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approved

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE - Results at 30 June 2021

**GROUP NET PROFIT OF €107M (€10M IN 1H2020 +938%)  
STRONG GROWTH IN PREMIUM INCOME (+21.9%) WITH AN  
EXCELLENT MIX  
SOLVENCY RATIO STABLE AT 197%**

- **TOTAL PREMIUM INCOME OF €2.6 BILLION, REGISTERING AN INCREASE IN BOTH DIRECT NON-LIFE PREMIUMS (+2.3%) AND LIFE PREMIUMS (+40.9%)<sup>1</sup> - UNIT-LINKED PRODUCTS REPRESENT 50% OF NEW BUSINESS**
- **COMBINED RATIO AGAIN AT AN EXCELLENT LEVEL (87.7%, +0.6 p.p.)**
- **SOLID OPERATING RESULT AT €155M (-13.9%) IN SPITE OF €13M PROVISIONS IN LIFE**
- **OPERATING PROFIT GUIDANCE FOR YEAR-END IS CONFIRMED (BETWEEN €265M AND €290M)**
- **ADJUSTED PROFIT INCREASES SHARPLY TO €164M (+105.0%) PARTLY DUE TO A CAPITAL GAIN ON DISPOSAL**

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*Verona, 6 August 2021.* The Board of Directors of Cattolica Assicurazioni met yesterday in Verona, chaired by Davide Croff, to approve the results at 30 June 2021.

**Carlo Ferraresi, Chief Executive Officer of the Cattolica Assicurazioni Group,** commented: *“The positive trend for the Company continues, thanks to the effective actions implemented since the first months of last year. In this period, the critical issues related to the pandemic crisis have been mitigated by substantial managerial, organizational and investment interventions. In addition, the commercial actions made it possible to increase premiums collected, substantially improving the mix. Strengthened by the results we present today, we confidently confirm the guidance on the operating result expected for the end of the year. Our Company is today increasingly strong and market-oriented, capable of creating value, oriented towards achieving results thanks to the centrality of the skills of its people, its agency and banking network. Cattolica today keeps growing thanks to continuous technological*

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<sup>1</sup> Changes calculated on a like-for-like basis.

*evolution and the creation of new commercial offers in a sustainable and profitable way”.*

It should be noted that the income statement data of Lombarda Vita (disposed of on 12 April 2021) at 30 June 2020 and 2021 and its assets and liabilities at 31 December 2020 have been reclassified to the specific "discontinued" items pursuant to IFRS 5.

The data commented on here are like for like, without the contribution of Lombarda Vita, which is synthetically represented in net profit together with the capital gain on disposal.

**Total premium income from direct and indirect business**, both Non-Life and Life,<sup>2</sup> grew by 21.7% to €2,598 million. Direct Non-Life business increased by 2.3% due to the Non-Motor class. Life premium income also increased by 40.9%.

The **combined ratio** is confirmed at an optimal level at 87.7%, increasing by 0.6 p.p. compared with the ratio in 1H2020, which was affected by the provision to cover the voucher for Motor customers<sup>3</sup>. It will be recalled that 1H2020 benefited from a sharp drop in claims frequency as a result of a very strict lockdown. The **operating result**<sup>4</sup> decreased by 13.9% to €155 million, mainly due to the provision (-€13 million) put in place to cover the potential outlay related to dormant policies (polizze dormienti) which is currently being assessed. The **operating RoE**<sup>5</sup> was therefore 7.1%.

**Adjusted profit**<sup>6</sup> grew strongly to €164 million in 1H2021 compared with €80 million in 1H2020. This KPI includes the capital gain of €104 million from the disposal of Lombarda Vita. The Group **net profit**<sup>7</sup> of €107 million (€10 million in 1H2020) is a marked improvement on the previous year, even taking €69 million of write-downs into account (of which €51 million relates to the impairment of goodwill on the joint ventures with the BancoBPM Group).

### Non-Life business

**Premium income from direct business** increased by 2.3% to €1,073 million. The **Non-Motor segment** contributed €566 million to the result, with premium income up markedly on the previous year (+6.1%). Premiums in the **Motor segment** amounted to €507 million, down slightly compared with 1H2021 (-1.5%): this change is due to the decline in average premiums due to the current competitive pressure on the market and initiatives for policyholders,

<sup>2</sup> This figure includes the insurance premiums and investment contracts of the Life classes as defined in IFRS 4.

<sup>3</sup> The Cattolica Group gave its customers the option of using one twelfth of the Motor Vehicle Liability premium for the renewal or purchase of new Non-Life cover.

<sup>4</sup> See the Glossary

<sup>5</sup> Operating RoE is calculated as the operating result, less the cost of employees, taxes and minority interests, over the Group's average shareholders' equity (excluding the AFS reserve).

<sup>6</sup> Defined as the measure of Group profit minus the amortisation of the VOBA (value of business acquired, net of the related tax effects and for the Group's share) and goodwill impairment, which are relevant to the Group's profit but do not affect the Solvency position.

<sup>7</sup> Net of the minority-interest share.

including vouchers. The Motor Vehicle Liability policy portfolio increased by approximately 5,000 policies in 1H2021, recovering compared with 1Q2021. The **combined ratio**<sup>8</sup> was 87.7% (+0.6 p.p.), an excellent result that benefits from the positive trend of both Motor and non-Motor claims. The claims ratio for retained business increased to 56.5% (+6.2 p.p.) while the expense ratio stood at 30.6% (+0.9 p.p.), up slightly due to the various extraordinary expenses related to the remedial plan agreed with the supervisory authorities and to company transactions. The component of other technical items on premiums decreased from 7.1 to 0.6 p.p.: it will be recalled that last year the voucher had an effect of 5.4 p.p.

### Life business

In the Life segment, **premium income from direct business** grew strongly, with premiums of €1,516 million (+40.9%). There was also a significant increase in unit-linked products in the business mix (+178.2%). They accounted for 50% of new business.

The with-profits component of new Life policies with a minimum guaranteed rate of zero drove a further gradual decline in the Group's average guaranteed minimum reserves to 0.58% (-2 bps compared with FY2020). In addition, the new traditional policies written are characterised by low capital absorption overall due to their limited risk profile.

With regard to the Life operating result of €19 million, the decision to set aside a provision for risks of €13 million for potential claims related to the "dormant policies" reported by IVASS had a negative effect. This entry relates to the emergence of reports of deaths subject to term life insurance policies, of which the Group companies were not aware and which have not yet been reported.

### Financial management and financial position

**Investment income**<sup>9</sup> amounted to €160 million (€136 million in 1H2020), with an increase in the ordinary Non-Life component (+0.8%).

**Investments** amounted to €24,929 million. The **gross technical provisions of the Non-Life classes** amounted to €3,435 million (€3,496 million in FY2020) and the **provisions of the Life classes**, including financial liabilities from investment contracts, amounted to €19,215 million (€19,123 million in FY2020).

The figures at 30 June 2021 indicate continuing capital solidity, with **consolidated shareholders' equity** of €2,677 million, up compared with FY2020 (€2,613 million).

The Group's **Solvency II ratio** at 30 June 2021 was 197%. The ratio is calculated according to the Standard Formula using the Group Specific Parameters (GSPs) authorised by the supervisory authority. The ratio recovered further compared with FY2020 (187%).

<sup>8</sup> Combined ratio for retained business: 1-(Technical balance/net premiums), inclusive of the other technical items.

<sup>9</sup> Financial assets, excluding investments whose risk is borne by the policyholders, before tax.

## Distribution network

At 30 June 2021, the agency network consisted of 1,346 agencies and there were 5,353 bank branches distributing the Group's products.

## The Covid-19 emergency

To address the health and economic crisis caused by the pandemic, business continuity and workforce protection have been ensured through the immediate adoption of smart working for all Group employees. The activities necessary for a safe return to the operational premises have been carried out, while the tools set up during 2020 (remote payments, remote Motor and Life sales, Motor Voucher) are still in place to guarantee and protect customers. Since January 2021, Cattolica has also combined the Motor Voucher with customer-friendly renewal rules.

Following the government's extension in 2021 of the "Superbonus 110%", which was initially part of the measures promulgated in May 2020 to support the economic recovery, Cattolica promoted the initiative whereby customers are offered the service of purchasing the tax credit under favourable conditions, combined with the option of a series of specifically targeted insurance cover options.

With regard to the implications for the Group's business, the following macro-trends were registered in the first half of 2021:

- the new business levels monitored in the first half of 2021 do not seem materially affected by the partial lockdown imposed in the first few months of the year;
- In the first half of 2021, although there was an increase compared with the lockdown periods, the average number of weekly surrenders was essentially in line with the second half of 2020 and in any case lower than the pre-Covid period;
- In 2021, in which only a partial lockdown has been in place, the same decreases on the total of the Non-Life classes have not been registered, while the decrease in Motor Vehicle Liability has continued due to the restrictions on vehicle circulation;
- In 2020, no particularly significant claims emerged as a result of the pandemic in either the Non-Life or Life businesses. The only Non-Life class affected was Miscellaneous Financial Loss, due to business interruptions and income reimbursement.

## Business outlook

On 28 January, the Cattolica BoD provided an operating result forecast for the current year of between €265 million and €290 million. This forecast was confirmed on 28 May 2021 with data relating to 1Q2021. To date, no elements have been identified that would result in this guidance being updated, partly in view of current developments in the pandemic scenario, with the easing of restrictions on travel and economic activities, and taking changes in the financial markets into account.

However, certain potential risks that would reduce this result should they materialise have to be considered, including:

- a greater increase in Motor claims frequency in the next few months than assumed in the forecast, due to an accelerated recovery in vehicle circulation after the lifting of all restrictions, combined with changes in behaviour around the use of private means of transport;
- a worse economic performance than expected, entailing a decrease in premium income and a further drop in investment yields, particularly for the bond component, as a result of the continuation of expansionary monetary policies, with an impact in terms of a reduced contribution from technical margins and financial income.

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

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

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The results at 30 June 2021 will be presented to the financial community at 09:30 hours today, 06 August 2021, in a conference call (with Italian, English and original audio). The numbers to be called are: + 39 02 805 88 11 from Italy, + 44 1 212818003 from the United Kingdom and +1 718 7058794 from the United States. Journalists may follow the event by calling +39 02 805 88 27 (listen-only mode). The results presentation will be available in the Investor Relations section of the homepage of the website at [www.cattolica.it](http://www.cattolica.it).

Please be advised that the Cattolica Group's Consolidated Interim Report at 30 June 2021, inclusive of the independent auditors' report, will be available to the public from the Company's registered office, its website, [www.cattolica.it](http://www.cattolica.it), and the storage facility authorised by Consob eMarket STORAGE, managed by Spafid Connect S.p.a. and accessible from the site [www.emarketstorage.com](http://www.emarketstorage.com), in the manner and according to the terms set out in applicable laws and regulations.

*The reclassified financial statements drawn from the Cattolica Group's Consolidated Half-year Financial Report at 30 June 2021 are appended. Please be advised that the independent auditors have yet to issue their planned report.*

## SOCIETÀ CATTOLICA DI ASSICURAZIONE

*Cattolica Assicurazioni is one of the main players in the Italian insurance industry and has been listed on the Milan Stock Exchange since November 2000. With around 3.5 million customers who rely on the insurance solutions and products it distributes, the Group generates total premium income of €5.7 billion (2020). At the Group level, Cattolica has 1,346 agencies throughout Italy, covering both large cities and smaller towns, and a network of 1,841 agents. For further information: [www.cattolica.it/profilo-societario](http://www.cattolica.it/profilo-societario)*

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### **Glossary**

Operating result: the operating result does not include the more volatile components (realised gains, write-downs and other one-off items). In detail, the Non-Life operating result is defined as the sum of the technical balance, net of reinsurance, ordinary financial revenues and other non-technical net charges (depreciation, amortisation and write-downs of insurance receivables, etc.). The operating result does not include financial gains and losses on disposals, write-downs of other assets, the cost of financial debt (subordinated debt), amortisation of the value of business acquired (VOBA), voluntary redundancy incentives, the staff severance indemnity and other one-off items. The Life operating result is defined in a similar way, with the difference that all financial income contributing to the return of securities pertaining to separate accounts and those classified as class D is considered part of the operating result.

## Cattolica Group - HALF-YEAR FINANCIAL REPORT at 30 JUNE 2021

(prepared in accordance with international accounting standards)

Reclassified statement of financial position (amounts in millions)	30.06.2021	31.12.2020	Mandatory schedule items (*)
<b>Assets</b>			
Real estate and securities investments	1.151	1.176	4.1 + 2.1
Equity investments in subsidiaries, associates and joint ventures	166	174	4.2
Loans and receivables	1.207	1.194	4.4
Investments held to maturity	100	184	4.3
Available-for-sale financial assets	17.152	17.147	4.5
Financial assets at fair value through profit or loss	4.746	4.221	4.6
Cash and cash equivalents	407	360	7
<b>Investments</b>	<b>24.929</b>	<b>24.456</b>	
Intangible assets	632	705	1
Reinsurers' share of technical provisions	574	580	3
Other assets net of other liabilities	513	830	(**)
<i>of which assets of disposal groups held for sale</i>	<i>0</i>	<i>9.363</i>	
<i>of which liabilities of disposal groups held for sale</i>	<i>0</i>	<i>-9.132</i>	
<b>ASSETS</b>	<b>26.648</b>	<b>26.571</b>	
<b>Shareholders' equity and liabilities</b>			
Group capital and reserves	2.138	2.104	
Group result	107	36	1.1.9
<b>Shareholders' equity attributable to the Group</b>	<b>2.245</b>	<b>2.140</b>	<b>1.1</b>
Shareholders' equity attributable to minority interests	432	473	1.2
<b>Consolidated shareholders' equity</b>	<b>2.677</b>	<b>2.613</b>	<b>1</b>
Premium provision	913	892	
Claims provision	2.522	2.604	
<b>Non-Life gross technical provisions</b>	<b>3.435</b>	<b>3.496</b>	<b>3</b>
<b>Life gross technical provisions</b>	<b>18.967</b>	<b>18.771</b>	<b>3</b>
Other Non-Life gross technical provisions	4	3	3
Other Life gross technical provisions	393	425	3
Financial liabilities	1.172	1.263	4
<i>of which deposits to policyholders</i>	<i>248</i>	<i>352</i>	
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>26.648</b>	<b>26.571</b>	
<b>Reclassified income statement (amounts in millions)</b>	<b>30.06.2021</b>	<b>30.06.2020 (***)</b>	<b>Mandatory schedule items (*)</b>
<b>Revenues and income</b>			
Net premiums	2.446	1.977	1.1
Commission income	0	1	1.2
Income and expenses from financial instruments at fair value through profit or loss	153	-141	1.3
<i>Financial income from Class D</i>	<i>147</i>	<i>-139</i>	
Income from equity investments in subsidiaries, associates and joint ventures	4	3	1.4
Income from other financial instruments and investment property	318	334	1.5
<i>of which change in other financial liabilities</i>	<i>0</i>	<i>0</i>	
Other revenues	83	55	1.6
<b>Total revenues and income</b>	<b>3.004</b>	<b>2.229</b>	
<b>Costs and expenses</b>			
Net claims-related expenses	-2.185	-1.380	2.1
Commission expense	-1	-1	2.2
Expenses from equity investments in subsidiaries, associates and joint ventures	-4	-18	2.3
Expenses from other financial instruments and investment property	-138	-159	2.4
Operating expenses	-405	-373	2.5
<i>Commissions and other acquisition expenses</i>	<i>-274</i>	<i>-252</i>	
<i>Investment management expenses</i>	<i>-25</i>	<i>-24</i>	
<i>Other administrative expenses</i>	<i>-106</i>	<i>-97</i>	
Other costs	-216	-242	2.6
<b>Total costs and expenses</b>	<b>-2.949</b>	<b>-2.173</b>	
<b>Result for the period before taxes</b>	<b>55</b>	<b>56</b>	
Taxes	-48	-56	3
<b>Result for the period after taxes</b>	<b>7</b>	<b>0</b>	
<b>Result of discontinued operations</b>	<b>108</b>	<b>28</b>	<b>4</b>
<b>CONSOLIDATED RESULT FOR THE PERIOD</b>	<b>115</b>	<b>28</b>	
Result attributable to minority interests	8	18	
<b>RESULT ATTRIBUTABLE TO THE GROUP</b>	<b>107</b>	<b>10</b>	

(\*) The items in the consolidated financial statements pursuant to ISVAP Regulation No. 7 of 13 July 2007 are shown.

(\*\*) Other receivables, other assets and other tangible assets (statement of financial position asset items = 5 + 6 + 2.2) net of provisions, payables and other liabilities (statement of financial position liability items = 2 + 5 + 6).

(\*\*\*) The 2020 values have been restated in accordance with the provisions of IFRS 5



Fine Comunicato n.0479-102

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