reversal of the Euro/Dollar exchange rate. After the constant weakening of the greenback in the second half of 2020, mainly caused by the massive monetary policy interventions of the Fed, the exchange rate reached a peak in the 1.23 area at the turn of the year. In the first quarter, expectations for a faster and stronger recovery of the US economy than that of the Eurozone led to a reversal, leading the exchange rate to close the quarter at 1.175.

The strengthening of the dollar was even more pronounced against the Japanese yen. In fact, the related exchange rate increased from 103 Yen/Dollar at the end of 2020 to 110 Yen/Dollar as at March 31st, 2021.

Real estate market

The performance of Commercial Real Estate in the first quarter of 2021 is still affected by the impact of Covid-19: investment volumes of approximately € 1.3 billion, are down by 30% compared to the same period of 2020, when the pandemic had not yet impacted the results of the quarter, and by 26% compared to the average of the last five years.

However, not all sectors reacted in the same way. Logistics remains attractive to all investors, with volumes recorded in the order of € 385 million and with a market share of 29% of total investments. On the other hand, the Office sector, in light of the proliferation of flexible working models (remote working), recorded a 50% decrease in the quarter compared to the first quarter of 2020, although confirming its importance, with volumes of € 297 million, equal to approximately 23% of total investments. Investors are focused on low-risk grade A core assets with stable income characteristics in prime locations. Among the alternative investments, the Living sector is gaining more and more ground by attracting a growing share of investments and with € 170 million, it represented about 13% of total investments in the first quarter of 2021. Data centres are also a growing alternative that offer a good opportunity for portfolio diversification.
Hospitality recorded a total of just over 115 million transactions, also thanks to the acquisition of Baglioni Luna in Venice by a British investor for around € 100 million, highlighting the general consensus of strong fundamentals in the Italian market, including prospective ones. The retail trade is the sector that has been affected more than others by the pandemic, recording a sharp decline due to the uncertainty of the timing of recovery, the transition to online retail and the sharp decrease in tourist flows. In fact, retail investment activities remained minimal (4%), with a quarterly result of approximately € 50 million.

As regards the analysis of the locations where the transactions took place, Milan continues to be the main Italian market with 28% of total offers; Rome follows, with a large gap, with 5%. However, the growing interest in logistics assets on the part of investors is partially shifting the focus to different locations, including secondary ones, throughout the country. The ratio between domestic and foreign capital, finally, sees the latter prevails, with 74% of total volumes invested, a sign that interest in the Italian market is still present.

The impact of the Covid-19 pandemic on real estate values was reflected in general in lower expected inflation, slower market growth, higher capitalisation rates due to increased perceived risk, longer assumed vacancy periods as well as revised expected market rents related to the re-lease/lease of spaces in certain segments.
The most significant write-downs are recorded in properties for accommodation and high-street retail use and in shopping centres, where the facilities have been closed down and turnover decreased, in general.

INTERIM MANAGEMENT REPORT

Total premiums written

1,277 € mln

INTERIM MANAGEMENT REPORT

The Group in the first quarter of 2021

Business performance for the period

Significant events and other information

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THE GROUP IN THE FIRST QUARTER OF 2021

The results of 2020 confirmed the solidity and financial stability of our Group, certified by the Solvency II index, which improved from 187% to 199% as at March 31st, 2021, despite the unexpected and exceptional events tied to the global pandemic.

Starting from the first months of 2021, the partnership agreement with Assicurazioni Generali has entered, in some business areas, the full operational phase, while on others the agreement will be fully implemented during the year. The transformation into a joint-stock company starting from April 1st, 2021 and the strategic guidelines for the future are the challenges that will generate value for all stakeholders in the new year.

The first quarter of 2021 opened with the communication by IVASS of the results of the inspection activity initiated in December 2019 and with the delivery of 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 IVASS report, 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;
- Revision of the remuneration policy;
- Limitation on cash 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, 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.

On March 5th, Banco BPM and Cattolica Assicurazioni announced that they had reached an agreement by which their respective differences were resolved 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, signed on April 16th, set forth, 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.

*****

The Cattolica Group closed the first three months with an improved operating income:[1] the low claims ratio during the period, with the consequent increase in technical profitability led to a result of € 101 million (+82.6%).
In the Non-life business the operating result was € 66 million (+38.7%), in the Life business it was € 36 million compared to € 8 million as at March 31st, 2020, with a contribution from the capital gains resulting from the sale of Italian government bonds not yet consolidated, according to the product rules, in technical interest.

Consolidated profit amounted to € 55 million compared to € 20 million in the first quarter of 2020: adjusted profit[2] in the first quarter of 2021 was € 48 million, compared to € 18 million in the first quarter of 2020. The Group's net profit[3] amounted to € 45 million compared to €14 million as at 31 March 31st, 2020.

[1] 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.
[2] 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.
[3] Net of minority interests.

It should be noted, with reference to the consolidated figures, that the income statement figures as at March 31st, 2020 and 2021 and the assets and liabilities as at March 31st, 2021 and December 31st, 2020 of Lombarda Vita, the sale of which was carried out on April 12th, 2021 with a capital gain in excess of € 100 million, have been reclassified in the appropriate "held for sale" items pursuant to IFRS 5.

Total premium collections for direct and indirect business - life and non-life - came to € 1,277 million (+16.2%).

Premiums written for direct non-life business amounted to € 496 million (+2.8%). The non-Motor segment contributed to the result for € 243 million (+6.3%). The premiums of the Motor segment stood at € 253 million substantially stable compared to March 31st, 2020 (-0.4%): this change was affected by several factors, including the sharp decline in premiums in March 2020, the effect on the average premium of the competitive pressure currently present on the market and the initiatives in favour of the policyholders, including the voucher. The Motor TPL policy portfolio decreased by approximately 17,000 items in 1Q2021.
The combined ratio felt from 92.6% to 87.7% (-4.9 pps), also thanks to the sharp drop in frequency due to lower vehicle traffic.
The claims ratio of retained business was stable at 56.7% (+1.0 pps), as was the expense ratio, which stood at 30.6% (+0.4 pps). The component of the other technical items on premiums decreased from 6.7 to 0.4 percentage points: the change is mainly due to the effect of the Motor TPL voucher, which, it should be noted, last year had a negative impact of 4.9 percentage points (i.e. this year the effect is positive in the other technical items for 1.1 percentage points, offset by lower premiums).

In the Life business, premiums from direct business amounted to € 777 million (+27.2%) (figures without Lombarda Vita in both periods). 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 0.59%, without Lombarda Vita (0.60% without Lombarda Vita in the FY2020), constantly declining. In addition, all new traditional issues are characterised by low capital absorption due to their low risk profile.

The result of investments[4] amounted to € 96 million (+36.3%), an increase due to net realised gains and net income from financial instruments and investment property.
The components of this result are discussed in the "Financial and asset management" section in the "Business performance for the period" chapter.

As at March 31st, investments - including properties classified under tangible assets and cash and cash equivalents items - amounted to € 24,511 million (+0.2%). Gross technical provisions for non-life business amounted to € 3,397 million (-2.8%). Provisions for life business, inclusive of financial liabilities, amounted to € 19,067 million (-0.3%).

Consolidated shareholders' equity amounted to € 2,665 million (+2%). Group shareholders' equity amounted to € 2,185 million (+2.1%).

The Group's Solvency II ratio is equal to 199% (calculated according to the Standard Formula using Group Specific Parameters (GSP) authorised by the Supervisory Body). The ratio shows a further sharp recovery compared to FY2020 (187%). 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.

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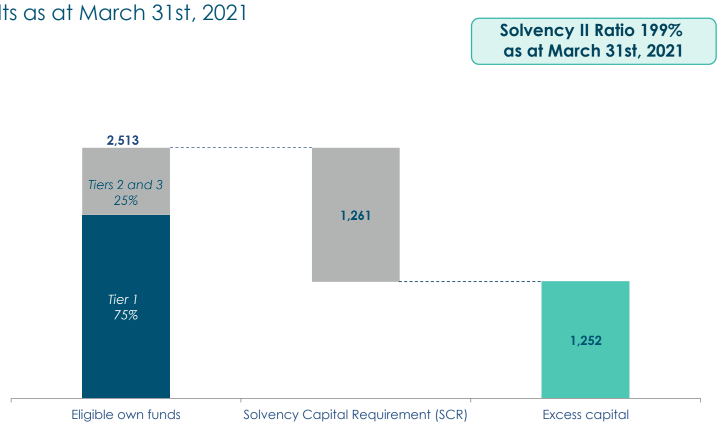
As at March 31st, there were 1,348 agencies, distributed as follows: 50.2% in northern Italy, 26.4% in central Italy and 23.4% in the south and islands.

The number of branches (without those of Lombarda Vita) distributing Pension Planning products were 5,566 compared to 5,960 branches in December 31st, 2020 and included: 3,987 branches of Banche di Credito Cooperativo, 1,483 branches of Banco BPM, Banca Aletti & C. S.p.A. and Agos Ducato S.p.A.

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

Group Solvency II Ratio

Results as at March 31st, 2021



(1) Tier 1 "*unrestricted*" eligible own funds (share capital and capital reserves) of approximately 75% of total eligible own funds.

KEY INDICATORS OF CATTOLICA GROUP BUSINESS PERFORMANCE

According to the international accounting standards, the tables below show (compared with those as at March 31st and/or December 31st, 2020), 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 March 31st, 2020 and 2021 and the assets and liabilities as at March 31st, 2021 and December 31st, 2020 of Lombarda Vita, the sale of which was carried out on April 12th, 2021, have been reclassified in the appropriate "held for sale" items pursuant to 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).

Table 1 - Key economic indicators

(€ millions)	March 31st, 2021	March 31st, 2020	Changes Amount	%
Total premiums written	**1,277**	**1,099**	**178**	**16.2**
of which				
Gross premiums written	**1,277**	**1,081**	**196**	**18.1**
Direct business - non-life	496	482	14	2.8
Direct business - life	777	593	184	31.0
Indirect business - non-life	4	6	−2	−25.8
Indirect business - life	0	0	0	n.a.
of which				
Investment contracts	**0**	**18**	**−18**	**−99.8**
Operating result	**101**	**55**	**46**	**82.6**
Consolidated net profit for the period	**55**	**20**	**35**	**177.1**
Group net profit for the period	**45**	**14**	**31**	**221.3**

n.a. = not applicable

n.s. = not significant

Table 2 - Key equity indicators

(€ millions)	March 31st , 2021	March 31st , 2020	Changes Amount	%
Property	**24,511**	**24,456**	**55**	**0.2**
Assets of disposal group held for sale	**9,115**	**9,363**	**−248**	**−2.6**
Technical provisions net of reinsurance amount	**21,988**	**22,115**	**−127**	**−0.6**
Financial liabilities relating to investment contracts	**284**	**352**	**−68**	**−19.5**
Liabilities of disposal group held for sale	**8,882**	**9,132**	**−250**	**−2.7**
Consolidated shareholders' equity	**2,665**	**2,613**	**52**	**2.0**

Table 3 - Headcount and sales network

(number)	March 31st , 2021	March 31st, 2020	Changes Amount	%
Total headcount	**1,768**	1,796	−28	−1.6%
Full time equivalent headcount	**1,718**	1,746	−28	−1.6%
Direct network:				
Agencies	**1,348**	1,360	−12	−0.9%
Partner networks:				
Bank branches	**5,566** *	5,960	−394	−6.6%

* net of Lombarda Vita branches

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Table 4 - Reclassified consolidated statement of financial position

(€ millions)	March 31st, 2021	March 31st, 2020	Changes Amount	Changes %	*Items from obligatory statements (*)*
Assets					
Property Investments	974	975	−1	−0.1	*4.1*
Property	200	201	−1	−0.8	*2.1*
Investments in subsidiaries, associated companies and joint ventures	167	174	−7	−4.2	*4.2*
Loans and receivables	1,199	1,194	5	0.4	*4.4*
Held to maturity investments	99	184	−85	−46.1	*4.3*
Available for sale financial assets	17,018	17,147	−129	−0.8	*4.5*
Financial assets at fair value through profit or loss	4,402	4,221	181	4.3	*4.6*
Cash and cash equivalents	452	360	92	25.5	*7*
Total Investments	**24,511**	**24,456**	**55**	**0.2**	
Intangible assets	689	705	−16	−2.2	*1*
Technical provisions - reinsurance amount	575	580	−5	−1.0	*3*
Sundry receivables, other tangible assets and other assets items	10,966	11,429	−463	−4.1	*(**)*
of which assets of a disposal group held for sale	*9,115*	*9,363*	−248	−2.6	*6.1*
TOTAL ASSETS	**36,741**	**37,170**	**−429**	**−1.2**	
Shareholders' equity and liabilities					
Group capital and reserves	2,140	2,104	36	1.7	
Group profit (loss) for the period	45	36	9	24.0	*1.1.9*
Shareholders' equity pertaining to the Group	***2,185***	***2,140***	***45***	***2.1***	*1.1*
Capital and reserves pertaining to minority interests	470	438	32	7.3	
Profit (loss) for the period pertaining to minority interests	10	35	−25	−72.2	*1.2.3*
Shareholders' equity pertaining to minority interests	***480***	***473***	***7***	***1.5***	*1.2*
Total Capital and reserves	**2,665**	**2,613**	**52**	**2.0**	*1*
Premium provision	882	892	−10	−1.1	
Provision for outstanding claims	2,515	2,604	−89	−3.4	
Gross technical provisions - non-life	**3,397**	**3,496**	**−99**	**−2.8**	*3*
Gross technical provisions - life	**18,783**	**18,771**	**12**	**0.1**	*3*
Other gross non-life technical provisions	3	3	0	2.8	*3*
Other gross life technical provisions	380	425	−45	−10.5	*3*
Financial liabilities	1,181	1,263	−82	−6.5	*4*
of which deposits from policyholders	*284*	*352*	*−68*	*−19.5*	
Allowances, payables and other liabilities items	10,332	10,599	−267	−2.5	*(***)*
of which liabilities of a disposal group held for sale	*8,882*	*9,132*	−250	−2.7	*6.1*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**36,741**	**37,170**	**−429**	**−1.2**	

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

Table 5 - Reclassified consolidated income statement

(€ millions)	March 31st, 2021	March 31st, 2020	Changes Amount	%	*Items from obligatory statements (*)*
Net premiums	1,232	1,040	192	18.4	*1.1*
Net charges relating to claims	−1,106	−517	−589	n.s.	*2.1*
Operating expenses	−184	−177	−7	−4.3	
of which commission and other acquisition costs	−128	−128	0	−0.5	*2.5.1*
of which other administrative expenses	−56	−49	−7	−14.1	*2.5.3*
Other revenues net of other costs (other technical income and charges)	−12	−40	28	68.1	*1.6 - 2.6*
Net income from financial instruments at fair value through profit or loss	85	−331	416	n.s.	*1.3*
Result from class D financial operations	79	−328	407	n.s.	
Net income from investments in subsidiaries, associated companies and joint ventures	2	1	1	n.s.	*1.4 - 2.3*
Net income from other financial instruments and investment property	102	84	18	21.0	*1.5 - 2.4*
of which net interest	58	68	−10	−16.4	*1.5.1 - 2.4.1*
of which other income net of other charges	22	25	−3	−10.8	*1.5.2 - 2.4.2*
of which net profits realised	34	9	25	n.s.	*1.5.3 - 2.4.3*
of which net valuation profits on financial assets	−12	−18	6	35.2	*1.5.4 - 2.4.4*
Commissions income net of commissions expense	−1	0	−1	n.a.	*1.2 - 2.2*
Operating expenses relating to investments	−13	−12	−1	−1.3	*2.5.2*
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**105**	**48**	**57**	**118.6**	
Other revenues net of other costs (excluding other technical income and charges included under insurance business)	−25	−23	−2	−5.9	*1.6 - 2.6*
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**80**	**25**	**55**	**221.0**	
Taxation	−31	−16	−15	−91.2	3
NET PROFIT (LOSS) FOR THE PERIOD	**49**	**9**	**40**	**466.0**	
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**6**	**11**	**−5**	**−48.9**	**4**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**55**	**20**	**35**	**177.1**	
Profit (loss) for the period pertaining to minority interests	10	6	4	67.6	
PROFIT (LOSS) FOR THE PERIOD PERTAINING TO THE GROUP	**45**	**14**	**31**	**221.3**	

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

n.s. = not significant

n.a. = not applicable

E-MARKET SDIR CERTIFIED

Table 6 - Reclassified consolidated income statement by business segment

	NON-LIFE		LIFE		OTHER		TOTAL	
(€ millions)	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020
Net premiums	459	451	773	589	0	0	1,232	1,040
Net charges relating to claims	−260	−251	−846	−266	0	0	−1,106	−517
Operating expenses	−140	−136	−44	−41	0	0	−184	−177
of which commission and other acquisition costs	−98	−101	−30	−27	0	0	−128	−128
of which other administrative expenses	−42	−35	−14	−14	0	0	−56	−49
Other revenues net of other costs (other technical income and charges)	−1	−31	−11	−9	0	0	−12	−40
Net income from financial instruments at fair value through profit or loss	0	−1	85	−330	0	0	85	−331
Result from class D financial operations	0	0	79	−328	0	0	79	−328
Net income from investments in subsidiaries, associated companies and joint ventures	2	1	0	0	0	0	2	1
Net income from other financial instruments and investment property	13	9	89	75	0	0	102	84
Commissions income net of commissions expense	0	0	−1	0	0	0	−1	0
Operating expenses relating to investments	−3	−3	−9	−8	−1	−1	−13	−12
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**70**	**39**	**36**	**10**	**−1**	**−1**	**105**	**48**
Other revenues net of other costs (excluding other technical income and charges included under insurance business)	−15	−11	−10	−12	0	0	−25	−23
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**55**	**28**	**26**	**−2**	**−1**	**−1**	**80**	**25**
Taxation	−22	−15	−9	−1	0	0	−31	−16
NET PROFIT (LOSS) FOR THE PERIOD	**33**	**13**	**17**	**−3**	**−1**	**−1**	**49**	**9**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**0**	**6**	**11**	**0**	**0**	**6**	**11**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**33**	**13**	**23**	**8**	**−1**	**−1**	**55**	**20**
Profit (loss) for the period pertaining to minority interests	1	1	9	5	0	0	10	6
PROFIT (LOSS) FOR THE PERIOD PERTAINING TO THE GROUP	**32**	**12**	**14**	**3**	**−1**	**−1**	**45**	**14**

Table 7 - Operating result by business segment

(€ millions)	NON-LIFE March 31st, 2021	NON-LIFE March 31st, 2020	LIFE March 31st, 2021	LIFE March 31st, 2020	OTHER March 31st, 2021	OTHER March 31st, 2020	TOTAL March 31st, 2021	TOTAL March 31st, 2020
Net premiums	459	451	773	589	0	0	1,232	1,040
Net charges relating to claims	−260	−251	−846	−266	0	0	−1,106	−517
Operating expenses	−140	−136	−44	−41	0	0	−184	−177
of which commission and other acquisition costs	*−98*	*−101*	*−30*	*−27*	*0*	*0*	*−128*	*−128*
of which other administrative expenses	*−42*	*−35*	*−14*	*−14*	*0*	*0*	*−56*	*−49*
Other revenues net of other costs (other technical income and charges)	−1	−31	−11	−9	0	0	−12	−40
Income from gross ordinary investments	21	26	179	−253	0	0	200	−227
Net income from investments in subsidiaries, associated companies and joint ventures	2	0	0	0	0	0	2	0
Commissions income net of commissions expense	0	0	−1	0	0	0	−1	0
Operating expenses relating to investments	−3	−3	−9	−8	−1	−1	−13	−12
Other revenues net of other operating costs	−12	−8	−5	−4	0	0	−17	−12
OPERATING RESULT	**66**	**48**	**36**	**8**	**−1**	**−1**	**101**	**55**
Realised and valuation gains	−3	−12	−2	−1	0	0	−5	−13
Subordinated interest	−5	−6	−3	−1	0	0	−8	−7
Net income from investments in non-operating subsidiaries, associated companies and joint ventures	0	1	0	0	0	0	0	1
Other revenues net of other non-operating costs	−3	−3	−5	−8	0	0	−8	−11
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**55**	**28**	**26**	**−1**	**−1**	**−1**	**80**	**25**
Taxation	−22	−15	−9	−1	0	0	−31	−16
PROFIT (LOSS) FOR THE PERIOD NET OF TAXATION	**33**	**13**	**17**	**−3**	**−1**	**−1**	**49**	**9**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0	0	6	11	0	0	6	11
CONSOLIDATED PROFIT (LOSS)	**33**	**13**	**23**	**8**	**−1**	**−1**	**55**	**20**
pertaining to the Group	32	12	14	3	−1	−1	45	14
pertaining to minority interests	1	1	9	5	0	0	10	6
ADJUSTED GROUP RESULT (*)	**33**	**13**	**16**	**6**	**−1**	**−1**	**48**	**18**

(*) 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 8 - Key efficiency and profitability indicators

	March 31st, 2021	March 31st, 2020
Non-life ratios for retained business		
Claims ratio (Net charges relating to claims / Net premiums)	56.7%	55.7%
G&A ratio (Other administrative expenses / Net premiums)	9.2%	7.8%
Commission ratio (Acquisition costs / Net premiums)	21.4%	22.4%
Total Expense ratio (Operating expenses / Net premiums)	30.6%	30.2%
Combined ratio (1 - (Technical balance / Net premiums))	87.7%	92.6%
Non-life ratios for direct business		
Claims ratio (Net charges relating to claims / Premiums for the period)	53.7%	59.7%
G&A ratio (Other administrative expenses / Premiums for the period)	8.3%	7.0%
Commission ratio (Acquisition costs / Premiums for the period)	22.4%	22.1%
Total Expense ratio (Operating expenses / Premiums for the period)	30.7%	29.1%
Combined ratio (1 - (Technical balance / Premiums for the period))	85.3%	94.9%
Life ratios		
G&A ratio (Other administrative expenses / Premiums written)	1.8%	2.3%
Commission ratio (Acquisition costs / Premiums written)	3.9%	4.4%
Total Expense ratio (Operating expenses / Premiums written)	5.7%	6.7%
Total ratios		
G&A ratio (Other administrative expenses / Premiums written)	4.4%	4.5%

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

COVID-19 EMERGENCY MANAGEMENT

The Covid-19 pandemic has led to some paradigm shifts for society as a whole. The current global situation is still critical, both from the health point of view, with the emergence of new variants of the virus, and in its consequences that encompass individual and collective contexts under social and economic aspects, with a feeling of uncertainty that involves both the forecasts on when the world population can be considered reasonably safe from the pandemic, as well as the lifestyles of the people, influenced by the limitations on circulation and ordinary activities to stem the spread of the virus, and finally with the economic crisis that currently affects and it will certainly hit in the near future, especially the production sector, heavily penalised by the context.

The overall picture shows the conviction that the perception of risk is changing in the population: the insurance sector is called upon to respond in the society that is being created (the term is labelled by the media as "new normal") in order to be ready for the challenges and opportunities that are being generated, evolving and even transforming the consolidated business model where necessary, redesigning the solutions and offering an increasingly personalised purchasing experience.

The effective impact on the insurance world is still to be assessed in its entirety, although it consists of a mix of contrasting effects, still being defined and stabilised.

In 2020, 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 Motor TPL 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.

The downward trend in claims reported with respect to the pre-pandemic period, especially in the Motor TPL class, was also confirmed in the first quarter of 2021, just as there seems to be a drop in demand relating to typical commercial covers, as expected due to the onset of the economic crisis.

While in the medium/long term the trend of deterioration in the economic and financial conditions of companies is likely to continue, on the other hand the trend is increasingly clear about 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.

The undoubtedly spontaneous vocation of the Cattolica Group to be close to the territories and all stakeholders, in addition to the growing attention to the new digital logic of interaction with customers and agents but above all a decisive growth in the service component offered in addition to the more "core businesses", mainly in terms of prevention and assistance, can be a strong point in the current context. 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 protect its health and safety, Cattolica has immediately adopted (as early as the onset of the first cases in late February 2020) and in advance of most of the industry, a series of precautionary measures 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 September 2020, a partial return to traditional workplaces was coordinated upon the implementation of 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". Subsequently, by virtue of a new phase of resurgence of the virus, from the beginning of October the Group decided to return to the full remote working method, which continues to date from the first day of 2021. It is possible to go to the workplace only in exceptional cases and with special authorisations, and with access only to the areas of the company designated for a specific purpose and subject to continuous sanitation. During the most dramatic period of emergency, in order to promote useful initiatives to protect the psycho-physical well-being of employees, a psychological support and listening service was activated. To assist employees in the cultural transformation necessary to better deal with the new remote operating model, training courses were activated on several levels in order to facilitate the transition to the new organisational, managerial and collaborative mindset.

Also on the subject of well-being, the new Wellbeing platform has been operational since April 15th, 2021, defined by the Group as the state of well-being in which the individual is able to make the most of his cognitive and emotional abilities, establishing satisfactory and mature relationships, participating constructively in the changes of its context. The WE (Wellbeing Experience) platform offers initiatives to take care of one's physical and emotional well-being, as well as two sections dedicated to the theme of sustainability, one specifically dedicated to the work environment and one to the external environment, with initiatives in the area of solidarity and environmental sustainability.

Agents measures

Great attention was immediately paid to the agency network, in relation to which the Company prepared an additional plan, which began before the summer of 2020, to support the stability of the economics, structured on complementary interventions aimed at protecting the agency network revenues, enriched by a virtuous mechanism that rewarded with additional incentives the ability of the network to better manage the contingency and the use of a new tool that allows the management of collections remotely (pay-by-link), in addition to a procedure for the remote sale of Motor policies. With the start of the second lock-down phase in the fall of 2020, and with even greater vigour in 2021, the focus on these digital tools was then further strengthened also thanks to the constant support of the reference figures (Digital Coach). Since the beginning of 2021, several Web Meetings were also held, individually dedicated to the relevant topics related to the various departments and business segments (Motor, Non-Motor, Life, Claims), focused on agents, but also with a specific edition aimed at agency staff and front offices. 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, as early as 2020, highlighting their fundamental role of social closeness, albeit with contact methods completely adapted to the context. The interaction in the agency network continues also in 2021 through the Facebook Community of Agents.

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.
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, 2020, 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).
Settling on the Motor TPL policies, with no increase in price, continued in 2021.

Community measures

In collaboration with the Cattolica Foundation, the Group has also supported communities most affected by the pandemic, through the donation in 2020 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.
In 2020, the lock-down phase, which began before mid-March and also lasted for the entire month of April, led to a sharp drop in premiums written from 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). The trend in the first quarter of 2021 continues consistent with that of the last few months of partial lock-down in 2020, i.e. without substantial impacts with regard to new business, except for a slight decrease in the number of new issues in the Motor class compared to the pre-Covid period, much more significant in terms of the decrease in premiums, largely due to the effect of the discounts offered in 2020 (Auto Vouchers, policy renewals without policy increases). In terms of premiums written, there are no other significant factors, apart from the confirmation, pertaining exclusively to the bancassurance channel, that the return to pre-Covid levels in the Non-life business is still a long way off.

If alongside the aforementioned contraction in new business in 2020, the Life business was simultaneously characterised by a reduction in redemptions (over -75% in the lock-down phase 1 compared to the first 8 weeks of the year), the year 2021 did not record further discontinuities in this regard, thus confirming figures in line with the second half of 2020.

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 2020, a trend that continued in the first quarter of 2021, driven 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, as well as by the Motor voucher initiative.

The decline in total claims in the Non-life business for 2020 was more than -20%, in particular in some key sectors such as the Motor one; compared to the first quarter of 2019, taken as the equal period unaffected by the pandemic, the trend is currently being confirmed in 2021 as well, although with less intensity than last year, and more limited to the Motor class rather than generalised across all Non-life business.

In the area of Human Resources, in 2020, 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). As a result of the continuation of company operations under generalised remote working, the trend (also in this case compared to 2019) continues also in 2021.

With regard to the investment portfolio, 2021 observed the "Gains or losses on available-for-sale financial assets" reserve, net of taxes and shadows, to shareholders' equity, broadly in line with 2020 and a valuation in the income statement in relation to "financial instruments at fair value through profit or loss" of € 66 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.

Despite the extreme volatility of the financial markets, the solvency ratio was always above the regulatory limits and as at 31 March it stood at 199%. Based on an estimate, calculated as at April 30th, 2021, the Group's Solvency II ratio would be approximately 198%. 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.

It should be noted that the Parent Company decided not to assign the dividend for the year 2020.

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).

2021-2023 ROLLING PLAN

The strategy of the 2021-2023 rolling plan is based on the consolidation of the strengths acquired in the previous three-year period of the business plan, and the continuation of the projects undertaken that still have room for improvement in the coming years. With the changed economic and financial market context, it will also be necessary to focus on the relaunch of life profitability and the efficiency and simplification of operations. The strategic partnership with Generali makes it possible to develop valuable synergies in terms of services offered, asset management efficiency and

reinsurance. Finally, the strengthening of the ESG strategy is recognised as a fundamental objective for a business transformation, which is increasingly oriented towards sustainability.
Consolidation, focus and sustainability are therefore the strategic guidelines for the three-year period 2021-2023.

Consolidation actions are focused in particular on strengthening the value of the agency network and on monitoring Non-life profitability. With regard to the first point, the first months of 2021 continued the trend of the end of 2020 as regards the operations of rationalisation of the Cattolica agency network, while as regards the enhancement of the distinctive segments of the Group, and in particular the attention paid to voluntary work, mention should be made to the new insurance coverage "formula Bene Comune", created as part of the joint venture between Cattolica and Iccrea Banca and marketed by BCC Assicurazioni, which offers guarantees on Health and Assets for volunteers and directors of the insured entity belonging to the Third Sector. With regard to Non-life business profitability, the negative effect of the trend in the Group's average TPL premium, down considerably, as is the insurance market in general, is offset by the change in TPL frequency, still considerably down compared to the period prior to the ongoing pandemic, especially due to the first two months of the year, which were still in partial lock-down. In general, the rebalancing of the Non-life mix continues its trend towards an increase in the incidence of Non-Motor class (+1.6 percentage points compared to March 2020), without any significant claims being recorded in the first part of the year.

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 Capital Increase, subscribed and executed by Assicurazioni Generali on October 23rd, 2020, as well as the launch of the Partnership through the signing of some commercial agreements between the two companies (with effects subject to the execution of the Reserved 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 involves 4 strategic business areas: asset management, internet of things, health business and reinsurance, as more detailed in the 2020 consolidated financial statements.

With reference to the strategic partnership areas, it should be noted that (i) with regard to the "Asset Management" area: Cattolica, TUA Assicurazioni and Berica Vita signed management agreements with Generali Insurance Asset Management SGR S.p.A. (respectively, on October 6th, 2020 and October 21st, 2020), which became effective following the positive outcome of the prior notification procedure to IVASS (which ended on December 31st, 2020) and the communication of the transfer of financial assets under management by the aforementioned companies, which was carried out in the first week of January 2021; (ii) as regards the "Internet of Things" area: starting from March 31st, 2021, the related services are available to all Cattolica customers who purchase an Active Auto Live policy and, starting from April 14th, 2021, to all TUA Assicurazioni customers who purchase a "*Tua Voice Drive*" and "*Tua Protect Drive*" policy.

Operating Result

Life Business

36 € mln

Non-life Business

66 € mln

Other

-1 € mln

INTERIM MANAGEMENT REPORT

The Group in the first quarter of 2021

Business performance for the period

Significant events and other information

BUSINESS PERFORMANCE FOR THE PERIOD

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, 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 (gross of eliminations between sectors).

Profit (loss) for the period

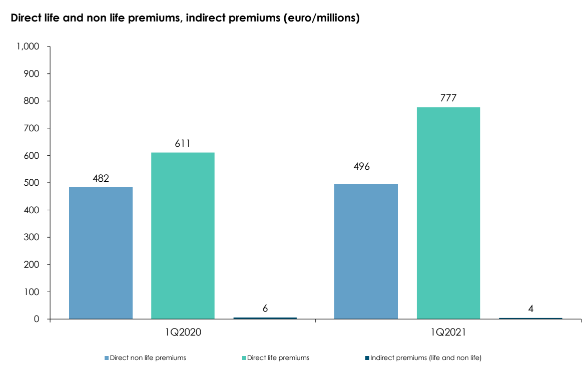
The first quarter ended with a consolidated net profit of € 55 million compared to € 20 million as at March 31st, 2020, attributable to the Non-life business for € 33 million against € 13 million as at March 31st, 2020, to the Life business with a profit of € 23 million compared to € 8 million as at March 31st, 2020 and to the Other business with a loss of € 1 million, unchanged compared to 2020.

The Group's net profit amounted to € 45 million compared to € 14 million as at March 31st, 2020.

The operating result shows an increase of 82.6% to € 101 million.

Premiums

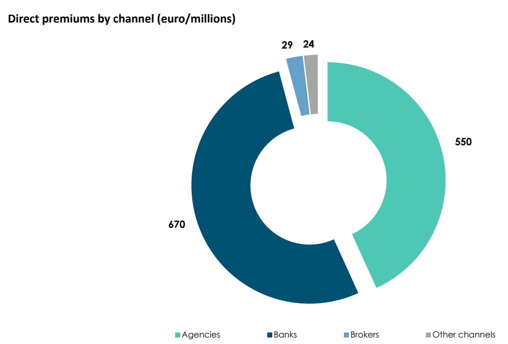
Gross consolidated premiums (which comply with the definition of insurance policy as per IFRS 4) at the end of the first quarter amounted to € 1,277 million (+16.2%). Premiums written relating to investment contracts in the period were not significant.



Gross direct non-life premiums totalled € 496 million (+2.8%) and account for 39% of total direct premium business (44.8% as at March 31st, 2020).

Gross direct life premiums totalled € 777 million (+27.2%) and account for 61% of total direct premium business (55.2% as at March 31st, 2020). There are no investment contracts.

Direct business premiums written, per distribution channel, is broken down as follows: agencies 43.3%, banks 52.6%, brokers 2.2%, and other channels 1.9%.



Other administrative expenses

Other administrative expenses totalled € 56 million (+14.1%), due to the increase in personnel, IT and consulting costs, the latter are mainly of legal nature.

With reference to direct business, the ratio of other non-life administrative expenses to premiums written for the year rose from 7% to 8.3%, while the ratio of other life administrative expenses to life premiums declined from 2.3% to 1.8%.

The Group by segments

Non-life business

Non-life business, as already reported, closed the first quarter with a profit of € 33 million against the € 13 million as at March 31st, 2020. Net non-life business premiums amounted to € 459 million (+1.7%). The combined ratio of direct business was 85.3%, versus 94.9% as at March 31st, 2020. The claims ratio (claim/premium ratio) is equal to 53.7% (59.7%), while the ratio of other administrative expenses, as stated, stood at 8.3%. The combined ratio of retained business increased from 92.6% to 87.7%.

Financial operations ended the period with a result of € 12 million (+119.7%) and are mainly characterised by net income deriving from other financial instruments and investment property for € 13 million (+57.1%), with net interest and other net income amounting to € 18 million (-13%) and with net losses from valuation that came to € 5 million (-60.4%).

The contribution of financial operations to operating income, i.e. net of interest expense on subordinated loans, realisation and valuation results, was € 18 million (-16.4%).

The operating result came to € 66 million (+38.7%). The performance of the operating result benefited 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 the first three months of 2020.

Life business

The Life business closed the first quarter with a profit of € 23 million compared to € 8 million as at March 31st, 2020.

Net life premiums amounted to € 773 million (+31.2%), and financial operations[5] closed with a result of € 85 million (+28.7%), with net income from other financial instruments and investment property for € 89 million (+16.8%), of which interest and other net income for € 62 million (-15.6%), realised net gains for € 34 million against the € 9 million as at March 31st, 2020 and net losses from valuation for € 7 million (+27.9%). The increase in net charges relating to claims is mainly due to the trend in the valuation of securities relating to the Class D unit policies, whose risk is borne by the policyholders (from € -328 million to € +79 million).

The operating result was € 36 million compared to € 8 million as at March 31st, 2020, with a contribution from the capital gains resulting from the sale of Italian government bonds not yet consolidated, according to the product rules, in technical interest.

Other business

Other business closed the period with a loss of € 1 million, in line with March 31st, 2020.

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.

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

E-MARKET SDIR CERTIFIED

Property

Investments amounted to € 24,511 million (+0.2%). Their breakdown and variation compared to 2020 is represented in the following table.

Table 9 - Total investments

(€ millions)	March 31st, 2021	% of total	December 31st, 2020	% of total	Changes Amount	%
Property Investments	974	4.0	975	4.0	−1	−0.1
Property	200	0.8	201	0.8	−1	−0.8
Investments in subsidiaries, associated companies and joint ventures	167	0.7	174	0.7	−7	−4.2
Loans and receivables	1,199	4.9	1,194	4.9	5	0.4
Held to maturity investments	99	0.4	184	0.7	−85	−46.1
Available for sale financial assets	17,018	69.4	17,147	70.1	−129	−0.8
Financial assets at fair value through profit or loss	4,402	18.0	4,221	17.3	181	4.3
Cash and cash equivalents	452	1.8	360	1.5	92	25.5
TOTAL	**24,511**	**100.0**	**24,456**	**100.0**	**55**	**0.2**

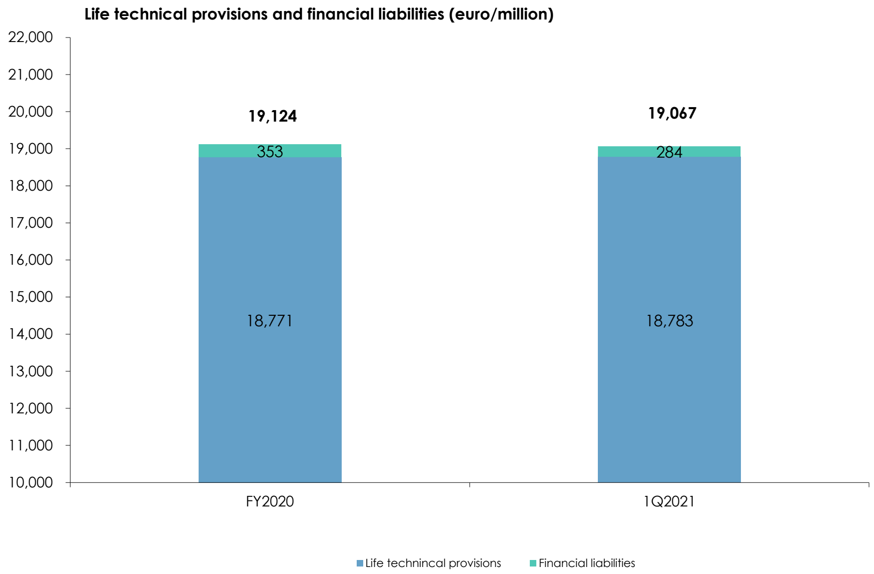
The result of financial operations, with the exclusion of investments whose risk is borne by the policyholders and gross of the tax effects and the change in other financial liabilities, came - as already mentioned - to € 96 million (+36.3%).

Technical provisions

Non-life technical provisions (premiums and claims) amounted to € 3,397 million (-2.8%).

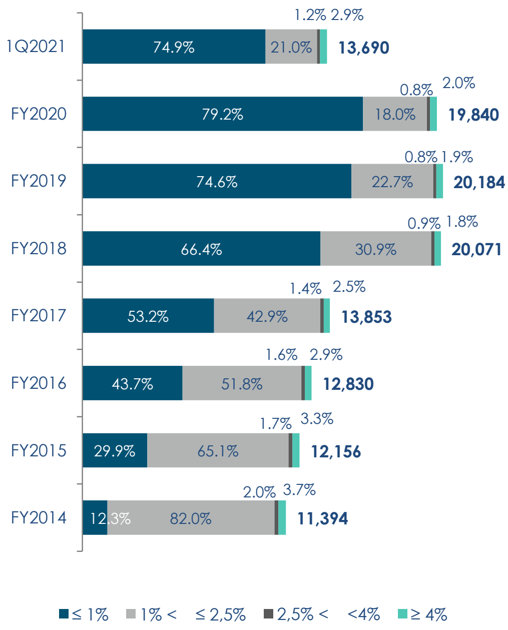
Life technical provisions (actuarial provisions inclusive of shadow accounting) amounted to € 18,783 million (+0.1%). Also taking into account financial liabilities relating to investment contracts, the technical provisions and deposits relating to life business amounted to € 19,067 million, a decrease of 0.3%.

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 minimum guaranteed average rate of the Group's provision stock stood at 0.59% as at March 31st, excluding Lombarda Vita (0.60%, excluding Lombarda Vita in FY2020).

(€ millions)

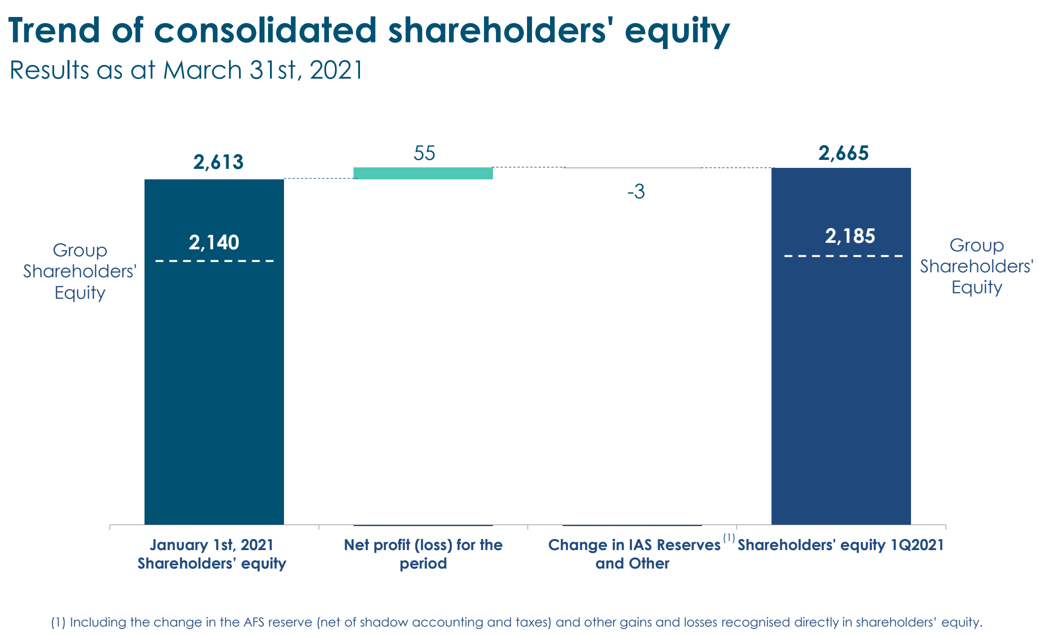


Shareholders' equity and its trend

The change in consolidated shareholders' equity since last year is mainly due to the result of the first quarter of € 55 million and to the change in IAS reserves and other of € -3 million (including the change in the AFS reserve and the gains/losses recognised directly in shareholders' equity).

Consolidated shareholders' equity at the end of the third quarter amounted to € 2,665 million (+2%).
The Group shareholders' equity amounted to € 2,185 million (+2.1%) and includes gains on available for sale financial assets amounting to € 77 million (-1.3%).
Portions of shareholders' equity pertaining to minority interests amounted to € 480 million (+1.5%) and include gains on available for sale financial assets amounting to € 17 million (-2.9%).

(€ millions)



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INSURANCE BUSINESS AND OTHER BUSINESS SECTORS OF ACTIVITIES

Group insurance business

The following table shows the breakdown of the insurance premiums and of the investment contracts. Life premiums do not include those of Lombarda Vita.

Table 10 - Total premiums written

(€ millions)	March 31st, 2021	% of total	March 31st, 2020	% of total	Changes Amount	Changes %
Accident and injury	47	3.7	50	4.7	−3	−7.4
Health	21	1.6	21	1.9	0	−0.0
Land vehicle hulls	43	3.4	39	3.6	4	10.9
Goods in transit	1	0.1	2	0.2	−1	−25.2
Fire & natural forces	38	3.0	31	2.9	7	22.2
Other damage to assets	44	3.5	38	3.5	6	16.2
TPL - Land motor vehicles	210	16.5	215	20.0	−5	−2.4
TPL - General	52	4.1	49	4.6	3	6.0
Credit	0	n.s.	0	n.s.	0	n.a.
Suretyship	7	0.5	5	0.5	2	35.7
Sundry financial losses	8	0.6	7	0.6	1	16.6
Legal protection	6	0.5	5	0.5	1	16.0
Assistance	15	1.2	13	1.2	2	13.0
Other classes (1)	4	0.3	7	0.6	−3	−42.1
Total non-life business	**496**	**39.0**	**482**	**44.8**	**14**	**2.8**
Insurance on the duration of human life - class I	451	35.4	398	37.0	53	13.3
Insurance on the duration of human life linked to investment funds - class III	317	24.9	182	16.9	135	74.0
Health insurance - class IV	1	n.s.	1	0.1	0	n.a.
Capitalisation transactions - class V	6	0.5	9	0.9	−3	−40.0
Pension funds - class VI	2	0.2	3	0.3	−1	−5.0
Total life business	**777**	**61.0**	**593**	**55.2**	**184**	**31.0**
Total direct business	**1,273**	**100.0**	**1,075**	**100.0**	**198**	**18.3**
Indirect business	**4**		**6**		**−2**	**−26.1**
Total insurance premiums	**1,277**		**1,081**		**196**	**18.1**
Insurance on the duration of human life linked to investment funds - class III	0	2.8	0	n.s.	0	16.3
Pension funds - class VI	0	97.2	18	100.0	−18	−99.8
Total investment contracts	**0**	**100.0**	**18**	**100.0**	**−18**	**−99.8**
TOTAL PREMIUMS WRITTEN	**1,277**		**1,099**		**178**	**16.2**

(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 and investment contracts premiums, are broken down per class as follows (life premiums do not include those of Lombarda Vita):

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

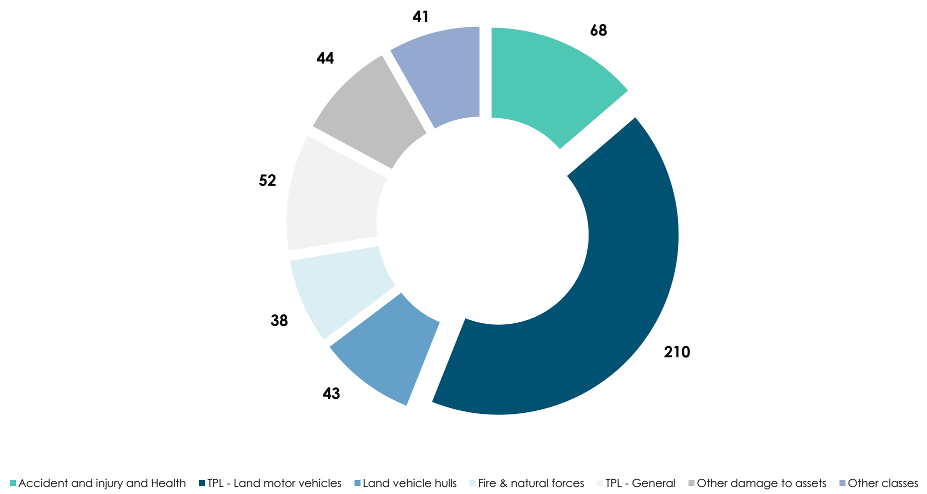
Life business (€ millions)	**March 31st, 2021**	**% of total**	**March 31st, 2020**	**% of total**	**Changes** Amount	**Changes** %
Insurance on the duration of human life - class I	451	58.0	398	65.2	53	13.3
Insurance on the duration of human life linked to investment funds - class III	317	40.8	182	29.9	135	74.0
Health insurance - class IV	1	0.1	1	0.1	0	5.0
Capitalisation transactions - class V	6	0.7	9	1.5	−3	−40.0
Pension funds - class VI	2	0.4	21	3.3	−19	−86.6
Total life premiums - direct business	**777**	**100.0**	**611**	**100.0**	**166**	**27.2**

Non-life business - Premiums written

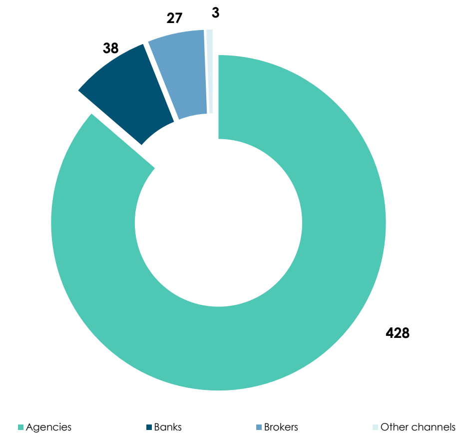
The direct premiums written of the non-life business increased by 2.8% to € 496 million of which € 243 million in the Non-motor segment (+6.3%) and € 253 million in the Motor segment (-0.4%).
Indirect premiums stood at € 4 million (-25.8%).

Direct non-life premiums written were generated as follows: the agency channel with € 428 million (-0.5%), the banking channel with € 38 million (+9.5%), brokers with € 27 million (+103.1%) and other channels with € 3 million (-23.5%).

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

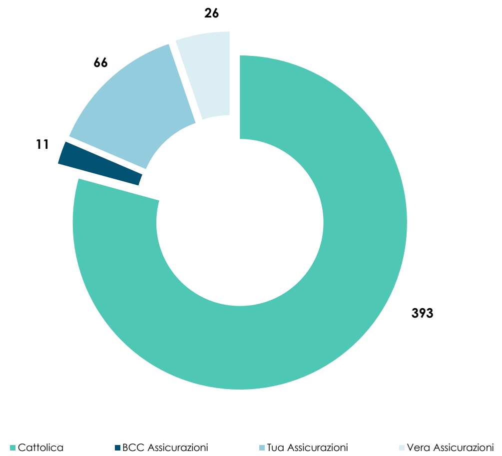


Premiums by channel, non life direct premiums
(euro/millions)



Direct non-life premiums are attributable mainly to the Parent Company for € 393 million, BCC Assicurazioni for € 11 million, TUA Assicurazioni for € 66 million and Vera Assicurazioni for € 26 million.

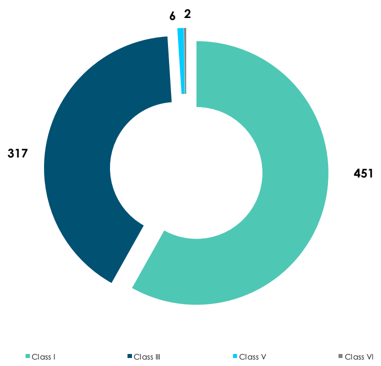
Premiums by company of Group, non life direct premiums
(euro/millions)



Life business – Premiums written

Insurance premiums in the life business totalled € 777 million (+31%). Premiums written relating to investment contracts in the period were not significant.

Main life classes, direct premiums (euro/millions)



In the first quarter, 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, while also simplifying the product catalogue by eliminating some higher capital absorption solutions.

Despite the low interest rates and the persistent uncertainty of the overall economic scenario, total funding saw a recovery compared to the first quarter of 2020, which, however, was beginning to feel the effects of the pandemic crisis. Group life premiums written continue to be drawn along by the bancassurance channel.
The performance of premiums written relating to products linked to segregated management 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.

Life Class III premiums (insurance on the duration of human life linked to investment funds) amounted to € 317 million (+74%) and are mainly attributable to class III policies within the Multi-class policies.

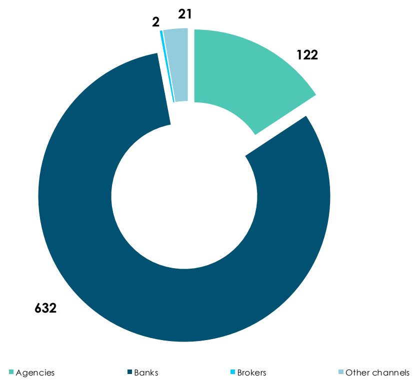
Class I premiums amounted to € 451 million (+13.3%).

Class V premiums (capitalisation) amounted to € 6 million (-40%).

Class VI premiums (pension funds) amounted to € 2 million (-5%).

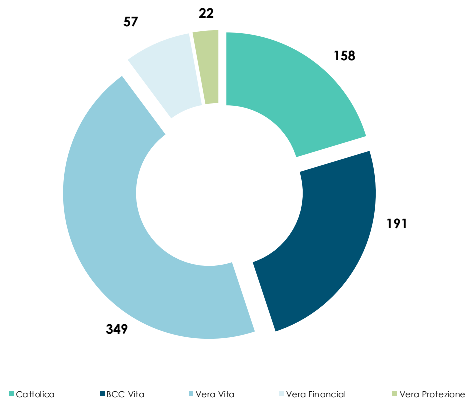
Direct Life premiums written were generated as follows: the agency channel with € 122 million (+23.9%), the banking channel with € 632 million (+33%), brokers with € 2 million (-17.7%) and other channels with € 21 million (-40.4%).

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



The contribution made to the consolidated amount on life premiums attributable to the Parent Company totalled € 158 million, to BCC Vita € 191 million, to Vera Financial € 57 million, to Vera Protezione € 22 million and to Vera Vita € 349 million.

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



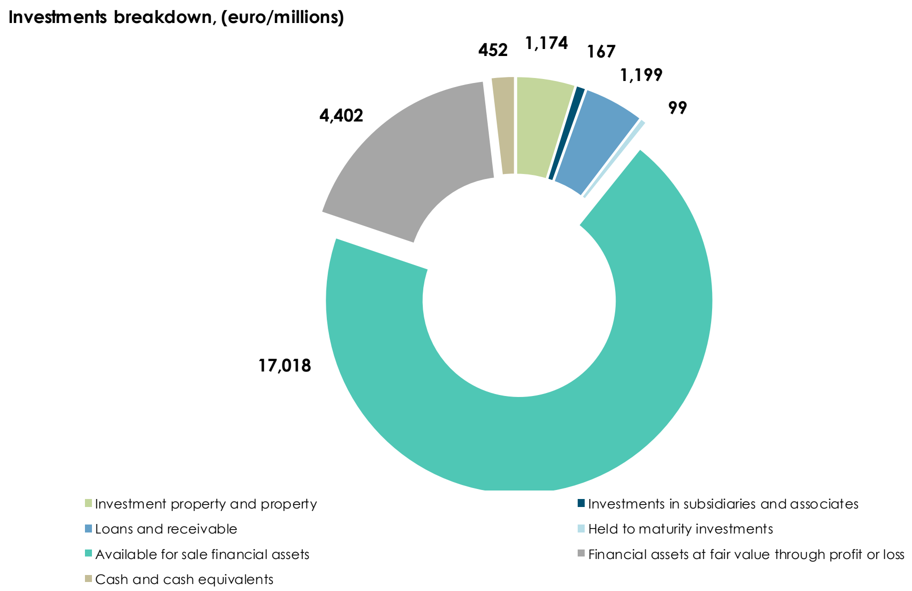
Reinsurance

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 and December 2020, the Board of Directors approved the changes provided in the plan of Reinsurance transfers for the year 2021.

For details of the Reinsurance Programme of the Parent Company and Group companies, please refer to the Consolidated Financial Statements 2020.

FINANCIAL AND ASSET MANAGEMENT



Investment property and properties

Acquisitions and property transactions

During the first quarter, some property transactions were finalised.
In particular, the following are pointed out:

- the purchase, in January, by the Fondo Mercury Nuovo Tirreno, of two supermarkets in Sardinia, in Olbia and Oristano, as a continuation of the investment activity envisaged by the Fund for an amount of € 18.6 million plus purchase taxes;
- the execution of a preliminary agreement for the sale of a property for office use in Milan, in the Central Station area, by the Fondo Andromaca.

Securities investments

In the first quarter of the year, there was a generalised change of course that in fact interrupted the positive trend on interest rates, including the periphery of the Eurozone, causing them to start to rise from the minimum values to which the fragile macroeconomic context had accustomed us in 2020, especially in times characterised by the most disruptive effects of Covid-19. Therefore, on the financial markets, there were periods of high volatility and periods of sudden stabilisation. In absolute terms, the greatest increases occurred in the United States, where government yields in the ten-year and thirty-year nodes rose by around 80 cents. In the Eurozone, aided by a less positive macro and pandemic scenario, with economic problems and accumulated delays in the vaccination plan, the increases were less pronounced, limited, in the case of Germany, to 30 cents on the ten-year maturity and 40 on the thirty-year maturity. The yields of Italian government bonds followed a similar trajectory, albeit less pronounced than the German one, with positive impacts in terms of spreads.

During the quarter, the reduction of BTPs on the Group portfolio continued and accelerated, with an overall increase in duration.
The weight of Italian Government bonds fell, especially in the Life business. In terms of maturities, the short nodes of the curve up to 3 years were reduced, as well as the section with maturity of more than 10 years. The long-term component of non-Italian government bonds rose during the quarter, particularly with regard to short and extra-long maturities.

The monitoring of the liquidity of the portfolio continued, with measures to monitor and control the liquidity of the portfolio and maintaining adequate liquidity level to meet the needs of cash and outflows.

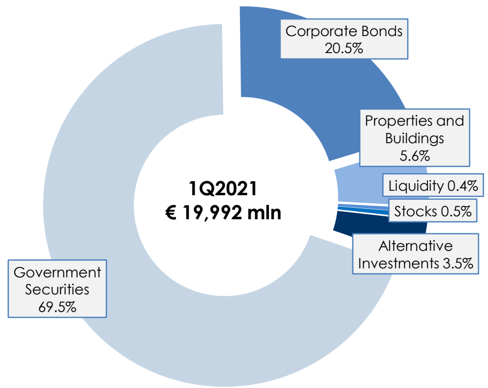
The corporate component increased overall during the quarter. As in the previous year, the increase was obtained more than proportionally for issuers with IG rating, while for that with sub-IG rating it decreased during the period. At sector level, the preference was for economic sectors less impacted by the health crisis, such as non-cyclical consumption and technology.

In the equity segment, changes were limited compared to previous quarters in a quarter in which the positive momentum of the European and other markets continued, which in some cases revised the maximum values of all time.

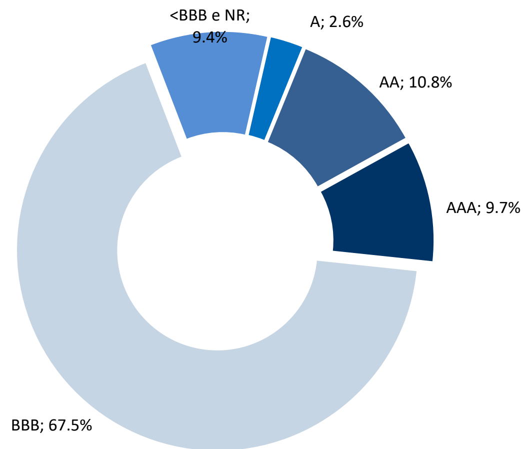
The asset class of investment property saw an increase in the quarter while, with reference to alternative investments, several calls were made of funds already in the portfolio and the construction of the portfolio continued with the subscription of new funds.
The portfolio is denominated principally 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, these companies presented areas of operations highly diversified in geographic terms, for the purpose of minimising recession risks as much as possible.

With reference to the assets managed as at March 31st, 2021, excluding equity investments and contributions from foreign companies, the following details should be noted.

Asset allocation



Bond rating breakdown



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Financial operations

Financial operations ended the period with a profit of € 96 million (+36.3%) and were mainly characterised by net income deriving from other financial instruments and investment property for € 102 million (+21%), with net interest and other net income amounting to € 80 million (-14.9%), with net realised gains totalling € 34 million against € 9 million as at March 31st, 2020 and with net losses from valuation that came to € 12 million (-35.2%).

UNREALISED CAPITAL GAINS AND LOSSES

At the end of the first quarter, unrealised capital gains net of tax effects were recorded on held to maturity investments for € 13 million against the € 15 million at the end of 2020 and unrealised capital gains net of tax effects on loans and receivables for € 156 million against the € 157 million at the end of 2020, relating to bonds and other fixed-income securities.

The overall fair value of the held to maturity investments and loans and receivables as at March 31st, amounted to € 1,543 million against the € 1,627 million at the end of 2020.

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 € 152 million against € 147 million at the end of 2020. The overall fair value of property and investment property came to € 1,393 million against € 1,389 million at the end of 2020.

Aumento di capitale

Emergenza Covid-19

INTERIM MANAGEMENT REPORT

The Group in the first quarter of 2021

Business performance for the period

Significant events and other information

SIGNIFICANT EVENTS AND OTHER INFORMATION

SIGNIFICANT TRANSACTIONS CARRIED OUT DURING THE PERIOD

Significant transactions carried out during the period

The significant events that occurred during the first three months 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 period.

You are hereby reminded that the Parent Company's Board of Directors resolved to comply, with effect as from December 13th, 2012, with the opt-out regime as per Arts. 70, paragraphs 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

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

On February 8th, 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, 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 share capital increase for the remaining € 200 million until July 31st, 2021.

On March 5th, 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.

In order to support a high rating level in 2021, as already envisaged in the Group Plan approved by the Board of Directors of Cattolica on January 28th, on March 15th the company CattRe benefited from a share capital increase of € 15 million, fully subscribed by the Parent Company as sole shareholder.

Banco BPM

On March 5th, Banco BPM and Cattolica Assicurazioni announced that they had reached an agreement by which their respective differences are resolved 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 envisaged, 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 provided 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 extraordinary reserves/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 envisaged 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 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 resulted in a review of the various contracts currently governing the partnership.

On April 16th, 2021, the parties signed the final agreements, in line with what was agreed on March 5th.

Supervisory Authorities

On January 8th, 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 Parent Company in relation to the legal violations contested.

By order of February 11th, 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, the Board of Directors approved the findings communication, including the Remediation 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, 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.
- Limitations on cash 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.

Board of Directors and Committees: 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.

Strengthening of the strategic planning process: 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.

Activities to verify the functionality of the administrative body and of the board committees: 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.

Strengthening of the internal audit and risk management units: 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 the agreements with Coldiretti: the Plan defines interventions on the management of the agency network and the agreements with Coldiretti based on the following guidelines: (i) remuneration and incentive system of the agency network, (ii) initiatives aimed at restructuring of loss-making agency portfolios, (iii and iv) control processes on the agency network and the agreements with Coldiretti.

On March 16th, 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 2, of the Italian Civil Code to be inapplicable to the Issuer.

RISK MANAGEMENT

For further information on the Group's Risk Management System and the related Management Procedures, reference should be made to the information provided in detail in the Consolidated Financial Statements 2020.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to CONSOB Regulation No. 17221 of 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 regulations.

The document relating to this procedure - which should be referred to for details - is published on the website of the Parent Company at www.cattolica.it, in the “Governance” section.

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

RATIOS PER SHARE

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

Table 12 - Ratios per share

(amounts in €)	March 31st, 2021	March 31st, 2020
Number of outstanding shares (*)	177,190,280	167,255,023
Premiums written per share (insurance premiums and investment contracts)	7.21	6.57
Group profit per share	0.25	0.08
Group shareholders' equity per share	12.33	10.97

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

SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

On April 6th, 2021, an inspection began at Vera Vita, pursuant to Article 189 of Italian Legislative Decree No. 209 of September 7th, 2005. The assessment is aimed at verifying the management of the liquidation processes.

On April 12th, 2021, in performing the binding agreement executed in December with UBI Banca concerning the early termination, with respect to the scheduled expiry date of June 30th, 2021, of the life bancassurance agreements in place between the parties, the transfer of the equity investment held by Cattolica in Lombarda Vita was carried out in favour of Intesa Sanpaolo S.p.A., which succeeded UBI Banca as a result of the merger completed on the same date. As envisaged in the agreements, the purchaser paid Cattolica € 219.8 million. Following the completion of the transaction, the Cattolica Group will make an IAS/IFRS profit of more than € 100 million in the consolidated financial statements 2021 and in the Cattolica's financial statements a profit of approximately € 60 million. The residual balance of € 80 million will be used to repay the loan currently in place in favour of Cattolica of the same amount. In this regard, it should be noted that on April 26th, 2021, Cattolica filed a request for repayment of the above-mentioned loan with IVASS.
As part of the same transaction, Lombarda Vita sold the interest held in Cattolica Services to the Parent Company for a consideration of € 1,710.40. Lastly, Cattolica and Cattolica Services, on the one hand, and Lombarda Vita, on the other hand, signed two contracts on April 12th, 2021 for the outsourcing of some temporary services connected with the dissolution of the partnership. These contracts will last until December 31st, 2021.

On April 15th, 2021, the Board of Directors of Cattolica Assicurazioni concluded the process started on February 4th for the presentation of a list, in view of the renewal of the Board for the following three years, noting that as of April 1st, the Parent Company has taken the legal form of joint-stock company with the related Shareholders' Meeting rules.
In line with the directions on the optimal qualitative-quantitative composition of the Company's administrative body, the Appointments Committee, supported by the advisor Spencer Stuart, after examining a significant number of potential candidates, has submitted a proposed list of 15 candidates to the Board of Directors, based on the appointment of a Board composed of 15 members. The Board of Directors discussed the proposal and approved unanimously the aforementioned list of candidates that was to be submitted to the Shareholders' Meeting scheduled for May 13th/14th, respectively, on first and second call.

On April 19th, 2021 it was announced that, in relation to the appointment of the members of the Board of Directors and of the Management Control Committee on the agenda of the Ordinary Shareholders' Meeting of Cattolica di Assicurazione convened for May 13th/14th, 2021, only one list had been submitted by the deadline, April 18th.
Therefore, pursuant to Article 22.7 of the Articles of Association and in compliance with point 3. of the Operating Procedures for the presentation of the list published on April 3rd, the aforementioned deadline for the presentation was extended to April 21st, 2021 by 5:00 p.m. The thresholds set out for the legitimacy of the presentation were therefore reduced by half, or equal to 1.25% of the share capital.

In April 2021, the Boards of Directors of Cattolica, ABC Assicura and Berica Vita approved the merger plans by incorporation of the latter into Cattolica. These transactions, in any case separate and autonomous, are subject to the necessary authorisations by the competent Authorities and, if finalised by 2021, are expected to have accounting effects prior to January 1st, 2021.

On May 14th, the Ordinary Shareholders' Meeting of Cattolica Assicurazioni was held and considering the emergency related to the Covid-19 epidemic and the purposes of maximum protection and safety, it was held exclusively through the Designated Representative (Computershare S.p.A.), pursuant to Italian Legislative Decree No. 58 of February 24th, 1998, to which the shareholders had granted a proxy containing the voting instructions on the items on the agenda. A total of 109,652,358 ordinary shares, representing approximately 48.02% of the share capital, were represented at the Shareholders' Meeting through the Designated Representative. The Shareholders' Meeting has approved the following items on the agenda:

- Approval of the new Shareholders' Meeting Regulations: with regard to the transformation of the Parent Company into a joint-stock company, it was necessary to proceed with the approval of the new Shareholders' Meeting Regulations, so as to update the rules for holding the Meeting in compliance with the changed conditions and the different business name;

- Approval of the 2020 financial statements and the accompanying reports, with consequent and correlated resolutions;
- Determination of the number of members of the Board of Directors (15) for the financial years 2021 – 2023 pursuant to Article 19 of the Articles of Association;
- Appointment of the members of the Board of Directors, including the members of the Management Control Committee for the years 2021–2023: the Shareholders' Meeting appointed the following members of the Board of Directors: Davide Croff, Camillo Candia, Luigi Migliavacca, Carlo Ferraresi, Stefano Gentili, Roberto Lancellotti, Cristiana Procopio, Daniela Saitta, Giulia Staderini, Elena Vasco, Silvia Arlanch and Laura Santori all from the list submitted by the Board of Directors and the one that obtained the highest number of votes ("Majority List"). The directors Paolo Andrea Rossi, Laura Ciambellotti and Michele Rutigliano were also elected from the list that obtained the second highest number of votes (List No. 2). Directors Michele Rutigliano, Silvia Arlanch and Laura Santori are also members of the Management Control Committee for the three-year period 2021-2023, of which Michele Rutigliano is chairman. Carlo Ferraresi was also appointed as Chief Executive Officer, as a candidate included in the Majority List pursuant to Article 22.5 of the Articles of Association;
- Determination of the remuneration of the members of the Board of Directors and the Management Control Committee, as well as the related attendance allowance for the years 2021-2023: the Shareholders' Meeting resolved to set the total gross annual remuneration at € 1,770,000 for the members of the Board of Directors other than the members of the Management Control Committee, for the participation in the Board Committees as well as for the special offices resolved on by the Board of Directors. It also set at € 110,000 the specific fee for each member of the Board of Directors who is also a member of the Management Control Committee and at € 165,000 the fee for the Chairman of the Management Control Committee;
- Report on the remuneration policy and on compensations paid;
- Fee plans based on financial instruments;
- Authorisation to purchase and sell own shares in accordance with the law.

The Board of Directors, which met at the end of the Shareholders 'Meeting, verified the independence requirements set forth by current legislation and the Articles of Association applicable to the directors appointed. Therefore, the Board has qualified all the directors as independent pursuant to Article 148, third paragraph, of Italian Legislative Decree No. 58/1998, except for the Chief Executive Officer, Carlo Ferraresi, and the director, Giulia Staderini. In addition, all directors, with the exception of the Chief Executive Officer and the director Giulia Staderini, declared that they meet the independence requirements set forth in the Corporate Governance Code of Borsa Italiana S.p.A., to which the Company has adhered. Therefore, the provisions of Article 20.2 of the Articles of Association, according to which at least 10 Directors must meet the independence requirements established by Article 148, paragraph 3, of Italian Legislative Decree No. 58/1998, in addition to the provisions of the Corporate Governance Code. Furthermore, the Board of Directors assigned additional corporate offices to the Directors appointed by the Shareholders' Meeting itself. Davide Croff was appointed Chairman, Carlo Ferraresi was confirmed as Managing Director, Camillo Candia was appointed Acting Deputy Chairman, Luigi Migliavacca was appointed Deputy Chairman; Roberto Lancellotti (Chairman), Paolo Andrea Rossi and Cristiana Procopio were appointed as members of the newly established Appointments and Remuneration Committee. Camillo Candia (Chairman), Luigi Migliavacca, Laura Santori, Roberto Lancellotti and Daniela Saitta were appointed as members of the Control and Risk Committee. Laura Ciambellotti (Chairman), Luigi Migliavacca and Elena Vasco were appointed as members of the Related Parties Committee. Giulia Staderini (Chairman), Stefano Gentili and Camillo Candia were appointed as members of the Corporate Governance and Sustainability Committee.

On May 18th, 2021, the Board of Directors of Cattolica, on the basis of the prior opinion of the Appointments and Remuneration Committee, appointed Stefano Gentili as a member of the Control and Risk Committee. Stefano Gentili takes over from Ms Laura Santori, who resigned from said Committee in line with the approach, promoted by the Chairman of the Management Control Committee and subject to extensive discussion by the Board, of avoiding overlapping with the office of member of the Management Control Committee.

On May 26th, 2021, following the press release issued by the Parent Company on August 1st, 2020, it was announced that the Judge for Preliminary Investigations of the Court of Verona, accepting the motion submitted by the Public Prosecutor, dismissed for unfoundedness of the crime the proceedings initiated against some corporate representatives who had been notified on July 31st, 2020 of a notice of investigation on the alleged violation of Article 2636 of the Italian Civil Code (unlawful influence on the Shareholders' Meeting), relating to the meetings of April 13th, 2019, June 27th, 2020 and July 31st, 2020.

On May 26th, 2021, Cattolica participated in the share capital increase of Veronafiere S.p.A. by subscribing a share equal to 50% of the share capital increase, reserved to the latter, paying the total amount of € 1,061,250, including the related share premium.

OUTLOOK FOR BUSINESS ACTIVITIES

On January 28th, Cattolica's Board of Directors provided a forecast Operating Result for the current year between € 265 and € 290 million. To date, there are no indications that this guidance should be updated, also in view of the current evolution of the pandemic scenario with the loosening of the related measures restricting circulation and economic activities and in view of the financial market trends.

However, some potential risks that would lead to a reduction in these results should be considered if they occurred, including:

- a greater increase in the frequency of Motor claims in the coming months compared with the forecast, related to an acceleration in the recovery of road traffic due to the removal of all restrictions, combined with a change in the use of private vehicles for travel;
- a deterioration in the trend of economic activities compared with current expectations, leading to a reduction in premium income and a further decline in investment yields, especially for the bond component, as a result of the continuation of expansionary monetary policies with an impact in terms of lower contribution of technical margins and financial income.

The net profit will also depend on other factors, such as any write-downs.

THE BOARD OF DIRECTORS

Verona, May 27th, 2021

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Total assets

36,741 € mln

Total shareholders' equity

2,665 € mln

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CONSOLIDATED FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

ASSETS

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		March 31st, 2021	December 31st, 2020
1	**INTANGIBLE ASSETS**	**689**	**705**
1.1	Goodwill	410	410
1.2	Other intangible assets	279	295
2	**TANGIBLE ASSETS**	**224**	**226**
2.1	Property	200	201
2.2	Other tangible assets	24	25
3	**TECHNICAL PROVISIONS - REINSURANCE AMOUNT**	**575**	**580**
4	**INVESTMENTS**	**23,859**	**23,895**
4.1	Property Investments	974	975
4.2	Investments in subsidiaries, associated companies and joint ventures	167	174
4.3	Held to maturity investments	99	184
4.4	Loans and receivables	1,199	1,194
4.5	Available for sale financial assets	17,018	17,147
4.6	Financial assets at fair value through profit or loss	4,402	4,221
5	**SUNDRY RECEIVABLES**	**556**	**663**
5.1	Receivables deriving from direct insurance transactions	314	452
5.2	Receivables deriving from reinsurance transactions	78	82
5.3	Other receivables	164	129
6	**OTHER ASSETS ITEMS**	**10,386**	**10,741**
6.1	Non-current assets or disposal group held for sale	9,115	9,363
6.2	Deferred acquisition costs	14	15
6.3	Deferred tax assets	520	634
6.4	Current tax assets	531	559
6.5	Other assets	206	170
7	**CASH AND CASH EQUIVALENTS**	**452**	**360**
	TOTAL ASSETS	**36,741**	**37,170**

SHAREHOLDERS' EQUITY AND LIABILITIES

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		March 31st, 2021	December 31st, 2020
1	**SHAREHOLDERS' EQUITY**	**2,665**	**2,613**
1.1	**pertaining to the Group**	**2,185**	**2,140**
1.1.1	Share	685	685
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	847	847
1.1.4	Revenue reserves and other equity reserves	693	657
1.1.5	(Own shares)	−165	−165
1.1.6	Reserve for net exchange differences	0	0
1.1.7	Gains or losses on available for sale financial assets	77	78
1.1.8	Other gains or losses recognised directly in equity	3	2
1.1.9	Profit (loss) for the period pertaining to the Group	45	36
1.2	**pertaining to minority interests**	**480**	**473**
1.2.1	Capital and reserves pertaining to minority interests	453	420
1.2.2	Profits or losses recognised directly in equity	17	18
1.2.3	Profit (loss) for the period pertaining to minority interests	10	35
2	**PROVISIONS AND ALLOWANCES**	**69**	**67**
3	**TECHNICAL PROVISIONS**	**22,563**	**22,695**
4	**FINANCIAL LIABILITIES**	**1,181**	**1,263**
4.1	Financial liabilities at fair value through profit or loss	284	362
4.2	Other financial liabilities	897	901
5	**PAYABLES**	**445**	**445**
5.1	Payables deriving from direct insurance transactions	123	118
5.2	Payables deriving from reinsurance transactions	83	79
5.3	Other payables	239	248
6	**OTHER LIABILITIES ITEMS**	**9,818**	**10,087**
6.1	Liabilities of disposal group held for sale	8,882	9,132
6.2	Deferred tax liabilities	536	634
6.3	Current tax liabilities	277	189
6.4	Other liabilities	123	132
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**36,741**	**37,170**

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INCOME STATEMENT

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		March 31st, 2021	March 31st, 2020 (*)
1.1	Net premiums	1,232	1,040
1.1.1	*Gross premiums written*	1,287	1,100
1.1.2	*Ceded premiums*	−55	−60
1.2	Commissions income	0	1
1.3	Income and charges from financial instruments at fair value through profit or loss	85	−331
1.4	Income from investments in subsidiaries, associated companies and joint ventures	2	2
1.5	Income from other financial instruments and investment property	183	164
1.5.1	*Interest income*	86	107
1.5.2	*Other income*	23	26
1.5.3	*Realised gains*	74	31
1.5.4	*Valuation gains*	0	0
1.6	Other revenues	34	22
1	**TOTAL REVENUES AND INCOME**	**1,536**	**898**
2.1	Net charges relating to claims	−1,106	−517
2.1.1	*Amounts paid and change in technical provisions*	−1,123	−571
2.1.2	*Reinsurance amount*	17	54
2.2	Commissions expense	−1	−1
2.3	Charges from investments in subsidiaries, associated companies and joint ventures	0	−1
2.4	Charges from other financial instruments and investment property	−81	−80
2.4.1	*Interest expense*	−28	−39
2.4.2	*Other charges*	−1	−1
2.4.3	*Realised losses*	−40	−22
2.4.4	*Valuation losses*	−12	−18
2.5	Operating expenses	−197	−189
2.5.1	*Commission and other acquisition costs*	−128	−128
2.5.2	*Operating expenses relating to investments*	−13	−12
2.5.3	*Other administrative expenses*	−56	−49
2.6	Other costs	−71	−85
2	**TOTAL COSTS AND CHARGES**	**−1,456**	**−873**
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	**80**	**25**
3	Taxation	−31	−16
	PROFIT (LOSS) FOR THE PERIOD NET OF TAXATION	**49**	**9**
4	**PROFIT (LOSS) FROM DISCONTINUED OPERATIONS**	**6**	**11**
	CONSOLIDATED PROFIT (LOSS)	**55**	**20**
	pertaining to the Group	**45**	**14**
	pertaining to minority interests	**10**	**6**

(*) 2020 figures have been restated in accordance with IFRS 5.

STATEMENT OF COMPREHENSIVE INCOME

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)	March 31st, 2021	March 31st, 2020
CONSOLIDATED PROFIT (LOSS)	**55**	**20**
Other income components net of income taxes without reclassification in the income statement	**0**	**0**
Change in the shareholders' equity of investee companies	0	0
Change in intangible assets revaluation reserve	0	0
Change in tangible assets revaluation reserve	0	0
Income and charges relating to non-current assets or disposal group held for sale	0	0
Actuarial gains and losses and adjustments related to defined-benefit plans	0	0
Other items	0	0
Other income components net of income taxes with reclassification in the income statement	**−1**	**−87**
Change in reserve for net exchange differences	0	0
Gains or losses on available for sale financial assets	−2	−86
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	−1
Income and charges relating to non-current assets or disposal group held for sale	0	0
Other items	0	0
TOTAL OF THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**−1**	**−87**
TOTAL OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**54**	**−67**
pertaining to the Group	**45**	**−64**
pertaining to minority interests	**9**	**−3**

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

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI ______________________ (**)

______________________ (**)

______________________ (**)

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

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

CASH FLOW STATEMENT

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)	March 31st, 2021	March 31st, 2020
Profit (loss) for the period before taxation	**80**	**39**
Changes in non-monetary items	**211**	**−89**
Change in non-life premium provision	−21	−12
Change in provision for outstanding claims and other non-life technical provisions	−73	−98
Change in mathematical provisions and other life technical provisions	295	−524
Change in deferred acquisition costs	0	0
Change in provisions and allowances	2	−2
Non-monetary income and charges from financial instruments, investment property and equity investments	−13	523
Other changes	21	24
Change in receivables and payables generated by operating activities	**62**	**−35**
Change in receivables and payables deriving from direct insurance and reinsurance transactions	151	101
Change in other receivables/payables, other assets/liabilities	−89	−136
Taxes paid	**100**	**143**
Net liquidity generated/absorbed by monetary items pertaining to investments and financing activities	**−77**	**9**
Liabilities from financial contracts issued by insurance companies	−77	9
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	**376**	**67**
Net liquidity generated/absorbed by investment property	−4	−3
Net liquidity generated/absorbed by investments in subsidiaries, associated companies and joint ventures	10	6
Net liquidity generated/absorbed by loans and receivables	0	−147
Net liquidity generated/absorbed by held to maturity investments	82	9
Net liquidity generated/absorbed by available for sale financial assets	−256	−317
Net liquidity generated/absorbed by tangible and intangible assets	−4	−8
Other net liquidity flows generated/absorbed by investment activities	−109	372
TOTAL NET LIQUIDITY DERIVING FROM INVESTMENT ACTIVITIES	**−281**	**−88**
Net liquidity generated/absorbed by capital instruments pertaining to the Group	0	−1
Net liquidity generated/absorbed by own shares	0	0
Distribution of dividends pertaining to the Group	0	0
Net liquidity generated/absorbed by capital and reserves pertaining to minority interests	0	0
Net liquidity generated/absorbed by subordinated liabilities and by participative financial instruments	7	7
Net liquidity generated/absorbed by sundry financial liabilities	−10	−5
TOTAL NET LIQUIDITY DERIVING FROM FINANCING ACTIVITIES	**−3**	**1**
Effect of the exchange differences on cash and cash equivalents	**0**	**0**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	360	468
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	92	−20
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	452	448

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		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 March 31st, 2020
Shareholders' equity pertaining to the Group	Share capital	523	0	0		0		523
	Other equity instruments	0	0	0		0		0
	Capital reserves	712	0	0		0		712
	Revenue reserves and other equity reserves	560	0	78		0	2	640
	(Own shares)	−50	0	0		0		−50
	Profit (loss) for the period	75	0	−61		0		14
	Other components of the statement of comprehensive	74	0	−70	−9	0	0	−5
	Total pertaining to the Group	**1,894**	**0**	**−53**	**−9**	**0**	**2**	**1,834**
Shareholders' equity pertaining to minority interests	Capital and reserves pertaining to minority interests	419	0	26		0	−3	442
	Profit (loss) for the period	28	0	−22		0		6
	Other components of the statement of comprehensive income	10	0	−4	−4	0	0	2
	Total pertaining to minority interests	**457**	**0**	**0**	**−4**	**0**	**−3**	**450**
TOTAL		**2,351**	**0**	**−53**	**−13**	**0**	**−1**	**2,284**

(€ millions)		Balance as at December 31st, 2020	Change in closing balances	Charges	Adjustments from reclassification to income statement	Transfers	Changes in investment holdings	Balance as at March 31st, 2021
Shareholders' equity pertaining to the Group	Share capital	685	0	0		0		685
	Other equity instruments	0	0	0		0		0
	Capital reserves	847	0	0		0		847
	Revenue reserves and other equity reserves	657	0	36		0	0	693
	(Own shares)	−165	0	0		0		−165
	Profit (loss) for the period	36	0	9		0		45
	Other components of the statement of comprehensive income	80	0	52	−52	0	0	80
	Total pertaining to the Group	**2,140**	**0**	**97**	**−52**	**0**	**0**	**2,185**
Shareholders' equity pertaining to minority interests	Capital and reserves pertaining to minority interests	420	0	33		0	0	453
	Profit (loss) for the period	35	0	−25		0		10
	Other components of the statement of comprehensive income	18	0	27	−28	0	0	17
	Total pertaining to minority interests	**473**	**0**	**35**	**−28**	**0**	**0**	**480**
TOTAL		**2,613**	**0**	**132**	**−80**	**0**	**0**	**2,665**

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

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI (**)

____________________ (**)

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

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

NOTES TO THE ACCOUNTS

NOTES TO THE ACCOUNTS

Part A - Basis of presentation and consolidation area

PART A
BASIS OF PRESENTATION AND CONSOLIDATION AREA

Applicable legislation

The consolidated interim report as at March 31st, 2021, comprising the interim management report and the condensed consolidated financial statements has been drawn up by the Parent Company Cattolica di Assicurazione Soc. Coop. (Cattolica Assicurazione S.p.A., as from April 1st, 2021) pursuant to Article 154-ter, paragraphs 2, 3, 4 of Italian Legislative Decree No. 58 of February 24th, 1998, "Regulations concerning financial brokers" and Article 95 of Italian Legislative Decree No. 209 of September 7th, 2005, in compliance with the provisions of the IAS/IFRS international accounting standards and the SIC/IFRIC interpretations, taking as reference those approved by the European Commission by March 31st, 2021.

The condensed consolidated financial statements as at March 31st comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the notes to the accounts drawn up in compliance with IAS 34.
The condensed consolidated financial statements as at March 31st, 2021 were prepared in application of IAS 34, also taking into account the provisions of ISVAP Regulation No. 7 of July 13th, 2007. They do not include all the information required for the annual financial statements and must be read together with the consolidated financial statements as at December 31st, 2020.

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 and, as it was done during the preparation of the 2020 consolidated financial statements, of the provisions of the ESMA guidelines 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.

The condensed consolidated financial statements closed as at March 31st, 2021, a date which coincides with that of the financial statements of all companies included within the consolidation area.

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 financial report as at March 31st, have been used for the preparation of the condensed consolidated financial statements as at March 31st, 2021. Vera Financial prepared its report for the first quarter of 2021 in compliance with the international accounting standards. The statements drawn up by the management companies have been used for the funds.

CONSOLIDATION METHODS

a) Line-by-line consolidation

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

When using the line-by-line consolidation method, the book value of the 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" item. 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, under 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 period 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 investment is adjusted in the consolidated financial report as at March 31st, 2021, to reflect the book value of the shareholders' equity pertaining to the Group, which can be taken from the last set of financial statements of the investee company and adjusted by the sum total of the dividends distributed by said company.

If the cost is greater than the pertinent portion of shareholders' equity, the difference remaining from the recognition to amortisable/depreciable assets is identified as "goodwill" implicitly recognised in the "Investments in subsidiaries, associated companies and joint ventures" item, 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 period 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;
- the amortisation of intangible assets recognised as a result of business combinations in accordance with IFRS 3.

The decreases in value emerging subsequent to intragroup transactions are maintained in the consolidated interim report as at March 31st, 2021.

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 March 31st, 2021 is included in the area of consolidation, have been reclassified to the appropriate "held for sale" items in accordance with IFRS 5.

The consolidation area did not change over the quarter.

As at March 31st, 2021, 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 all the following conditions are not satisfied:

- exercise of power, as defined in IFRS 10, over the entity subject to investment;
- being subject in a significant manner to the variable returns of the entity subject to investment;
- being able to exercise its power over the entity subject to investment so as to affect the amount of the returns of the same.

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

These activities, having taken into account that the conditions envisaged for the control by IFRS 10 are not satisfied, are classified in the consolidated financial statements in the category "Available for sale" under item 4.5 of the statement of financial position - available for sale financial assets (AFS) and in the category "Loans and receivables" (LOANS) under 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 financial report consolidated **on a line-by-line basis**, as at March 31st, 2021, in accordance with IFRS 10.

Table13 - Consolidation area

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	69.69%	89.22%		100%
Fondo San Zeno	086	G	10	67.89%	89.12%		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%
Satec Holding s.r.l. (formerly 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.	086	G	11		100.00%		100%
Fondo Girolamo	086	G	10	74.51%	95.09%		100%
Campo dei Fiori s.r.l.	086	G	11		89.12%		100%

(1) Consolidation method: 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 = asset management companies; 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.

(*) Cattolica Assicurazioni S.p.A. as from April 1st, 2021.
(**) Company being divested as at March 31st, 2021 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 shall operate in favour of the investee companies making sure that in the same the protection 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 non-consolidated structured entities identified by the Group include a total of € 790 million represented by special purpose vehicles (SPVs) with underlying securities issued by the Italian government and swaps and € 60 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:

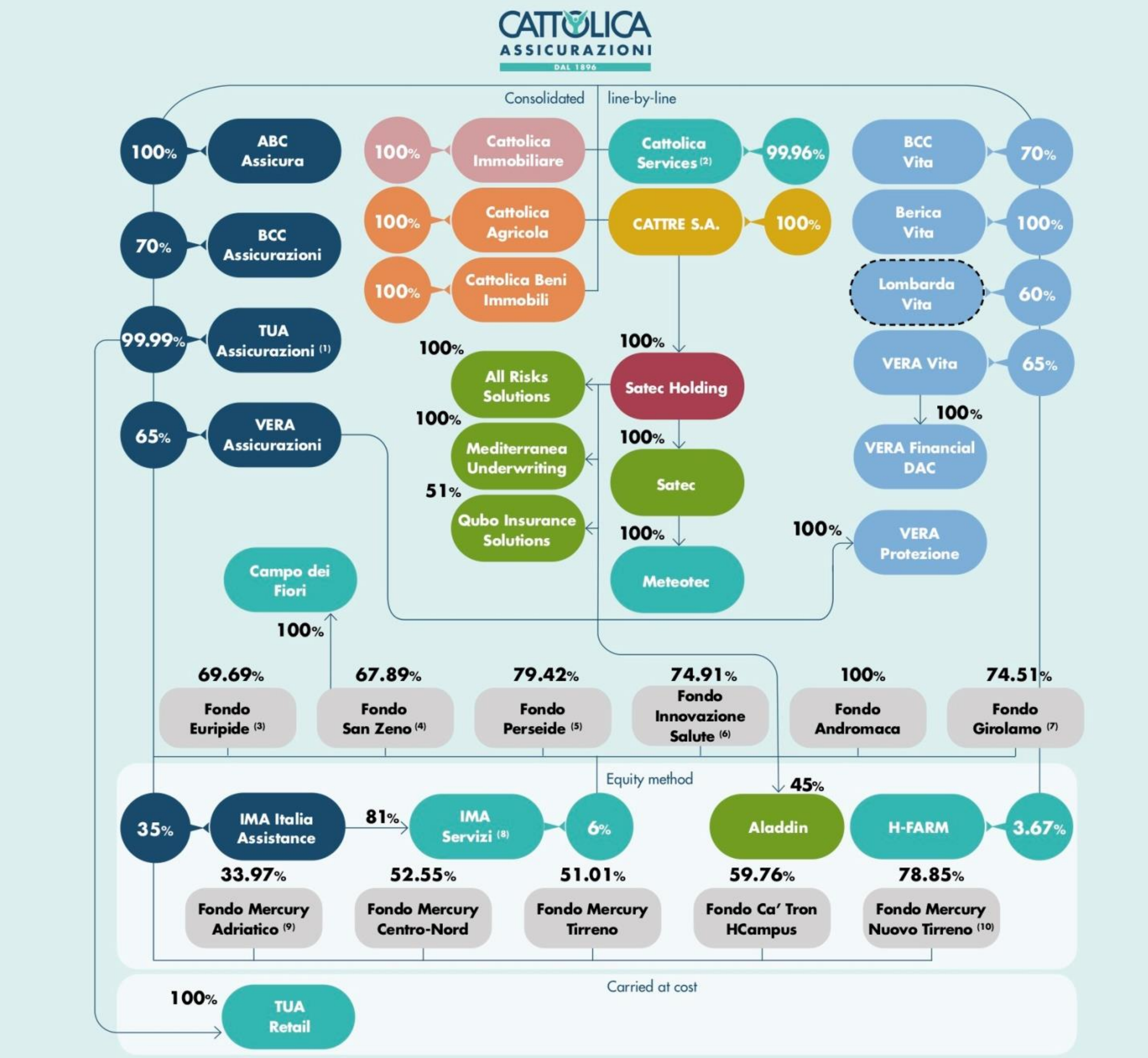
    - **Multi-segment real estate investment fund** called **"Mercury".** The Parent Company holds approximately 51% in the Tyrrhenian and Central-Northern sectors and 33.97% in the Adriatic sector. The total recognised value amounted to € 75 million;
    - **Real estate investment fund** called **"HCampus"** divided into two classes of units. The Parent Company holds Class A and Class B units equal to 59.76% for a total value of € 30 million;
    - **Real estate investment fund** called **"Mercury Nuovo Tirreno"**. The Group holds 90.04% of the units with a book value of € 52 million;
    - **Ima Italia Assistance S.p.A.** with registered office in Sesto San Giovanni, share capital of € 11 million, exercises non-life insurance and reinsurance activities. The Parent Company's direct equity investment is 35% for a value of € 9 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 € 13 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 Satec Holding (formerly Estinvest) holds 45% of the share capital, amounting to € 20 thousand. The figure recorded in the financial statements is € 9 thousand.

2. The company reported as follows is valued at cost in the consolidated interim report as at March 31st, 2021, since it is not significant and its exclusion from the scope of consolidation does not prejudice the reliability of the representation of the financial and equity standing, the economic result and the financial flows of the Group:

    - **TUA Retail s.r.l.** with 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.

CONSOLIDATION AREA



(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 30.31% is held as follows: 16.52% by Lombarda Vita, 10.07% by VERA Vita, 1.87% by TUA Assicurazioni, 1.34% by VERA Protezione and 0.51% by VERA Assicurazioni.
(4) The remaining 32.11% is held as follows: 19.61% by BCC Vita and 12.5% 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
Holding company
Agricultural-real estate sector
Reinsurance
Funds
Life insurance
Operating services
Real estate services
Insurance and reinsurance brokerage (MGA)
Assets held for sale as at December 31st, 2020 pursuant to IFRS 5

As at March 31st, 2021

NOTES TO THE ACCOUNTS

Part B - Accounting standards

E-MARKET SDIR CERTIFIED

PART B ACCOUNTING STANDARDS

Format

The statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement have been drawn up in accordance with the consolidated financial statements laid down according to the instructions provided by ISVAP Regulation No. 7 of 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 interim financial report as at March 31st, 2021, are consistent with the provisions of each IAS/IFRS standard and each SIC/IFRIC, taking as reference those endorsed by the European Commission.
The Group drew up the condensed consolidated financial statements as at March 31st, 2021 using the same recognition and measurement criteria adopted for the consolidated financial statements as at December 31st, 2020.

Reporting currency used in the financial statements

The reporting currency for the consolidated interim report as at March 31st, 2021 is the Euro. The report has been drawn up in millions of Euro without decimals, duly rounded off as per the applicable legislation. The amounts have been rounded up or down to the closest unit. The rounded off amount of totals and subtotals in the statement of financial position and income statement is the sum of the rounded off amounts of the individual items.

Foreign currency items

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

Section 1

Illustration of the accounting principles

The accounting principles adopted to draw up this consolidated financial report as at March 31st, 2021 are compliant with those used for the consolidated financial statements as at December 31st, 2020; therefore, reference should be made to Part B of the notes to the accounts of the consolidated financial statements for a detailed illustration of the accounting standards and the contents of the items in the accounting schedules.
The accounting standards adopted for the drafting of the consolidated interim report as at March 31st, 2021 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 consolidated interim report as at March 31st, 2021. Vera Financial has produced the accounting figures included in the consolidated interim report as at March 31st, 2021, in accordance with international accounting standards.
No significant consolidation adjustments were necessary in order to adapt the consolidated companies' accounting standards and principles to those of the Parent Company, with the exception of investment property held by the real estate property funds, which in their accounts value said properties at fair value and therefore, for the purpose of the consolidated interim report as at March 31st, 2021 are stated at historic cost net of the related accumulated depreciation and any impairment losses made to align the depreciated cost to fair value (if lower).
The preparation of the Group's financial statements requires the directors to make discretionary evaluations, estimates based on past experience and assumptions considered reasonable and realistic on the basis of information known at the time of the estimate. The use of these estimates influences the book value of assets and liabilities, identification of potential liabilities at the date of the financial statements, as well as the volumes of revenues and costs in the reference period. The assumptions made are deemed appropriate for the preparation of the condensed consolidated financial statements as at March 31st, 2021 and, consequently, the 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 first

quarter of 2021. 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, following is 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 stood at 199% as at March 31st, 2021, and the same ratio deriving from solvency monitoring as at April 30th, 2021, was estimated at 198%.

NOTES TO THE ACCOUNTS

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

PART C
STATEMENT OF FINANCIAL POSITION - ASSETS

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

Table 14 - Statement of financial position by sector of activities

(€ millions)	Non-life business		Life business		Other		Eliminations between sectors		Total	
	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020
1 INTANGIBLE ASSETS	**227**	**227**	**110**	**110**	**130**	**140**	**222**	**228**	**689**	**705**
2 TANGIBLE ASSETS	**53**	**54**	**4**	**3**	**167**	**169**	**0**	**0**	**224**	**226**
3 TECHNICAL PROVISIONS - REINSURANCE AMOUNT	**570**	**574**	**105**	**104**	**0**	**0**	**-100**	**-98**	**575**	**580**
4 INVESTMENTS	**5,804**	**5,690**	**21,192**	**21,289**	**34**	**35**	**-3,171**	**-3,119**	**23,859**	**23,895**
4.1 Investment property	426	428	516	516	33	32	-1	-1	974	975
4.2 Investments in subsidiaries, associated companies and joint ventures	1,698	1,681	415	412	0	0	-1,946	-1,919	167	174
4.3 Held to maturity investments	38	106	61	78	0	0	0	0	99	184
4.4 Loans and receivables	578	574	702	700	1	1	-82	-81	1,199	1,194
4.5 Available for sale financial assets	2,897	2,823	15,263	15,442	0	0	-1,142	-1,118	17,018	17,147
4.6 Financial assets at fair value through profit or loss	167	78	4,235	4,141	0	2	0	0	4,402	4,221
5 SUNDRY RECEIVABLES	**494**	**564**	**198**	**231**	**52**	**60**	**-188**	**-192**	**556**	**663**
6 OTHER ASSETS ITEMS	**381**	**450**	**10,151**	**10,428**	**19**	**23**	**-165**	**-160**	**10,386**	**10,741**
6.1 Deferred acquisition costs	0	0	14	15	0	0	0	0	14	15
6.2 Other assets	381	450	10,137	10,413	19	23	-165	-160	10,372	10,726
7 CASH AND CASH EQUIVALENTS	**137**	**107**	**301**	**246**	**14**	**7**	**0**	**0**	**452**	**360**
TOTAL ASSETS	**7,666**	**7,666**	**32,061**	**32,411**	**416**	**434**	**-3,402**	**-3,341**	**36,741**	**37,170**
1 SHAREHOLDERS' EQUITY									**2,665**	**2,613**
2 PROVISIONS AND ALLOWANCES	**48**	**47**	**12**	**12**	**9**	**8**	**0**	**0**	**69**	**67**
3 TECHNICAL PROVISIONS	**3,499**	**3,596**	**19,230**	**19,257**	**0**	**0**	**-166**	**-158**	**22,563**	**22,695**
4 FINANCIAL LIABILITIES	**577**	**579**	**599**	**674**	**91**	**94**	**-86**	**-84**	**1,181**	**1,263**
4.1 Financial liabilities at fair value through profit or loss	0	0	284	362	0	0	0	0	284	362
4.2 Other financial liabilities	577	579	315	312	91	94	-86	-84	897	901
5 PAYABLES	**336**	**321**	**239**	**221**	**62**	**78**	**-192**	**-175**	**445**	**445**
6 OTHER LIABILITIES ITEMS	**284**	**259**	**9,555**	**9,843**	**2**	**2**	**-23**	**-17**	**9,818**	**10,087**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES									**36,741**	**37,170**

1. INTANGIBLE ASSETS

Table 15 - Intangible assets

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Goodwill	410	410	0	0.0
Other intangible assets:	279	295	−16	−5.3
insurance portfolios	142	149	−7	−4.4
software	108	117	−9	−7.5
models and projects	1	1	0	−15.5
patent rights, trademarks and similar rights	11	11	0	1.1
other	17	17	0	−2.7
Total	**689**	**705**	**−16**	**−2.2**

1.1 Goodwill

Table 16 - Goodwill - changes during the period

(€ millions)	Goodwill
Net balance as at December 31st, 2020	**410**
Decreases due to:	**0**
write-downs	0
Net balance as at March 31st, 2021	**410**
of which cumulative impairment losses as at March 31st, 2021	*231*

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.

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 business (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, Berica Vita CGU, Vera Assicurazioni CGU, Vera Protezione CGU, Vera Vita CGU (including Vera Financial), CattRe CGU (including subsidiaries) and legal entities included within the consolidation area.

In detail, the goodwill recognised in relation to the various CGUs as at March 31st, 2021, is the following:

- € 151 million concerning the Cattolica Danni CGU, represented by the goodwill related to the purchase transactions of Duomo Assicurazioni, Uni One Assicurazioni, FATA Assicurazioni and the partial demerger of B.P.Vi Fondi SGR, which to date have been merged into the Cattolica Danni CGU;
- € 3 million related to Berica Vita CGU, following the initial acquisition of 50% of the company;
- € 61 million related to the Vera Assicurazioni CGU, following acquisition of 65% of the company;

- € 52 million related to Vera Protezione CGU, following acquisition of 65% of the company;
- € 131 million related to Vera Vita CGU (including Vera Financial), following acquisition of 65% of the company;
- € 12 million related to CattRe CGU, concerning 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 during the preparation of the consolidated financial statements as at December 31st, 2020, a goodwill impairment test was carried out, both because of the need to perform it at least annually in accordance with IAS 36, and in consideration of the existence of certain factors deemed potentially suitable to represent indicators of the existence of impairment losses: these indicators were substantially attributable to the level of the stock market prices of Cattolica shares with a consequent capitalisation lower than the value of the Group's shareholders' equity and to the potential effects of the health emergency generated by Covid-19 on the Group's equity and solvency situation and income prospects.
For the purposes of the preparation of the condensed consolidated financial statements as at March 31st, 2021, in the absence of any different trigger events than those already noted in the preparation of the 2020 consolidated financial statements, an analysis was carried out on the main parameters of the Impairment Test model on December 31st, 2020. This analysis highlighted the absence of any worsening deviations with respect to the assessment already carried out and approved by Cattolica's Board of Directors on March 24th, 2021. The valuation parameters subject to analysis are as follows: i) Solvency Ratio Target; ii) Cost of Capital (Ke); iii) Long-term growth rate (g-rate); iv) Actual and prospective Own Funds and Solvency Ratio; v) prospective NBV; vi) Combined Ratio.
Therefore, the results of the impairment test carried out as at December 31st, 2020 were still valid, as there are no qualitative elements that could lead to a different valuation of the scenarios related to the agreements with the counterparty Banco BPM.

It should be noted that for the Vera Assicurazioni, Vera Protection and Vera Vita CGUs, during the year ended 31 December, as reported in the Notes to the accounts, reference was made to the agreement executed with the shareholder Banco BPM on March 5th, 2021: these valuation assumptions were then confirmed by the new shareholders' agreements executed in April 2021.
Consequently, it was decided not to amend the assessment of the recoverability of the aforementioned goodwill as at March 31st, 2021.

With regard to the assumptions, methods and metrics used for the purposes of the impairment test pursuant to IAS 36, as well as the sensitivity analyses, reference should be made to the Notes to the accounts for the consolidated financial statements as at December 31st, 2020.

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 17 - Other intangible assets - changes during the period

(€ millions)	Insurance portfolios	Software	Models and projects	Patent rights, trademarks and similar rights	Other intangible assets	Total
Gross balance as at December 31st, 2020	**279**	**433**	**8**	**18**	**20**	**758**
Accumulated amortisation	130	316	7	7	3	463
Net balance as at December 31st, 2020	**149**	**117**	**1**	**11**	**17**	**295**
Increases due to:	**0**	**3**	**0**	**1**	**0**	**4**
purchase	0	2	0	1	0	3
other	0	1	0	0	0	1
Gross balance as at March 31st, 2021	**279**	**436**	**8**	**19**	**20**	**762**
Amortisation	7	12	0	1	0	20
Accumulated amortisation	**137**	**328**	**7**	**8**	**3**	**483**
Net balance as at March 31st, 2021	**142**	**108**	**1**	**11**	**17**	**279**
of which cumulative impairment losses as at March 31st, 2021	*2*	*1*	*0*	*0*	*0*	*3*

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 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.

2. TANGIBLE ASSETS

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

Table 18 - Tangible assets

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Property	200	201	−1	−0.8
Other tangible assets:	24	25	−1	−3.4
furniture, office machines and internal means of transport	7	8	−1	−9,9
movable assets recorded in public registers	2	2	0	−7,6
plant and equipment	14	14	0	−3.0
inventories and miscellaneous assets	1	1	0	54.9
Total	**224**	**226**	**−2**	**−1.1**

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, € 33 million in property under right of use pursuant to IFRS 16 have been recognised.

The fair value of property held by the Group came to € 215 million.

2.2 Other tangible assets

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

Right of use assets attributable to furniture, office machinery and means of transport are recognised for € 7 million and movable assets recorded in public registers for € 2 million.

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 period, either in the accounting estimates or the depreciation methods used.

3. TECHNICAL PROVISIONS - REINSURANCE AMOUNT

Table 19 - Analysis of technical provisions - Reinsurance amount

(€ thousands)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Non-life provisions	**472**	**476**	**−4**	**−1.2**
Life provisions	**103**	**104**	**−1**	**−0.4**
Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	0	0	0	n.a.
Other provisions	103	104	−1	−0.4
Total	**575**	**580**	**−5**	**−1.0**

n.a. = not applicable

The reinsurance amount of technical provisions is calculated using the method consistent with that adopted for direct business.

4. INVESTMENTS

Table 20 - Investments

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Property Investments	974	975	−1	−0.1
Investments in subsidiaries, associated companies and joint ventures	167	174	−7	−4.2
Held to maturity investments	99	184	−85	−46.1
Loans and receivables	1,199	1,194	5	0.4
Available for sale financial assets	17,018	17,147	−129	−0.8
Financial assets at fair value through profit or loss	4,402	4,221	181	4.3
Total	**23,859**	**23,895**	**−36**	**−0.1**

4.1 Investment property

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

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

Table 21 - Investment property - changes during the period

(€ millions)	Property Investments	Property under construction	Total
Gross balance as at December 31st, 2020	**1,064**	**0**	**1,064**
Accumulated depreciation	89	0	89
Net balance as at December 31st, 2020	**975**	**0**	**975**
Increases due to:	**4**	**0**	**4**
other	4	0	4
Gross balance as at March 31st, 2021	**1,068**	**0**	**1,068**
depreciation	5	0	5
Accumulated depreciation	**94**	**0**	**94**
Net balance as at March 31st, 2021	**974**	**0**	**974**
of which cumulative impairment losses as at March 31st, 2021	*30*	*0*	*30*

The increases refer to incremental expenses incurred on property owned.

Revenues for rents generated during the period amounted to € 15 million.
Buildings included under investment property are subject to a systematic depreciation process calculated in relation to the useful life, generally equal to 50 years (2% depreciation rate), with the exception of the properties owned by Fondo Perseide for which the useful life is estimated in relation to the duration of the related surface rights.

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

The fair value of the investment property held by the Group, based on the latest valuations carried out as at December 31st, 2020, amounted to€ 1,178 million.

Taking into account the macroeconomic context linked to Covid-19, which has generated financial difficulties for several tenants, the Group has taken steps, already in the previous year, 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.
In particular, the main procedures for estimating the value of properties are as follows:

- Market Approach: this provides an indication of the value comparing the asset subject to assessment with identical or similar assets for which information on prices is available. The comparison between the assets subject to estimation and similar assets takes place on the basis of the technical parameter represented by the measurement of the land registry surface areas for the agricultural land and the uncovered appurtenances of the buildings and the commercial surface areas for the buildings, structured differently in relation to the intended uses of the same. If the asset being estimated presents differences with respect to the comparable assets and the reference types of the sources, weighting (or differentiation) factors are resorted to, which permit a correct comparison procedure. The estimate of these factors is carried out with reference to the indications of specialised literature in the sector.

- Cost Approach: based on the depreciated replacement cost used for certain properties, with particular characteristics. The estimate of the fair value of the assets by means of the depreciated replacement cost is broken down into three phases and is carried out on the basis of the technical parameter of the gross surface area:

  - the estimate of the current value of the land referring to the purchase cost of similar land in terms of location and intended use;
  - the estimate of the depreciation reconstruction cost obtained from the estimate of the building reconstruction cost as new of the building appropriately depreciated in relation to the useful and residual life of the buildings;

- the estimate of the market value of the assets as the sum of the market value of the area and the depreciated replacement cost of the constructions.

- Financial Profit Method based on two approaches:
  - direct capitalisation: this is based on the capitalisation at a rate taken from the property market, of the net future income generated;
  - discounted cash 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).

The Group has applied the criteria of cost net of the accumulated depreciation and any impairment losses to total assets disciplined by IAS 40, IAS 16 and IAS 38.

4.2 Investments in subsidiaries, associated companies and joint ventures

Table 22 - Investments in subsidiaries, associated companies and joint ventures

(€ millions)	March 31st, 2021	December 31st, 2020	Changes	
			Amount	%
Subsidiaries	0	0	0	0.0
Associated companies and joint ventures	167	174	−7	−4.2
Total	**167**	**174**	**−7**	**−4.2**

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 comprises mainly 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 equity 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 Ca' Tron HCampus funds, the "Mercury Nuovo Tirreno" fund, Ima Italia Assistance, Ima Servizi and H-FARM.

Table 23 - Analysis of non-consolidated equity investments

(€ millions) Name	Registered offices and operating headquarters	Assets (1)	Type (2)	% direct investment	% total holding (3)	% of votes available during ordinary shareholders' meetings (4)	Book value
Ima Italia Assistance S.p.A.	086	1	b	35.00%	35.00%		9
Ima Servizi S.c.a.r.l.	086	11	b	10.00%	37.70%		0
TUA Retail S.r.l.	086	11	a	100.00%	99.99%		0
Fondo Mercury Centronord	086	10	c	52.55%	52.55%		25
Fondo Mercury Adriatico	086	10	c	33.97%	45.93%		25
Fondo Mercury Tirreno	086	10	c	51.01%	51.01%		26
Fondo Mercury Nuovo Tirreno	086	10	c	90.04%	90.04%		52
Fondo Ca' Tron Hcampus	086	10	c	59.76%	59.76%		30
H-Farm S.p.a.	086	11	b	3.67%	3.67%		0
Aladdin S.r.l.	086	11	b	45.00%	45.00%		0
Total							**167**

(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 = asset management companies; 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.

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 period 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 million as at March 31st, 2021.
If this reclassification had not been carried out, capital gains of € 988 thousand would have been recognised in the income statement during the quarter.

Table -24 Financial Investments

(€ millions)	March 31st, 2021	%	December 31st, 2020	%	Changes: Amount	Changes: %
Held to maturity investments	99	0.4	184	0.8	−85	−46.1
Loans and receivables	1,199	5.3	1,194	5.2	5	0.4
Available for sale financial assets	17,018	74.9	17,147	75.4	−129	−0.8
Financial assets at fair value through profit or loss	4,402	19.4	4,221	18.6	181	4.3
Total	**22,718**	**100.0**	**22,746**	**100.0**	**−28**	**−0.1**

Table 25 - Analysis of financial assets

Financial investments (disciplined by IAS 39)	Held to maturity investments		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss				Total book value	
							Financial assets held for trading		Financial assets at fair value through profit or loss			
(€ millions)	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020
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	46	45	3	3	86	41	135	89
of which listed	*0*	*0*	*0*	*0*	*19*	*18*	*3*	*3*	*86*	*41*	*108*	*62*
Debt securities	99	184	1,121	1,116	16,105	16,307	623	630	1,048	878	18,996	19,115
of which listed	*99*	*184*	*0*	*0*	*16,061*	*16,263*	*623*	*629*	*1,048*	*878*	*17,831*	*17,954*
UCITS units	0	0	0	0	867	795	5	8	2,632	2,653	3,504	3,456
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	14	0	0	0	0	0	0	13	14
Receivable financial components of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	65	64	0	0	0	0	0	0	65	64
Non-hedging derivatives	0	0	0	0	0	0	5	8	0	0	5	8
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	**99**	**184**	**1,199**	**1,194**	**17,018**	**17,147**	**636**	**649**	**3,766**	**3,572**	**22,718**	**22,746**

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.

As at March 31st, 2021, this item amounted to € 99 million, a decrease of € 85 million compared to December 31st, 2020. This change is mainly due to the repayments of instruments that have reached maturity for € 68 million and to sales for € 15 million, the latter occurring close to the maturity date of the securities.

4.4 Loans and receivables

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

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

4.5 Available for sale financial assets

This category includes all the financial assets, valued at fair value, other than derivative instruments, both debt

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

The Board of Directors of the Cattolica Group, in continuity with previous years, has confirmed the following thresholds for determining impairment losses, in line with maximum prudence principles, at its meeting held on February 18th, 2021.
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 in value were revealed, before tax effects, on mutual investment funds for € 7.5 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.

Derivatives

The consolidated balance sheet assets include non-hedging derivatives amounting to € 5 million, held for trading.

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The tables below provide a breakdown of the Cattolica Group’s residual exposures as at March 31st, 2021, in debt securities issued or guaranteed by European Union countries.

Table 26 - Exposure in government debt securities issued or guaranteed by EU zone countries - Available for sale financial assets

Country (€ millions)	Maturity up to 5 years	Maturing from 6 to 10 years	Maturity beyond 10 years	Total fair value	Gross AFS provision
Italy	2,496	1,960	3,160	**7,616**	712
Spain	185	899	189	**1,273**	89
Portugal	2	26	63	**91**	13
Ireland	3	94	17	**114**	7
Greece	0	0	0	**0**	0
France	26	709	422	**1,157**	19
Germany	326	359	592	**1,277**	-9
Other EU countries	57	346	362	**765**	26
TOTAL	**3,095**	**4,393**	**4,805**	**12,293**	**857**

Table 27 - Exposure in government debt securities issued or guaranteed by EU zone countries - Financial assets at fair value through profit or loss

Country (€ millions)	Maturity up to 5 years	Maturing from 6 to 10 years	Maturity beyond 10 years	Total fair value*
Italy	165	58	45	**268**
Spain	117	15	10	**142**
Portugal	2	8	1	**11**
Ireland	0	0	1	**1**
Greece	0	0	0	**0**
France	161	17	19	**197**
Germany	319	10	9	**338**
Other EU countries	12	7	15	**34**
TOTAL	**776**	**115**	**100**	**991**

* Of which the value of financial assets at fair value through profit or loss amounted to € 369 million.

Table 28 - Exposure in debt securities issued or guaranteed by EU zone countries - Held to maturity investments

Country (€ millions)	Maturity up to 5 years	Maturity from 6 to 10 years	Maturity beyond 10 years	Total book value	Total fair value
Italy	94	2	0	**96**	113
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	**94**	**2**	**0**	**96**	**113**

Table 29 - Assets and liabilities valued at fair value on a recurrent and non-recurrent basis: breakdown by fair value hierarchy

(€ millions)		Level 1 March 31st, 2021	Level 1 December 31st, 2020	Level 2 March 31st, 2021	Level 2 December 31st, 2020	Level 3 March 31st, 2021	Level 3 December 31st, 2020	Total March 31st, 2021	Total December 31st, 2020
Assets and liabilities valued at fair value on a recurrent basis									
Available for sale financial assets		15,770	15,905	554	536	694	706	17,018	17,147
Financial assets at fair value through profit or loss	Financial assets held for trading	629	639	1	1	6	9	636	649
	Financial assets at fair value through profit or loss	1,148	1,113	2,516	2,381	102	78	3,766	3,572
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		**17,547**	**17,657**	**3,071**	**2,918**	**802**	**793**	**21,420**	**21,368**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	0	0	0	0	0	10	0	10
	Financial liabilities at fair value through profit or loss	0	0	284	352	0	0	284	352
Total liabilities at fair value on a recurrent basis		**0**	**0**	**284**	**352**	**0**	**10**	**284**	**362**

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;
- estimated recovery values for securities in a declared state of bankruptcy;
- estimates and assumptions based on input data relating to historical volatility for the valuation of securities issued by vehicles with underlying government bonds related to inflation (btp repack);
- 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 30 - Analysis of changes in level 3 financial assets and liabilities at fair value on a recurrent basis

(€ millions)	Available for sale financial assets	Financial assets at fair value through profit or loss: Financial assets held for trading	Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss	Investment property	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss: Financial liabilities held for trading	Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss
Opening balance	**706**	**9**	**78**	**0**	**0**	**0**	**10**	**0**
Purchases/Issues	80	0	0	0	0	0	0	0
Sales/Repurchases	−28	0	0	0	0	0	−10	0
Reimbursements	0	0	0	0	0	0	0	0
Gain or loss through profit or loss	0	−3	24	0	0	0	0	0
- of which valuation profits/losses	−7	0	0	0	0	0	0	0
Gain or loss recorded in other components of the statement of comprehensive income	−2	0	0	0	0	0	0	0
Transfers to level 3	0	0	0	0	0	0	0	0
Transfers to other levels	−62	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Closing balance	**694**	**6**	**102**	**0**	**0**	**0**	**0**	**0**

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

Transitions from level 3 to level 2 for a total of € 62 million concerned bonds classified under “Available for sale financial assets” for a total of € 51 million and funds classified under “Available for sale financial assets” for a total of € 11 million.

The transfers from level 2 to level 3 involved bonds classified under "Financial assets at fair value through profit or loss" for a total amount of € 184 thousand.

Transitions from level 1 to level 2, for a total of € 46 million, concerned bonds for a value of € 46 million, fully recognised under “Available for sale financial assets”.

In conclusion, the transfers from level 2 to level 1, for a total of € 109 million, concerned:

- “Available for sale financial assets”: bonds for an equivalent value of € 107 million;
- “Financial assets at fair value through profit or loss”: bonds for a value of € 2 million.

Table 31 - Assets and liabilities not valued at fair value: breakdown by fair value hierarchy

	Book value		Fair Value							
			Level 1		Level 2		Level 3		Total	
(€ millions)	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020
Assets										
Held to maturity investments	99	184	113	200	5	5	0	0	118	205
Loans and receivables	1,199	1,194	0	0	391	222	1,034	1,200	1,425	1,422
Investments in subsidiaries, associated companies and joint ventures	167	174	0	0	0	0	190	192	190	192
Investment Property	974	975	0	0	0	0	1,178	1,173	1,178	1,173
Tangible assets	224	226	0	0	0	0	239	241	239	241
Total assets	**2,663**	**2,753**	**113**	**200**	**396**	**227**	**2,641**	**2,806**	**3,150**	**3,233**
Liabilities	**897**	**901**	**0**	**0**	**896**	**898**	**29**	**30**	**925**	**928**
Other financial liabilities	897	901	0	0	896	898	29	30	925	928

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.

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5. SUNDRY RECEIVABLES

Table 32 - Sundry receivables

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	%
Receivables deriving from direct insurance transactions	**314**	**452**	**−138**	**−30.7**
Policyholders	143	211	−68	−32.4
Insurance brokers	122	179	−57	−32.0
Insurance companies - current accounts	15	28	−13	−45.2
Policyholders and third parties for claims to be settled	34	34	0	−1.9
Receivables deriving from reinsurance transactions	**78**	**82**	**−4**	**−4.3**
Insurance and reinsurance companies	78	82	−4	−4.3
Reinsurance brokers	0	0	0	n.a.
Other receivables	**164**	**129**	**35**	**27.1**
Total	**556**	**663**	**−107**	**−16.2**

n.a. = not applicable

The decrease compared to the previous year under Receivables from policyholders and Receivables from insurance intermediaries is mainly due to collections of receivables recorded in the first months of the year, in particular by the Parent Company.
Receivable items have been adjusted for a total of € 72 million so as to take into account any write-downs for presumed collectability based on the experience of previous years.

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

6. OTHER ASSETS ITEMS

Other assets items are made up as follows:

Table 33 - Other assets items

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	%
Non-current assets or disposal group held for sale	9,115	9,363	−248	−2.6
Deferred acquisition costs	14	15	−1	−5.0
Deferred tax assets	520	634	−114	−18.0
Current tax assets	531	559	−28	−5.1
Other assets	206	170	36	21.1
Total	**10,386**	**10,741**	**−355**	**−3.3**

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. 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 € 59 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 Article 1, paragraph 50, letter H (with reference to IRAP) of Italian Law No. 244 dated December 24th, 2007, "2008 Finance Law", taking into account the amendments introduced by Article 23, paragraph 5 of Italian Law Decree No. 98 of July 6th, 2011, containing "Urgent provisions for financial stabilisation" (so-called "corrective manoeuvre'), and the regulatory provisions pursuant to Article 1, paragraph 61 of Italian Law No. 208 of December 28th, 2015 ("2016 Stability Law").

6.4 Current tax assets

This item is represented by amounts due from tax authorities and derives mainly 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 comprise 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 34 - Other assets

(€ millions)	March 31st, 2021	December 31st, 2020	Changes	
			Amount	%
Accruals and deferrals	12	13	−1	−7.7
Sundry assets	194	157	37	23.6
Total	**206**	**170**	**36**	**21.2**

The "accruals and deferrals" item refers mainly to usage licences and software maintenance.
Sundry assets include the amount relating to the taxation on the mathematical reserves of the life business accrued during the period for € 132 million and the balance of the liaison account between the life and non-life businesses recorded by the Parent Company for € 22 million, which is recorded for the same amount in other liabilities.

7. CASH AND CASH EQUIVALENTS

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

PART C
STATEMENT OF FINANCIAL POSITION - LIABILITIES

1. SHAREHOLDERS' EQUITY

As at March 31st, 2021, the shareholders' equity is made up as follows:

Table 35 - Shareholders' equity

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Shareholders' equity				
pertaining to the Group	**2,185**	**2,140**	**45**	**2.1**
Share capital	685	685	0	0
Other equity instruments	0	0	0	n.a.
Capital reserves	847	847	0	0
Revenue reserves and other equity reserves	693	657	36	5.4
(Own shares)	−165	−165	0	0
Reserve for net exchange differences	0	0	0	n.a.
Gains or losses on available for sale financial assets	77	78	−1	−1.3
Other gains or losses recognised directly in equity	3	2	1	58.5
Profit (loss) for the period pertaining to the Group	45	36	9	24.0
pertaining to minority interests	**480**	**473**	**7**	**1.5**
Capital and reserves pertaining to minority interests	453	420	33	7.7
Gains and losses recognised directly in equity	17	18	−1	−2.9
Profit (loss) for the period pertaining to minority interests	10	35	−25	−72.2
Total	**2,665**	**2,613**	**52**	**2.0**

n.a. = not applicable

1.1 Shareholders' equity pertaining to the Group

This item, the value of which as at March 31st, amounted to € 2,185 million, includes:

1.1.1 Share capital

The fully subscribed and paid in share capital amounts to € 685 million and is divided into 228,347,980 ordinary shares.

1.1.3 Capital reserves

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

1.1.4 Revenue reserves and other equity reserves

This item comprises the gains and losses deriving from initial application of international accounting standards (IFRS 1) and the reserves envisaged by the Italian Civil Code (consolidation reserve, legal reserve and extraordinary reserve) and by special laws prior to the adoption of international accounting standards and the provision relating to the stock-based payment of the Parent Company, in relation to the Performance Shares plan. The change compared to the previous period is mainly due to the carry-forward of last year's result of € 36 million.

1.1.5 Own shares

As at March 31st, 2021, the Parent Company held 28,045,201 own shares.

1.1.7 Gains or losses on available for sale financial assets

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

- the transfer of net capital gains to the income statement following disposals for € 57 million, and net capital losses from impairment for € 4 million;
- net positive fair value changes in financial instruments included in the corresponding asset item for € 52 million.

1.1.8 Other gains or losses recognised directly in equity

The change in this item is mainly due to the increase by € 1 million in the value of the capital reserves of associated companies and joint ventures.

1.2 Shareholders' equity pertaining to minority interests

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

- net positive fair value changes in financial instruments included in the corresponding asset item for € 27 million;
- the transfer to the income statement of net capital gains of € 28 million.

2. PROVISIONS AND ALLOWANCES

Table 36 - Provisions and allowances - changes during the period

(€ millions)	December 31st, 2020	Increases	Decreases	March 31st, 2021
Provisions and allowances	**67**	5	3	**69**

As at March 31th, 2021, the item Provisions and allowances, recorded at € 69 million, includes provisions for liabilities identified and valued as likely in accordance with international accounting standards.

These include mainly provisions for legal disputes and costs (€ 24 million), provision for agents' leaving indemnity (€ 9 million), the intersectoral solidarity fund (€ 19 million) and the provision for lawsuits on claims without insurance cover (€ 5 million).

Furthermore, other provisions are included for legal disputes related to employment relationships, disputes related to tax issues and with the insurance industry's Supervisory Body for acts of dispute.

The amounts recorded under this item are not subject to discounting since an outlay is expected in the short term.

3. TECHNICAL PROVISIONS

This item includes 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 March 31st, 2021, was ascertained by means of the method envisaged by paragraphs 15 et seq. of IFRS 4 (liability adequacy test). The assessment was carried out on liabilities relating to portfolios classified as insurance contracts or financial contracts with discretionary participation features (DPF).

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

In the event of insufficiency of the provisions, the difference is booked to the income statement with an increase in liabilities. The analyses carried out have confirmed that the provisions as at March 31st, 2021, are adequate and therefore no supplementary provision is required.

With regard to non-life business, for the purpose of checking the fairness of the insurance liabilities, 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 period were valued at ultimate cost, and not discounted back, it is possible to consider the future flows of the payments as implicitly checked.

The current estimates have confirmed that the provisions as at March 31th, 2021 are adequate and therefore no further additions to reserves are required.

Table 37 - Analysis of technical provisions

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Non-life provisions	**3,400**	**3,499**	**−99**	**−2.8**
Premium provision	882	892	−10	−1.1
Provision for outstanding claims	2,515	2,604	−89	−3.4
Other provisions	3	3	0	2.8
Life provisions	**19,163**	**19,196**	**−33**	**−0.2**
Provision for outstanding claims	313	357	−44	−12.1
Mathematical provisions	14,208	14,149	59	0.4
Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	3,650	3,352	298	8.9
Other provisions	992	1,338	−346	−25.8
of which deferred liabilities due to policyholders	*925*	*1,270*	*−345*	*−27.1*
Total Technical Provisions	**22,563**	**22,695**	**−132**	**−0.6**

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

LIFE BUSINESS

Mathematical provisions

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

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

This item 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 million and the shadow accounting provision totalling € 925 million.

4. FINANCIAL LIABILITIES

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

Table 38 - Analysis of financial liabilities

	Financial liabilities at fair value through profit or loss							
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss		Other financial liabilities		Total value for the period	
(€ millions)	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020	March 31st, 2021	December 31st, 2020
Participative financial instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	731	722	731	722
Liabilities from financial contracts issued by insurance companies deriving	0	0	284	352	0	0	284	352
from contracts where the investment risk is borne by the policyholders	*0*	*0*	*276*	*345*	*0*	*0*	*276*	*345*
from the management of pension funds	*0*	*0*	*8*	*7*	*0*	*0*	*8*	*7*
from other contracts	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits received from re-insurers	0	0	0	0	29	30	29	30
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	0	10	0	0	0	0	0	10
Sundry financial liabilities	0	0	0	0	137	149	137	149
Total	**0**	**10**	**284**	**352**	**897**	**901**	**1,181**	**1,263**

4.1 Financial liabilities at fair value through profit or loss

The item, which represents 24% 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, equal to € 276 million;
- management of pension funds, not falling within the scope of IFRS 4, equal to € 8 million.

4.2 Other financial liabilities

The item represents 76% of total financial liabilities and it includes the financial liabilities defined and regulated by IAS 39 not included among the financial liabilities at fair value through profit or loss.

Other financial liabilities, in the amount of € 137 million, include loans of € 97 million and liabilities recognised by effect of the adoption of IFRS 16 of € 40 million.

The Group's total financial indebtedness amounted to € 828 million, as detailed in the following table, which also provides the characteristics of subordinated liabilities and loans.

Table 39 - Analysis of other financial liabilities

(€ millions)

Beneficiary company	Type of liability	Amount	Contracting bank	Stipulation date	Maturity	Interest rate	Repayment plan
Società Cattolica di Assicurazione	Subordinated loan	80	UBI	September 2010	Unspecified	6-month Euribor + 200 bps	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	102		December 2013	December 2043	7.25% until the end of the tenth year. If the call option is not exercised, the rate becomes floating, calculated on the basis of the 3-month Euribor rate increased by a spread of 6.19% per year	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	505		December 2017	December 2047	4.25% until the end of the tenth year. If the call option is not exercised, the rate becomes floating, calculated on the basis of the 3-month Euribor rate increased by a spread of 4.455% per year	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.
Vera Vita	Subordinated loan	18	Banco BPM	July 2020	July 2030	5.75% per year	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	18	Banco BPM	October 2020	October 2030	5.50% per year	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	8	Iccrea Banca Impresa	August 2020	August 2030	5.50% per year	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	3	Banca di Verona	October 2020	October 2025	3-month Euribor + 1.25 bps (minimum rate 1.25%)	The loan is repayable in half-yearly instalments.
Cattolica Services	Unsecured loan	20	Banca Popolare di Sondrio	June 2019	June 2022	0.65 % (fixed rate)	The loan is repayable in quarterly instalments.
Cattolica Services	Loan	3	Banca di Verona	July 2019	July 2021	0.78% (fixed rate)	Single repayment at the maturity date.
Cattolica Services	Loan	10	UBI	December 2019	December 2022	0.65 % (fixed rate)	The loan is repayable in quarterly instalments.
Cattolica Services	Loan	10	Banca Popolare di Sondrio	June 2020	June 2023	0.65 % (fixed rate)	Single repayment at the maturity date.
Cattolica Services	Loan	3	Banca di Verona	September 2020	June 2022	0.70% (fixed rate)	Single repayment at the maturity date.
Cattolica Services	Loan	12	UBI	October 2020	October 2023	0.65 % (fixed rate)	The loan is repayable in quarterly instalments.
Fondo Perseide	Financial lease	2	Iccrea Banca Impresa	June 2009	January 2029	3-month Euribor (with floor at 0.94%) increased by 2.05 percentage points.	The loan is repayable in monthly instalments.
Fondo Perseide	Financial lease	1	Unicredit leasing	December 2020	April 2028	3-month Euribor (with floor at 0.30%) + 3% spread.	The loan is repayable in monthly instalments.
Fondo Innovazione Salute	Mortgage loan	33	UBI, BPER	July 2018	July 2025	2.611% (fixed rate) 2.25% (fixed rate)	Single repayment at the maturity date.
TOTAL FINANCIAL INDEBTEDNESS		**828**					

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 40 - Payables

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Payables deriving from direct insurance transactions	**123**	**118**	**5**	**3.9**
Insurance brokers	73	75	−2	−3.0
Insurance companies - current accounts	11	9	2	30.2
Policyholders for guarantee deposits and premiums	38	34	4	10.0
Guarantee funds in favour of policyholders	1	0	1	n.s.
Payables deriving from reinsurance transactions	**83**	**79**	**4**	**5.2**
Insurance and reinsurance companies	83	79	4	5.2
Other payables	**239**	**248**	**−9**	**−3.7**
For taxes payable by policyholders	40	45	−5	−10.3
Amounts due to social security and welfare institutions	2	5	−3	−52.8
Sundry payables	197	198	−1	−0.9
Total	**445**	**445**	**0**	**−0.1**

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 period-end registrations pertaining to the assessment of the production premiums and the timing mismatch registered in the settlement of the relative commission with the bancassurance channel.

5.2 Payables deriving from reinsurance transactions

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

5.3 Other payables

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

In particular, the Other payables item includes mainly trade payables of € 100 million, payables to employees and employee benefits of € 56 million; the latter include benefits pursuant to revised IAS 19 for € 33 million of which € 12 million in employee severance indemnities, € 9 million in seniority bonuses and € 12 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. For the main assumptions used and for the sensitivity analysis of the value of the defined benefit obligation (DBO), reference should be made to the Consolidated Financial Statements as at December 31st, 2020.

The change in payables for employee severance indemnities, seniority bonuses and health bonuses from December 31st, 2020 to March 31st, 2021 is shown below.

Table 41 - Employee severance indemnity, seniority bonus and premiums on health contracts

(€ millions)	Liabilities for employee benefits
Balance as at December 31st, 2020	**34**
Interest cost	0
Service cost	0
Change in the demographic actuarial component	0
Change in the rate actuarial component	0
Disbursements and transfers	−1
Other	0
Balance as at March 31st, 2021	**33**

6. OTHER LIABILITIES ITEMS

Table 42 - Other liabilities items

(€ millions)	March 31st, 2021	December 31st, 2020	Changes	
			Amount	%
Liabilities of disposal group held for sale	8,882	9,132	−250	−2.7
Deferred tax liabilities	536	634	−98	−15.5
Current tax liabilities	277	189	88	46.9
Other liabilities	123	132	−9	−6.3
Total	**9,818**	**10,087**	**−269**	**−2.7**

6.1 Liabilities of disposal group held for sale

This item comprises the total assets of Lombarda Vita net of the elimination of intercompany items and consolidation adjustments. 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 March 31st, 2021, deferred tax liabilities consisted of the following:

- 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 period, the liability deriving from the tax assessment on the life business mathematical provisions pertaining to the period, liabilities for withholding taxes made, liabilities resulting from taxation on premiums as provided for by Italian Law No. 1216 of October 29th, 1961, and the liabilities for VAT to be paid.

6.4 Other liabilities

The item comprises mainly the deferred fee income associated with contracts not falling with the scope of IFRS 4, accrued expenses and deferred income and sundry liabilities.

Table 43 - Other liabilities

(€ millions)	March 31st, 2021	December 31st, 2020	Changes Amount	Changes %
Deferred income revenue (DIR)	2	3	−1	−21.2
Transitory reinsurance accounts - payable	0	0	0	0
Liaison account	22	28	−6	−23.1
Other liabilities	86	88	−2	−1.2
Accrued expenses and deferred income	13	13	0	−0.3
of which for interest	*3*	*3*	*0*	*−6.5*
Total	**123**	**132**	**−9**	**−6.3**

Other liabilities include the liaison account between the life and non-life businesses recognised by the Parent Company as at March 31, 2021 for an amount of € 22 million. The amount is recorded for an equal balance under Other assets.

The "deferred income revenue" item was mainly chargeable to unit-linked investment contracts, where the investment risk is borne by the policyholders. Liabilities include also the balances for premiums collected on policies being issued as at March 31st, 2021 for € 35 million along with commission on premiums being collected for € 28 million.

Deferred income includes the Parent Company's portion of the coupon relating to bonds acquired with reference to the restructuring operation of the segregated life management in 2005, deferred to subsequent years on the basis of the residual maturity of these securities, greater than 5 years.

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PART C
INCOME STATEMENT

The income statement as at March 31st, 2021 closed with a consolidated profit of € 55 million (€ 20 million as at March 31st, 2020); the Group's net profit was € 45 million (€ 14 million as at March 31st, 2020).

INSURANCE BUSINESS

With reference to insurance business, in addition to the matters illustrated below, reference should be made to the table in the interim management report "Reclassified consolidated income statement by business segment".

Analysis is presented below relating to the technical insurance items and the insurance operating expenses net of eliminations between sectors.

Table 44 - Insurance business

	March 31st, 2021			March 31st, 2020		
(€ millions)	Gross amount	Reinsurance amount	Net balance	Gross amount	Reinsurance amount	Net balance
Non-life business						
NET PREMIUMS	**510**	**−51**	**459**	**507**	**−56**	**451**
a Premiums written	500	−60	440	488	−48	440
b Change in premium provision	10	9	19	19	−8	11
NET CHARGES RELATING TO CLAIMS	**−274**	**14**	**−260**	**−302**	**51**	**−251**
a Claims paid	−369	29	−340	−405	47	−358
b Change in provision for outstanding claims	89	−15	74	95	4	99
c Change in recoveries	6	0	6	8	0	8
d Change in other technical provisions	0	0	0	0	0	0
Life business						
NET PREMIUMS	**777**	**−4**	**773**	**593**	**−4**	**589**
NET CHARGES RELATING TO CLAIMS	**−849**	**3**	**−846**	**−269**	**3**	**−266**
a Claims paid	−554	4	−550	−682	3	−679
b Change in provision for outstanding claims	43	1	44	−39	1	−38
c Change in mathematical provisions	−58	−1	−59	123	−1	122
d Change in technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	−298	0	−298	307	0	307
e Change in other technical provisions	18	−1	17	22	0	22

Table 45 - Analysis of insurance operating expenses

(€ millions)	Non-life business March 31st, 2021	Non-life business March 31st, 2020	Life business March 31st, 2021	Life business March 31st, 2020
Commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers	−98	−101	−30	−27
Acquisition commissions	*−89*	*−84*	*−23*	*−19*
Other acquisition expenses	*−21*	*−24*	*−7*	*−7*
Change in deferred acquisition costs	*0*	*0*	*0*	*−1*
Collection commissions	*−4*	*−4*	*−1*	*−1*
Commissions and profit-sharing received from re-insurers	*16*	*11*	*1*	*1*
Operating expenses relating to investments	−3	−3	−9	−8
Other administrative expenses	−42	−35	−14	−14
Total	**−143**	**−139**	**−53**	**−49**

In addition to the matters observed in the above table, operating expenses relating to the investments, recorded during the period, comprise general expenses and expenses for employees relating to the management of investment property and equity investments. In the Life business, commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers, include acquisition costs relating to insurance contracts and investment contracts with discretionary participation features.

FINANCIAL OPERATIONS

The table, which follows, discloses the income and charges deriving from financial operations as presented in the income statement for the first half-year.

Table 46 - Financial operations

(€ millions)	March 31st, 2021	March 31st, 2020	Changes Amount	Changes %
Net income from financial instruments at fair value through profit or loss	**85**	**−331**	**416**	**n.s.**
Income from investments in subsidiaries, associated companies and joint ventures	2	2	0	41.5
Charges from investments in subsidiaries, associated companies and joint ventures	0	−1	1	71.4
Result deriving from investments in subsidiaries, associated companies and joint ventures	**2**	**1**	**1**	**n.s.**
Income from other financial instruments and investment property	183	164	19	11.6
Charges from other financial instruments and investment property	−81	−80	−1	−1.8
Result deriving from other financial instruments and investment property	**102**	**84**	**18**	**21.0**

n.s. = not significant

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Commissions income

Commissions income, amounting to € 24 thousand, 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, standing at € 1 million, comprises the acquisition costs associated with investment contracts (DAC) recorded during the period.

OTHER REVENUES AND OTHER COSTS

Other revenues

The item amounted to € 34 million, of which € 25 million of other net technical income related to insurance contracts and referring mainly to the elimination of direct business commissions and ceded premiums from previous years.

Other revenues amounted to € 9 million, of which € 3 million relating to recoveries from provisions for risks and charges and € 2 million relating to withdrawals from the write-down allowance.

Other costs

The item, which amounted to € 71 million, comprises other net technical charges associated with insurance contracts for € 37 million and other charges for € 34 million, represented by amortisation of intangible assets for € 19 million, provisions for risks and charges for € 5 million and loan adjustments totalling € 4 million.

TAXATION

This item records current taxes (IRES - company earnings tax and IRAP - regional business tax), deferred taxes of individual Group companies recorded in observance of accounting standard No. 25 on income taxes and deferred taxes, which have arisen from the temporary misalignment between accrual-basis accounting as laid down by the international accounting standards (IAS 12) and tax legislation.

STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income amounted to € 54 million, of which € 45 million pertaining to the Group and € 9 million pertaining to minority interests.

Analysis of the other components of the statement of comprehensive income follows. The balances are stated net of income taxes, which is in any event indicated in the specific column.

Table 47 - Analysis of the other components of the statement of comprehensive income, net amounts

(€ millions)	Charges		Adjustments from reclassification to income statement		Other changes		Total changes		Taxation		Balance	
	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	December 31st, 2020
Other income components net of income taxes without reclassification in the income statement	**0**	**−1**	**0**	**0**	**0**	**0**	**0**	**−1**	**0**	**0**	**−2**	**−3**
Actuarial gains and losses and adjustments related to defined-benefit plans	0	−1	0	0	0	0	0	−1	0	0	−2	−3
Other income components net of income taxes with reclassification in the income statement	**79**	**−72**	**−80**	**−14**	**0**	**0**	**−1**	**−86**	**−1**	**−38**	**99**	**100**
Gains or losses on available for sale financial assets	78	−71	−80	−14	0	0	−2	−85	−1	−38	99	100
Provisions deriving from changes in the shareholders' equity of investee companies	1	−1	0	0	0	0	1	−1	0	0	−4	−4
Income and charges relating to non-current assets or disposal group held for sale	0	0	0	0	0	0	0	0	0	0	4	4
TOTAL OF THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**79**	**−73**	**−80**	**−14**	**0**	**0**	**−1**	**−87**	**−1**	**−38**	**97**	**97**

The following table shows the income statement by sector of activities, gross of eliminations between sectors.

Table 48 - Income statement by sector of activities

	Non-life business		Life business		Other		Eliminations between sectors		Total	
(€ millions)	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020	March 31st, 2021	March 31st, 2020
1.1 Net premiums	459	452	774	590	0	0	−1	−2	1,232	1,040
1.1.1 Gross premiums written	534	532	778	594	0	0	−25	−26	1,287	1,100
1.1.2 Ceded premiums	−75	−80	−4	−4	0	0	24	24	−55	−60
1.2 Commissions income	0	0	0	1	0	0	0	0	0	1
1.3 Income and charges from financial instruments at fair value through profit or loss	0	−1	85	−330	0	0	0	0	85	−331
1.4 Income from investments in subsidiaries, associated companies and joint ventures	0	0	0	0	0	0	2	2	2	2
1.5 Income from other financial instruments and investment property	37	36	163	129	0	1	−17	−2	183	164
1.6 Other revenues	66	52	28	23	2	2	−62	−55	34	22
1 TOTAL REVENUES AND INCOME	**562**	**539**	**1,050**	**413**	**2**	**3**	**−78**	**−57**	**1,536**	**898**
2.1 Net charges relating to claims	−270	−261	−849	−268	0	0	13	12	−1,106	−517
2.1.1 Amounts paid and change in technical provisions	−297	−325	−852	−271	0	0	26	25	−1,123	−571
2.1.2 Reinsurance amount	27	64	3	3	0	0	−13	−13	17	54
2.2 Commissions expense	0	0	−1	−1	0	0	0	0	−1	−1
2.3 Charges from investments in subsidiaries, associated companies and joint ventures	0	0	0	0	0	−1	0	0	0	−1
2.4 Charges from other financial instruments and investment property	−16	−25	−69	−55	−1	0	5	0	−81	−80
2.5 Operating expenses	−172	−164	−62	−58	−1	−1	38	34	−197	−189
2.6 Other costs	−44	−58	−30	−23	−1	−2	4	−2	−71	−85
2 TOTAL COSTS AND CHARGES	**−502**	**−508**	**−1,011**	**−405**	**−3**	**−4**	**60**	**44**	**−1,456**	**−873**
PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	**60**	**31**	**39**	**8**	**−1**	**−1**	**−18**	**−13**	**80**	**25**

NOTES TO THE ACCOUNTS

Part D – Other information

PART D
OTHER INFORMATION

Group headcount

Group employees calculated as per FTE, amounted to 1,718 (1,746 as at December 31st, 2020).

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 Interim Management Report.

Transactions with related parties

As already disclosed in the Interim Management Report, pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010, and subsequent amendments and additions, as from January 1st, 2011 the "Procedure for the management of transactions with related parties" approved by the Board of Directors and last updated by resolution dated December 19th, 2019, applies to the situations envisaged by the regulations.

With regard to transactions with related parties, without prejudice to the approval procedures described in the Parent Company's Corporate Governance on the website www.cattolica.it, shareholders are hereby informed that, for reporting purposes, a procedure has been set up for detecting outstanding transactions, via the prior acquisition of the necessary information to identify related parties in relation to international accounting standard (IAS 24) and subsequent extrapolation of the transactions relating to the same.

The following table shows the equity transactions and relationships (in absolute values) resulting from the aforementioned related party transactions as at March 31st, 2021. The amounts shown include the amounts of the subsidiary Lombarda Vita being sold at the afore-mentioned date.

The balance presented in the "Joint ventures, associated companies and their subsidiaries" column represents investments in joint ventures, over which the Group exercises significant influence: these include the real estate investment fund "Mercury", the real estate fund "HCampus", Ima Italia Assistance, its subsidiary Ima Servizi, H-Farm and Aladdin.

As at March 31st, 2021, the Group held securities issued by the Assicurazioni Generali Group and reinsurance transactions were also carried out with this counterparty. The amounts relating to these transactions are shown in the appropriate column of the following table.

The "Other related parties" column includes all the relationships with the directors, the statutory auditors as well as the General Managers and the executives with strategic responsibilities of the Parent Company and related parties.

Table 49 - Transactions with related parties

Equity transactions (€ millions)	**Joint Ventures, associated companies and**	**Assicurazioni Generali and its subsidiaries**	**Other related parties**	**Total March 31st, 2021**
Assets				
Equity investments and shares	167	2	0	169
Loans granted	0	0	0	0
Subordinated bonds	0	151	0	151
Unsubordinated bonds	0	9	0	9
Provisions	0	42	0	42
Derivatives	0	0	0	0
Other receivables	1	3	0	4
Current account transactions	0	0	0	0
Total	**168**	**207**	**0**	**375**
Liabilities				
Loans received	0	0	0	0
Other payables	4	18	2	24
Total	**4**	**18**	**2**	**24**

Economic transactions (€ millions)	**Joint Ventures, associated companies and their subsidiaries**	**Assicurazioni Generali and its subsidiaries**	**Other related parties**	**Total March 31st, 2021**
Revenues and income				
Premiums	−3	4	0	1
of which reinsurance items	*−3*	*4*	*0*	*1*
Financial income	0	1	0	1
Capital gains for financial disposals	0	0	0	0
Other revenues	0	0	0	0
Total	**−3**	**5**	**0**	**2**
Costs and charges				
Claims	−2	−1	0	−3
of which reinsurance items	*−2*	*−1*	*0*	*−3*
Financial charges	0	0	0	0
Capital losses for financial disposals	0	0	0	0
Commissions	0	0	0	0
Other costs	1	0	1	2
Total	**−1**	**−1**	**1**	**−1**

NOTES TO THE ACCOUNTS

Part E – Transfers

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PART E
TRANSFERS

ADDITIONAL INFORMATION ON BUSINESS 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.
It should be noted that 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 equity purchase transaction, equal to 60%, held by Cattolica in Lombarda Vita.
As already mentioned in the "Significant events after the end of the first quarter" paragraph, on April 12th, 2021 the sale of the equity investment held by Cattolica in Lombarda Vita to Intesa Sanpaolo S.p.A., which took over from UBI Banca, was completed as a result of the merger carried out on the same day.
As envisaged in the agreements, the purchaser paid Cattolica € 219.8 million. The residual balance of € 80 million will be used to repay the loan currently in place in favour of Cattolica of the same amount.
As a result of the sale, the capital gain in the tax consolidation scheme will exceed € 100 million and will be recorded in the second quarter of 2021.
For the purpose of preparing the financial report at March 31st, 2021, 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 under 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 50 - Statement of financial position of Lombarda Vita

STATEMENT OF FINANCIAL POSITION – ASSETS

	(€ thousands)	March 31st, 2021	December 31st, 2020
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**	**31**
4	**INVESTMENTS**	**8,521**	**8,788**
4.1	Investment Property	0	0
4.2	Investments in subsidiaries, associated companies and joint ventures	0	0
4.3	Held to maturity investments	17	20
4.4	Loans and receivables	38	41
4.5	Available for sale financial assets	6,883	7,147
4.6	Financial assets at fair value through profit or loss	1,583	1,580
5	**SUNDRY RECEIVABLES**	**6**	**5**
5.1	Receivables deriving from direct insurance transactions	1	1
5.2	Receivables deriving from reinsurance transactions	0	1
5.3	Other receivables	5	3
6	**OTHER ASSETS ITEMS**	**403**	**413**
6.1	Non-current assets or disposal group held for sale		
6.2	Deferred acquisition costs	0	0
6.3	Deferred tax assets	213	250
6.4	Current tax assets	121	127
6.5	Other assets	69	36
7	**CASH AND CASH EQUIVALENTS**	**154**	**126**
	TOTAL ASSETS	**9,115**	**9,363**

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STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY AND LIABILITIES

	(€ thousands)	March 31st, 2021	December 31st, 2020
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 period		
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 period pertaining to minority interests		
2	**PROVISIONS AND ALLOWANCES**	**1**	**1**
3	**TECHNICAL PROVISIONS**	**8,351**	**8,591**
4	**FINANCIAL LIABILITIES**	**217**	**229**
4.1	Financial liabilities at fair value through profit or loss	204	215
4.2	Other financial liabilities	13	14
5	**PAYABLES**	**17**	**11**
5.1	Payables deriving from direct insurance transactions	13	8
5.2	Payables deriving from reinsurance transactions	1	0
5.3	Other payables	3	3
6	**OTHER LIABILITIES ITEMS**	**296**	**300**
6.1	Liabilities of disposal group held for sale		
6.2	Deferred tax liabilities	222	261
6.3	Current tax liabilities	74	39
6.4	Other liabilities	0	0
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**8,882**	**9,132**

Lombarda Vita's statement of financial position assets amounted to € 9,115 million, representing 24.8% of total consolidated assets. The contribution of Lombarda Vita's investments to total consolidated investments is 26.32%, with the individual items making up the total as follows:

- 28.8% available for sale assets;
- 26.45% financial assets at fair value through profit or loss;
- 14.52 % held to maturity investments;
- 3.08% loans and receivables.

The contribution of cash and cash equivalents is 25.45% of the total value.

Lombarda Vita's statement of financial position liabilities comprise mainly technical reserves and financial liabilities, which account for 27% and 15.5% respectively of the specific total items.

Table 51 - Income statement of Lombarda Vita

INCOME STATEMENT

	(€ thousands)	March 31st, 2021	March 31st, 2020
1.1	Net premiums	171	442
1.1.1	*Gross premiums written*	172	443
1.1.2	*Ceded premiums*	−1	−1
1.2	Commissions income	0	0
1.3	Income and charges from financial instruments at fair value through profit or loss	32	−115
1.4	Income from investments in subsidiaries, associated companies and joint ventures	0	0
1.5	Income from other financial instruments and investment property	49	54
1.5.1	*Interest income*	35	41
1.5.2	*Other income*	2	3
1.5.3	*Realised gains*	12	10
1.5.4	*Valuation gains*	0	0
1.6	Other revenues	7	7
1	**TOTAL REVENUES AND INCOME**	**259**	**388**
2.1	Net charges relating to claims	−231	−342
2.1.1	*Amounts paid and change in technical provisions*	−232	−342
2.1.2	*Reinsurance amount*	1	0
2.2	Commissions expense	0	0
2.3	Charges from investments in subsidiaries, associated companies and joint ventures	0	0
2.4	Charges from other financial instruments and investment property	−3	−8
2.4.1	*Interest expense*	−2	−3
2.4.2	*Other charges*	0	0
2.4.3	*Realised losses*	0	−2
2.4.4	*Valuation losses*	−1	−3
2.5	Operating expenses	−3	−8
2.5.1	*Commission and other acquisition costs*	−2	−6
2.5.2	*Operating expenses relating to investments*	−1	−2
2.5.3	*Other administrative expenses*	0	0
2.6	Other costs	−16	−16
2	**TOTAL COSTS AND CHARGES**	**−253**	**−374**
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	**6**	**14**
3	Taxation	0	−3
	PROFIT (LOSS) FOR THE PERIOD NET OF TAXATION	**6**	**11**

Lombarda Vita's net premiums represent 12.2% of the total, net charges relating to claims for 17.28% and operating expenses for 2.03%. With regard to financial management, Lombarda Vita accounts for 27.76% of net income deriving from financial instruments at fair value through profit or loss and 31.33% of net income from other financial instruments and investment property.

The table below provides details of the premiums relating to Lombarda Vita.

Table 52 - Lombarda Vita premiums

Classes (€ thousands)	March 31st, 2021	March 31st, 2020
Class I	131	313
Class II	0	0
Class III	40	116
Class IV	0	0
Class V	1	15
Class VI	0	0
Total life business	**172**	**444**
Total direct business	**172**	**444**
Indirect business	**0**	**0**
Total insurance premiums	**172**	**444**
Class I	0	0
Class II	0	0
Class III	0	7
Class IV	0	0
Class V	0	0
Class VI	0	0
Total investment contracts	**0**	**7**
TOTAL PREMIUMS WRITTEN	**172**	**451**

The undersigned declare that this statement is true and consistent with the underlying accounting records.
The legal representatives of the company (*)

The Managing Director CARLO FERRARESI (**)

____________________ (**)

____________________ (**)

(*) For foreign companies, the signature must be that of the general representative for Italy.
(**) Indicate the office covered by the signee.

Declaration pursuant to Article 154-bis, paragraph 2 of Italian Legislative Decree No. 58 dated February 24th, 1998 and subsequent amendments and additions

The undersigned Atanasio Pantarrotas, in his capacity as Manager in charge of preparing the financial reports of Società Cattolica di Assicurazione S.p.A., declares, pursuant to Article 154-bis, paragraph 2 of Italian Legislative Decree No. 58 dated February 24th, 1998, that the accounting information contained in this Consolidated interim report as at March 31st, 2021, corresponds to the documented results, books and accounting records.

Verona, May 27th, 2021

Atanasio Pantarrotas

Manager in charge of preparing the
Company's financial reports

INDEPENDENT AUDITORS' REPORT

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

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REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of
Società Cattolica di Assicurazione S.p.A.

Introduction

We have reviewed the condensed interim consolidated financial statements of Società Cattolica di Assicurazione S.p.A. and subsidiaries (the "Cattolica Assicurazioni Group"), which comprise the statement of financial position as of March 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the three month period then ended, and the related notes. The Directors are responsible for the preparation of the condensed interim consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity.". A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Cattolica Assicurazioni Group as at March 31, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Other Matter

The condensed interim consolidated financial statements as at March 31, 2021 present, for comparative purposes, the data relating to March 31, 2020 that have not been audited or reviewed.

DELOITTE & TOUCHE S.p.A.

Signed by
Andrea Paiola
Partner

Milan, Italy
May 28, 2021

This report has been translated into the English language solely for the convenience of international readers.

GRUPPO
CATTOLICA
ASSICURAZIONI